Annual General Meeting
of flatexDEGIRO AG on 04 June 2024

On item 12 of the agenda: Report of the Management Board to the Annual General Meeting pursuant to Section 71 (1) no. 8 sentence 5 AktG in conjunction with Section 186 (4) sentence 2 AktG (resolution on the authorisation to acquire treasury shares via multilateral trading systems and to use derivatives in connection with the acquisition of treasury shares pursuant to Section 71 (1) no. 8 AktG)

In addition to the possibility of acquiring treasury shares via the stock exchange as provided for under agenda item 11, the acquisition via one or more multilateral trading facilities (MTF) and using derivatives is also to be permitted. This is not intended to increase the total volume of shares that may be acquired; it merely opens up further alternatives for the acquisition of treasury shares within the framework of the maximum limit set out in agenda items 10 and 11, further restricted by the proposed resolution in agenda item 12 and taking into account the maximum limit set out in agenda items 10 and 11.

Purchase via MTF

By buying back its own shares via MTFs, the company can secure access to a larger trading volume, as the trading volume on MTFs is sometimes significantly higher than on stock exchanges. This can enable the company to acquire the shares at more favorable conditions than via a regulated market, which can lead to considerable overall savings, particularly in the case of high buyback volumes. Higher buyback volumes also support the completion of a share buyback program in a reasonable period of time, as Regulation (EU) 2016/1052 imposes trading restrictions on the daily buyback volume. In principle, flatexDEGIRO AG will only acquire its own shares via MTFs where it can be assumed that prices will not deviate significantly from the stock exchange prices on the regulated market. Such MTFs hardly differ materially from a stock exchange in the formal sense. The acquisition of treasury shares via an MTF also ensures equal treatment of shareholders in accordance with Section 53a AktG, as all shareholders also have the same opportunity to participate in a share buyback on the MTF and a buyback can also be carried out in parallel via the stock exchange. In addition, the same upper and lower price limits apply to the acquisition via MTF as for the buyback via the stock exchange in accordance with the authorisation proposed under agenda item 11, as these are also linked to the average closing price of a company share in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the three trading days preceding the respective acquisition and may not exceed this by more than 10% or fall below it by more than 20%.

Acquisition via derivatives

It may be advantageous for the company to acquire call options or sell put options instead of acquiring shares in the company directly. It may also be advantageous to acquire shares by means of forward purchases. It should be noted that these options merely supplement the authorisation already proposed under agenda item 11 and do not constitute an extension of the authorisation with regard to the scope of the buyback options. All share purchases using derivatives are also limited to shares amounting to a maximum of 5% of the share capital existing at the time of the resolution by the Annual General Meeting or - if this value is lower - of the share capital existing at the time this authorisation is exercised.

When selling put options, the company grants the purchaser the right to sell shares in the company to the company during the agreed term at a price specified in the put option (exercise price). In return, the company receives an option premium that corresponds to the value of the right to sell, taking into account the exercise price, the term of the option and the volatility of the share. If a put option is exercised, the option premium paid by the purchaser of the put option reduces the total consideration paid by the company for the acquisition of the share. It makes economic sense for the holder to exercise the put option if the price of the share concerned is below the exercise price at the time of exercise, as he can then sell the shares at the higher exercise price.

– From the company's point of view, repurchasing using put options offers the advantage that the exercise price is fixed when the option transaction is concluded, while the liquidity does not flow out until the exercise date. In addition, the purchase price of the shares, taking into account the option premium received, is always lower than the share price at the time the option transaction is concluded. If the option holder does not exercise the option because the share price on the exercise date is higher than the exercise price, the company cannot acquire any shares but still retains the option premium.

– When purchasing a call option, the company acquires the right to purchase a predetermined number of shares during the agreed term at a predetermined price (exercise price) from the seller of the option, the writer, in return for payment of an option premium. It makes economic sense to exercise the call option if the company's share price is higher than the exercise price, as the company can then buy the shares from the writer at a lower price. In this way, the company protects itself against the risk of having to buy its own shares at higher prices. In addition, the company's liquidity is protected, as the fixed purchase price of the share only has to be paid when the call option is exercised.

– In a forward purchase, the company acquires the shares in accordance with the agreement with the forward seller on a specific future date at the purchase price determined when the forward purchase is concluded. The conclusion of forward purchases can be useful for the company if it wishes to secure a requirement for treasury shares at a certain price level at a later date. This allows the company to hedge against price fluctuations, as the purchase price of the share is already fixed when the forward transaction is concluded. In this way, the company protects itself against the risk of having to buy its own shares at higher prices. In addition, the company's liquidity is protected as the purchase price does not have to be paid until the agreed date.

Derivatives can be used in one of the following ways or a combination of these:

– Issuing or acquiring derivatives via a derivatives exchange, such as Eurex Deutschland, gives the company additional flexibility to acquire treasury shares in a market-friendly manner. With regard to the treasury shares acquired, this is an indirect acquisition via the stock exchange. To ensure that all interested shareholders potentially have the opportunity to participate in such models, the proposed resolution provides for shareholders to be informed prior to the issue or use of such derivatives.

– In addition, it should also be possible to publicly offer the conclusion of the call or put option transaction to all shareholders. In this variant, all shareholders are thus offered the opportunity to tender their shares to the company at a price specified in the option agreement, or they have the opportunity to collect an option premium. This can be described as a "reverse rights issue", i.e. the shareholder is given the right to sell shares to the company. This right can have an economic value which then benefits all shareholders. For organizational reasons, a third party, such as an issuing company, can also be used as an intermediary.

- The derivative transactions can also be concluded outside the stock exchange and not as a public offer to all shareholders. This gives the company the necessary flexibility to react quickly to market situations. In this case, the terms and conditions of the derivatives must ensure that the derivatives are only supplied with shares that were themselves acquired in compliance with the principle of equal treatment; the acquisition of shares via the stock exchange is sufficient.

The purchase price to be paid by the company for the shares is the exercise price set in the respective call or put option and, in the case of forward purchases, the price fixed in advance for the future in accordance with the agreement with the seller. In the case of the put option, the exercise price will be lower than the market price of the company's share at the time the option is purchased, while in the case of the call option, the exercise price will be higher. In the case of forward purchases, it is not possible to predict whether the purchase price will be higher or lower than the share price. The price agreed in the derivative for the acquisition of a share (excluding incidental acquisition costs, but taking into account the option premium received in the case of call and put options) may not exceed the average closing price of a company share in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days prior to the conclusion of the respective transaction by more than 10% or fall below it by more than 10%. In addition, the selling price received by the company for a derivative (usually a put option) may not be significantly lower and the purchase price paid by the company for a derivative (usually a call option or a forward purchase) may not be significantly higher than the theoretical market value of the respective derivatives calculated using recognised actuarial methods. When determining the option premium, the agreed exercise price must be taken into account, among other things.

The requirements described for the exercise price and option premium as well as the obligation to only use derivatives with shares that were previously acquired in compliance with the principle of equal treatment (acquisition via the stock exchange is sufficient) prevent shareholders from being economically disadvantaged when the company acquires its own shares using derivatives. As the company collects a fair market price, shareholders not involved in the derivative transactions do not suffer any disadvantage in terms of value. This corresponds to the position of shareholders in share buybacks via the stock exchange, where not all shareholders can actually sell shares to the company. The specifications for the structure of the derivatives and the requirements for the shares to be delivered ensure that the principle of equal treatment of shareholders is also upheld with this acquisition method. It is therefore justified that the shareholders' right to conclude one of the aforementioned derivative transactions with the company is excluded by applying Section 186 (3) sentence 4 AktG accordingly. By excluding this right, the company is put in a position to conclude the derivative transactions at short notice, unlike when acquiring the derivatives through an offer to all shareholders. This gives the company the necessary flexibility to adapt quickly to changing market situations. Having carefully weighed up the interests of the shareholders and the interests of the company, the Management Board considers the restriction of the right to tender to be justified due to the advantages for the company resulting from the use of derivatives.

The authorisation should generally utilise the legally possible framework of 5 years. At the same time, however, it should be stipulated that the term of the respective options may not exceed 18 months. This ensures that obligations arising from derivative transactions are appropriately limited in time. The term of the derivatives must therefore end on 03 June 2029 at the latest and be selected in such a way that the shares cannot be acquired by exercising or fulfilling the options or forward purchases after 03 June 2029.

The authorisation to acquire treasury shares using derivatives may be used once or several times, in whole or in part, by flatexDEGIRO AG or by companies in which it directly or indirectly holds a majority interest or by third parties for its or their account.

The Management Board will carefully examine in each individual case whether it will make use of the authorisation to acquire treasury shares via MTF or using derivatives. This option will only be utilised if the Management Board considers this to be in the interests of the company and proportionate.

The Management Board will report on the use of the authorisation at the next Annual General Meeting.