

2021

COMPENSATION REPORT



flatex=DEGIRO

COMPENSATION REPORT 2021

The Compensation Report contains a summary of the principles applied to the determination of the total remuneration of the members of the Management Board of flatexDEGIRO AG. In addition, the principles and amount of compensation for members of the Supervisory Board are also explained.

The requirements of the German Stock Corporation Act (AktG), in particular Section 162 thereof, the German Commercial Code (HGB), taking into account the provisions of German Accounting Standard No. 17 (GAS 17), the recommendations of the German Corporate Governance Code (GCGC) as published on 20 March 2020, and the International Financial Reporting Standards (IFRS) have been taken into account in the Compensation Report.

Compensation of the Management Board

Fundamentals of Management Board compensation

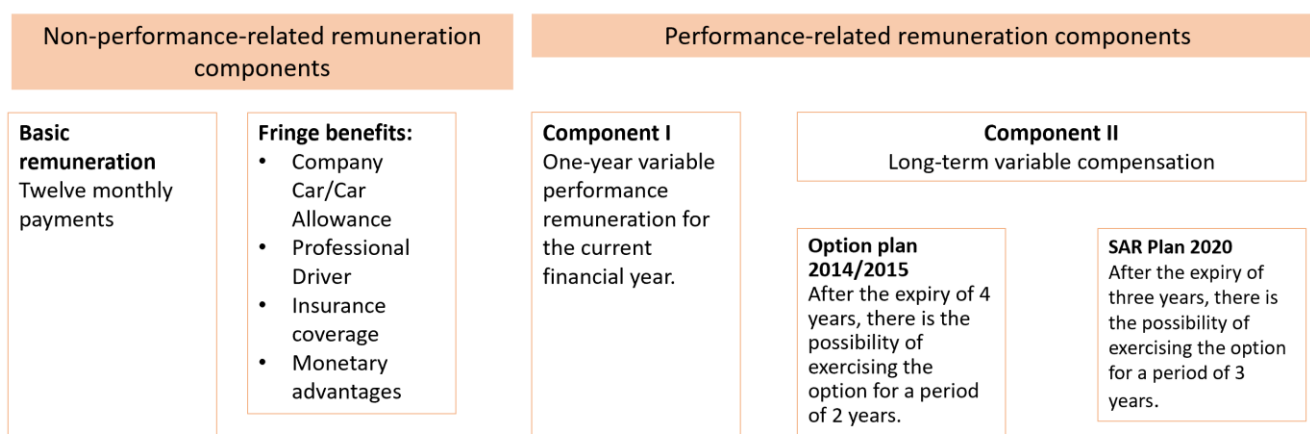
The Management Board remuneration system applicable to future Management Board contracts was resolved by the Supervisory Board on 14 May 2021 and approved by the Annual General Meeting of flatexDEGIRO AG on 29 June 2021.

The current compensation of the Management Board members is made up of various components. On the basis of the service agreements concluded with them, the members of the Management Board are entitled to an annual fixed salary, an annual variable performance-related bonus (Component I), a long-term variable compensation component (Component II), and fringe benefits. There are no entitlements to future pension payments under a company pension plan.

The compensation for the members of the Management Board is determined by the Supervisory Board, which regularly reviews its structure and appropriateness. It is ensured that the compensation of the Management Board is geared to sustainable corporate development and that the variable compensation components have a multi-year assessment basis. Secondary activities are generally subject to approval.

In addition to the duties of the Management Board and personal performance, the criteria for determining total compensation are the performance of the Management Board as a whole and the economic success and comparative environment of the flatexDEGIRO Group. The compensation structure is designed to promote sustainable positive corporate development.

Compensation of the Management Board



In the past reporting year, no use was made of the option to reclaim variable compensation components.

Non-performance-related remuneration components

Basic remuneration

The fixed annual salary for all Management Board members is determined in accordance with the requirements of stock corporation law, taking into account standard market compensation, and is paid monthly. In the event of temporary incapacity to work due to illness, accident or any other reason for which the respective Management Board member is not responsible, the fixed basic remuneration shall continue to be paid.

If the Management Board member becomes permanently incapacitated during the term of the service contract, the service contract shall end at the end of the quarter in which permanent occupational or professional incapacity is established. Permanent incapacity for service within the meaning of this agreement exists if the Management Board member is unable to perform his/her duties for more than six months and is not expected to regain his/her ability to perform his/her duties within a further six months.

Fringe benefits:

In line with market and Group practice, the Company grants all members of the Management Board additional benefits under their Management Board contracts, some of which are regarded as non-cash benefits and taxed accordingly, including the provision of a company car or car allowance, as well as the granting of accident and liability insurance cover and benefits in connection with double budgeting.

I. Finally, they are entitled to reimbursement of entertainment expenses and travel expenses at the maximum tax rates insofar as they are incurred exclusively in the interests of the Company.

Among other things, the Company also maintains a pecuniary loss liability group insurance policy for all members of the Management Board and the Supervisory Board. The insurance covers the personal liability risk in the event that a claim is made against the group of persons for financial loss in the course of their work (D&O insurance). Coverage for the members of the Management Board and the Supervisory Board has been designed to meet statutory requirements. Thus, 10% of a possible claim up to the amount of one and a half times the fixed annual remuneration remains with the insured. It is left to the individual member of the Management Board to arrange for supplementary coverage privately at his or her own expense. Insurance coverage is also provided under policies for managerial liability and criminal legal protection for all company employees. Also insured here are the legal representatives and members of the supervisory body against violations that they commit or are alleged to have committed in the course of their official duties. Finally, there is an accident insurance policy (total annual expense EUR 3,048.40) for the members of the Management Board.

Performance-related remuneration components

The variable, performance-based compensation components are divided into two components and consist of an annual bonus (component I, see a.) and a long-term, share-based compensation component (component II, see b.). They serve to motivate the Management Board to commit to the success of the Company in the long term by sharing in its economic development.

The main content of the compensation components is as follows:

a. **Short-term variable compensation (Component I)**

The short-term variable remuneration incentivizes the contribution made in the financial year to the operational implementation of the corporate strategy, in particular the establishment and expansion as Europe's leading online broker.

The financial performance criteria are based on the Group's operating result - sales, profitability (Adjusted EBITDA margin/COST-INCOME ratio). Sales and profitability are the most significant financial performance indicators for the Group's operating financial performance. The non-financial targets comprise factors for the success of the Company that are not directly expressed in balance sheet items, but are essential for sustainable success. Non-financial objectives may include, for example: Employee satisfaction and promotion of diversity (Employee Engagement), customer satisfaction (Net Promoter Score) or sustainability (CO2 reduction) (this list is for illustrative purposes only and is neither exhaustive nor mandatory in itself; the Supervisory Board may make the final selection and weighting of non-financial targets at its reasonable discretion). However, even in the

case of a short-term incentive component "non-financial targets," the Supervisory Board ensures that the target achievements are explained to the Management Board in a clear and transparent manner and can therefore be meaningfully assessed at the end of the one-year performance period. In the event of early retirement, rules apply for a pro rata payout. Extraordinary developments (such as the sale of shares in the Company and the recognition of hidden reserves) are not taken into account when determining the bonus. In the event of a deterioration in the situation of flatexDEGIRO AG, the total remuneration may be reduced to an appropriate level if the continued granting of such remuneration would otherwise be inequitable.

b. Long-term, performance-based compensation component (Component II)

To establish a further long-term, performance-related compensation component, stock option programs were set up in 2014, 2015 and 2020 in which the respective active members of the Management Board and key people of the Company can participate.

The stock option programs from 2014 and 2015 have essentially the same terms and conditions. The option program from 2020 is a virtual option model. The options were allocated to the members of the Management Board by the Supervisory Board. Participation itself was voluntary for the board members.

In the case of all long-term, performance-related compensation components, the Company's long-term business performance is rewarded. The main focus here is on the positive development of the share price and earnings per share.

Under the SARs Plan 2020, up to four million stock appreciation rights (SARs) can be granted to Management Board members and employees, which can be exercised by the beneficiary within a further three years after a waiting period of three years. Furthermore, up to an additional SAR 1,600,000 can be granted under a purchase model. A prerequisite for the granting of further SARs under the purchase model is the acquisition of shares in flatexDEGIRO AG.

The main features of the 2014 and 2015 stock option programs are as follows:

- The Management Board receives the allocation of a certain number of options at a certain date (subscription date)
- The strike price per option is EUR 1.825 for the 2014 option model. The strike price for the 2015 option model is EUR 3.1975.
- Within the first 24 months from the subscription date, the value of the share under the 2014 stock option program must increase by 100%/under the 2015 stock option program by 50% at the price on the subscription date (reference period). Price is the closing price XETRA on the day of issue.
- After the first 24 months from the grant date, there is a further 24 - month holding period
- After the first 48 months, the beneficiary has the option to exercise his options, provided that they have arisen
- When exercising the options, the beneficiary must pay the subscription price of EUR 1.825 per option (2014 option program) or EUR 3.1975 per option (2015 option program) as well as the applicable wage tax

The (virtual) Stock Option Program 2020 (SAR) is essentially structured as follows:

- The Management Board receives the allocation of a certain number of stock appreciation rights (subscription date)
- The term is six years from the date of the written commitment (issue date)
- Each appreciation right grants the beneficiary only the right to receive a cash amount (cash entitlement) from flatexDEGIRO AG.

- The calculation of the cash entitlement per stock appreciation right is based on the development of the flatexDEGIRO AG share price and the development of the EPS value (50% each).

Individual compensation for the Management Board for 2021

The following disclosure of compensation for 2021 financial year takes into account the applicable accounting principles. The fair values of the share-based payments granted have been determined in accordance with the applicable accounting principles.

Consideration of the maximum compensation set out in the Management Board compensation system adopted in 2021 is not applicable, as this only applies to future Management Board contracts.

Total remuneration

The compensation of the Management Board is shown in detail in the following table:

		Non-performance-related remuneration		as % of total remuneration	Performance-related remuneration			as % of total remuneration	Total remuneration
		Annual fixed salary	Other remuneration components		Component I One-year variable compensation	Option plan 2015	Component II* SAR Plan 2020		
Frank Niehage	2021	500,000.00 €	24,650.00 €	34.4%	1,000,000.00 €	- €	- €	65.6%	1,524,650.00 €
	2020	500,000.00 €	27,500.00 €	11.0%	1,000,000.00 €	- €	1,080,000 pieces 3,286,966.00 €	89.0%	4,814,466.00 €
Muhamad Said Chahrour	2021	240,000.00 €	22,725.00 €	34.4%	500,000.00 €	- €	- €	65.6%	762,725.00 €
	2020	200,000.00 €	22,500.00 €	8.2%	300,000.00 €	10,000 pieces 58,900.00 €	680,000 pieces 2,126,813.00 €	91.8%	2,708,213.00 €
	2021	740,000.00 €	47,375.00 €	34.4%	1,500,000.00 €	- €	- €	65.6%	2,287,375.00 €
Overall Management Board	2020	700,000.00 €	50,000.00 €	10.0%	1,300,000.00 €	58,900.00 €	5,413,779.00 €	90.0%	7,522,679.00 €

* the valuation of the long-term variable compensation is made at fair value at the grant date

The fixed compensation of the incumbent Management Board members remained unchanged until the reporting date of 31 December 2021.

No benefits have been granted or promised by a third party to any of the Management Board members in respect of their activities as Management Board members.

Vertical compensation comparison

In the vertical compensation comparison, the compensation of the Management Board is compared with that of the management group. In this context, the compensation of the Management Board should not be in significant contrast to the salary level of the remaining employees and management. In the view of the Supervisory Board, this is also not the case at flatexDEGIRO AG. Compensation is structured across the various areas of responsibility in line with performance and success.

	2021	2020
Frank Niehage	EUR 1,500,000.00	EUR 1,500,000.00
Muhamad Said Chahrour	EUR 740,000.00	EUR 500,000.00
Director Level		
(Average number of employees 32)	EUR 99,606.00	EUR 97,289.00
Business development (turnover)	EUR 417,581,000.00	EUR 261,490,000.00

Explanations:

Excluded from the presentation are possible allocations from the SAR Plan 2020 in order to achieve better comparability. The group of directors was used as the comparison group. In this group, a maximum of 1/3 have received SAR. In the presentation, the annual full compensation is compared.

Commitments to the Management Board in the event of termination of service

There are no pension commitments for members of the Management Board. Furthermore, no contingent liabilities were entered into in favor of the members of the Management Board.

In the event of premature termination of the employment relationship, the following provisions apply to the members of the Management Board:

I. In the event of dismissal/termination for cause, the contract shall be terminated at the time of dismissal. The Company is entitled to release the Management Board member from any further activity for the Company for the remaining term of the service agreement. The leave of absence is granted with continued payment of the pro rata annual salary. The variable compensation is not owed for the periods of release.

II. Ordinary termination of the service agreement during the term of the agreement is excluded.

There were no deviations from the compensation system for the Management Board pursuant to Section 162 para. 1 no. 5 in the reporting year.

Significant agreements of the Company that are subject to the condition of a change of control as a result of a takeover bid, and compensation agreements of the Company that have been concluded with the members of the Management Board or with employees in the event of a takeover bid

At the level of flatexDEGIRO Bank AG, agreements exist which provide that in the event of a change of control at flatexDEGIRO AG, the respective parties or the respective contractual partner may terminate the cooperation with flatexDEGIRO Bank AG. In this context, a "change of control at flatexDEGIRO AG" is deemed to exist under the agreements (i) if a third party acquires a majority of the shares of flatexDEGIRO AG or a majority of the voting rights of flatexDEGIRO AG or substantially all of the assets of flatexDEGIRO AG, or (ii) if a third party otherwise gains a controlling influence within the meaning of Section 17 AktG over flatexDEGIRO AG.

The employment contract of the chairperson of the Management Board of flatexDEGIRO AG provides for a "change of control" clause. This is intended to provide the chairperson of the Management Board with economic security in the event of a change of control, thus maintaining his/her independence in a takeover situation.

- In the event of a change of control, the chairperson of the Management Board has a special right of termination within the first six months.
- In the event that the special right of termination is exercised, he shall be entitled to the following compensation payments:
 1. the fixed salary to be paid in principle
 2. lump-sum bonus payment of EUR 500,000 gross p.a.

The compensation payments mentioned under 1. and 2. are calculated in each case on a time-ratio basis until the expiry of the currently valid contract term. The compensation payments together amount to a maximum of two years' total compensation (severance payment cap). The cap is calculated on the basis of the total compensation for the previous financial year.

If the total compensation for the current financial year is expected to be significantly higher or lower, it shall be based on this.

At the level of flatexDEGIRO AG, there are no other material contracts with change-of-control clauses in the event of a takeover.

Compensation agreements in the event of takeover bids

Beyond this, there are no compensation agreements with members of the Management Board or employees in the event of a takeover bid.

Remuneration of the Supervisory Board

The Supervisory Board consists of three members. The compensation of the Supervisory Board is determined by the Annual General Meeting and is governed by Art. 14 para. 1 of the Articles of Association. Most recently, the compensation of the Supervisory Board was adjusted by the 2017 Annual General Meeting and the Articles of Association were amended accordingly.

Compensation is based on the duties and responsibilities of the members of the Supervisory Board. The fixed remuneration amounts to EUR 120,000 per year for the chairperson of the Supervisory Board. The two other members of the Supervisory Board each receive annual remuneration of EUR 60,000.

In December 2021, the Supervisory Board established an Audit Committee. It is planned to propose to the Annual

General Meeting in May 2022 that the remuneration of the Supervisory Board be adjusted so that the chairperson of the Audit Committee receives annual remuneration of EUR 30,000 in addition to his remuneration as a member of the Supervisory Board.

No attendance fee is paid to the members of the Supervisory Board. The amounts are payable in full after the end of the financial year.

flatexDEGIRO AG reimburses the members of the Supervisory Board for any value-added tax incurred on their remuneration. The above amounts do not include sales tax. None of the members of the Supervisory Board has received or been granted benefits by a third party with regard to their activities as members of the Supervisory Board. Finally, no compensation or benefits were granted or paid to any of the members of the Supervisory Board for services provided personally, in particular consulting and mediation services.

Supervisory Board members are also covered by D & O insurance. A deductible of 10% of the possible loss up to a total of one and a half times the fixed compensation of the Supervisory Board has been established for them. No loans or advances have been granted to members of the Supervisory Board. Likewise, no contingent liabilities were entered into in their favor.

Note: This is a convenience translation of the German original. Solely the original text in the German language is authoritative.

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE COMPENSATION REPORT PURSUANT TO § 162 (3) AKTG

To flatexDEGIRO AG, Frankfurt am Main

Audit Opinion

We have formally audited the Compensation Report of flatexDEGIRO AG, Frankfurt am Main, for the financial year from 1 January 2021 to 31 December 2021, to determine whether the disclosures pursuant to § 162 (1) and (2) AktG (Aktiengesetz: German Stock Corporation Act) have been made in the remuneration report. In accordance with § 162 (3) AktG, we have not audited the content of the Compensation Report.

In our opinion, the accompanying Compensation Report complies, in all material respects, with the disclosure requirements pursuant to § 162 (1) and (2) AktG. Our audit opinion does not cover the content of the Compensation Report.

Basis for the Audit Opinion

We conducted our audit of the Compensation Report in accordance with § 162 (3) AktG and in compliance with the IDW Auditing Standard: The Audit of the Compensation Report pursuant to § 162 (3) AktG (IDW PS 870 (08.2021)). Our responsibilities under this regulation and this standard is further described in the "Auditor's Responsibilities" section of our auditor's report. Our audit firm has applied the requirements of the IDW Quality Assurance Standard: Quality Assurance Requirements in Audit Practices (IDW QS 1). We have complied with our professional duties pursuant to the German Public Auditors Act (WPO) and the Professional Charter for Auditors/Chartered Accountants (BS WP/vBP), including the independence requirements.

Responsibilities of the Management Board and the Supervisory Board

The Management Board and the Supervisory Board of flatexDEGIRO AG are responsible for the preparation of the Compensation Report, including the related disclosures, in compliance with the requirements of § 162 AktG. They are also responsible for internal controls they consider to be necessary to enable the preparation of a Compensation Report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to obtain reasonable assurance about whether the Compensation Report complies, in all material respects, with the disclosure requirements pursuant to § 162 (1) and (2) AktG, and to issue an auditor's report that includes our opinion.

We planned and performed our audit to obtain evidence about the formal completeness of the Compensation Report by comparing the disclosures made in the Compensation Report with the disclosures required by § 162 (1) and (2) AktG. In accordance with § 162 (3) AktG, we have not audited whether the disclosures are correct or individual disclosures are complete or whether the Compensation Report is fairly presented.

Consideration of Misleading Representations

In connection with our audit, our responsibility is to read the Compensation Report considering the knowledge obtained in the audit of the financial statements and to remain alert for indications as to whether the Compensation Report contains misleading representations in relation to the correctness of the content of the disclosures, the completeness of the individual disclosures or the fair presentation of the Compensation Report. If, based on the work we have performed, we conclude that such a misleading representation exists, we are required to report that fact. We have nothing to report in this regard.

Frankfurt am Main, 17 March 2022

BDO AG

Wirtschaftsprüfungsgesellschaft

Rist

Wirtschaftsprüfer

(German Public Auditor)

Gruchott

Wirtschaftsprüfer

(German Public Auditor)