2020

ANNUAL FINANCIAL STATEMENTS

MAIN SPONSOR
BORUSSIA MÖNCHENGLADBACH

flatex DEGIRO

Balance sheet for the financial year from January 01, 2020 to December 31, 2020 of flatexDEGIRO AG

ASSETS

	12/31/2020 EURO	12/31/2019 EURO
A. Fixed Assets		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets acquired against payment, as well as licenses to such rights and assets	3.146.472,77	2.988.490,00
	3.146.472,77	2.988.490,00
II. Property, plant and equipment		
1. Land and buildings including buildings on third-party land	1.829.813,49	1.931.819,34
2. Technical equipment and machinery	4.945.249,00	3.306.254,00
3. Other equipment, factory and office equipment	425.115,00	306.853,00
	7.200.177,49	5.544.926,34
III. Financial assets		
1. Shares in affiliated companies	381.325.292,66	57.059.862,29
2. Participations	0,00	24.138.645,71
3. Asset value pensions	376.429,00	355.383,00
	381.701.721,66	81.553.891,00
	392.048.371,92	**90.087.307,34**
B. Current assets		
I. Inventories		
1. Work in progress	27.583,94	98.405,64
2. Finished goods and products	9.159,17	1.658,70
	36.743,11	100.064,34
II. Receivables and other assets		
1. Trade receivables	980.012,97	3.003.164,99
2. Receivables from affiliated companies	30.793.868,45	19.143.956,42
3. Other assets	1.454.102,18	891.530,65
	33.227.983,60	23.038.652,06
III. Other securities	1.325,30	19.421,26
IV. Cash on hand, bank balances	9.540.233,08	8.532.488,50
	42.806.285,09	**31.690.626,16**
C. Accruals	**2.775.496,00**	**946.236,00**
D. Actual difference from asset offsetting	**923.791,00**	**1.073.288,00**
	438.553.944,01	**123.797.457,50**

Balance sheet for the financial year from January 01, 2020 to December 31, 2020 of flatexDEGIRO AG

LIABILITIES

	12/31/2020		12/31/2019	
	EURO	EURO	EURO	EURO
A. Equity				
I. Subscribed capital				
Shares issued	27.273.137,00		19.595.637,00	
		27.273.137,00		19.595.637,00
II. Capital reserve		309.627.114,24		105.720.639,24
III. Retained earnings				
1. Legal reserve	32.775,45		32.775,45	
2. Other retained earnings	6.810.553,95		6.810.553,95	
		6.843.329,40		6.843.329,40
IV. Loss carried forward		23.788.552,45		31.024.007,71
V. Net income		20.287.668,50		7.235.455,26
		340.242.696,69		**108.371.053,19**
B. Provisions				
1. Provisions for pensions		3.930.397,00		2.909.936,00
2. Tax provisions		12.340.318,40		158.560,65
3. Other provisions		34.908.900,00		3.437.600,00
		51.179.615,40		**6.506.096,65**
C. Liabilities				
1. Liabilities to banks		5.523.324,18		3.707.076,67
2. Advance payments received on orders		96.019,90		268.116,50
3. Trade accounts payable		720.140,72		486.341,25
4. Liabilities to affiliated companies		17.352.681,40		199.920,25
5. Other liabilities		10.968.107,88		4.188.014,99
thereof from taxes EUR 757,745.63 (previous year: EUR 409,510.22)		**34.660.274,08**		**8.849.469,66**
D. Prepaid expenses		**12.471.357,84**		**70.838,00**
		438.553.944,01		**123.797.457,50**

Income Statement for the financial year from January 1, 2020 to December 31, 2020 of flatexDEGIRO AG

	2020		2019	
	EURO	EURO	EURO	EURO
1. Revenues		38.225.318,16		33.867.331,71
2. Decrease in inventories of finished goods and work in progress		111.464,34		35.135,16
3. Other operating income		1.167.435,07		1.429.568,32
4. Cost of materials				
a) Cost of purchased goods	271.065,13		327.999,20	
b) Expenses for purchased services	8.406.638,23	8.677.703,36	2.936.090,87	3.264.090,07
5. Personnel expenses				
a) Wages and salaries	36.908.062,04		18.777.323,12	
b) Social security and pension costs	3.300.296,31	40.208.358,35	3.217.477,24	21.994.800,36
6. Amortization of intangible assets and depreciation of property, plant and equipment		3.735.441,43		3.009.431,31
7. Other operating expenses		12.582.214,60		12.121.810,48
8. Income from investments		67.574.914,45		17.188.654,36
thereof from affiliated companies EUR 67,574,914.45 (previous year: EUR 17,188,654.36)				
9. Interest and similar income		22.221,12		33.934,91
10. Depreciable financial assets and securities held as current		18.090,44		96.834,21
11. Interest and similar expenses		1.964.539,41		2.175.966,39
12. Taxes on income and earnings		19.122.528,66		2.286.186,99
13. Earnings after taxes		**20.569.548,21**		**7.535.234,33**
14. Other taxes		281.879,71		299.779,07
15. Net income		**20.287.668,50**		**7.235.455,26**
16. Loss carried forward		23.788.552,45		31.024.007,71
17. Net accumulated loss		**3.500.883,95**		**23.788.552,45**

Notes

flatexDEGIRO AG
Frankfurt am Main

Notes to the annual financial statements for the financial year from 1 January to 31 December 2020

A. General information

The company is registeres in the Commercial Register at the Local Court of Frankfurt am Main under company number HRB 103516.

In 2020, 177,500 subscription shares were issued based on the Conditional capital (2014/I and 2015/I) resolved by the Annual General Meeting held on 30 October 2014 and 28 August 2015. The changes were entered in the Commercial Register on 27 January 2020, 22 July 2020 and 11 December 2020. In addition, the subscribed capital was increased by a further 7,500,000 no-par shares to increase capital for the acquisition of shares of DeGiro B.V. They were entered in the commercial register on 30 July 2020. The share capital now amounts to EUR 27,273,137.00.

The Annual General Meeting held on 20 October 2020 resolved to amend the Articles of Association in § 1 (Company) and 4 (amount and division of the share capital, authorised and Conditional Capital). The company's name was changed to flatexDEGIRO AG. The entries were made in the Commercial Register on 9 November 2020.

The company's annual financial statements for the financial year 2020 have been prepared in accordance with the provisions of Book 3 of the Commercial Code applicable to it, taking into account the supplementary provisions of the BilRUG and the provisions of the German Stock Corporation Act.

The annual financial statements have been prepared in euros. The notes are mostly given in thousand euros ("kEUR"). The disclosure and classification provisions were complied in accordance with the legal requirements. The profit and loss account was prepared using the total cost method. The financial year corresponds to the calendar year. According to § 267 para. 3 the company is a large corporation.

flatexDEGIRO AG has been listed on the SDAX (previous year: Scale Segment) of the German stock exchange in Frankfurt am Main since 21 December 2020. GfBk Gesellschaft für Börsenmedienkommunikation mbH informed us on 5 August 2020 that, pursuant to § 20 para. 5 of the German Stock Corporation Act, the participation in flatexDEGIRO AG no longer exists in the amount required to be reported in accordance with § 20 of the German Stock Corporation Act.

BFF Holding GmbH, based in Kulmbach, also informed us on 5 August 2020 that, pursuant to § 20 para. 5 of the German Stock Corporation Act, the participation in flatexDEGIRO AG no longer exists in the amount required to be reported in accordance with § 20 of the German Stock Corporation Act.

Mr. Bernd Förtsch also informed us on 5 August 2020 that, pursuant to § 20 para. 5 of the German Stock Corporation Act, the participation in flatexDEGIRO AG no longer exists in the amount required to be reported in accordance with § 20 of the German Stock Corporation Act.

As parent company, flatexDEGIRO AG prepares consolidated financial statements for the smallest group of companies in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements are submitted to the Federal Gazette and are published.

B. Accounting and valuation principles

In preparing the annual financial statements, it was assumed that the company was a going concern in accordance with Section 252 para. 1 no. 2 German Commercial Code

Purchased intangible assets are stated in the balance sheet at cost less scheduled straight-line depreciation (1 to 5 years) based on standard industry or official depreciation tables.

Fixed assets are stated at acquisition cost less scheduled depreciation based on use, provided they are subject to wear and tear. Depreciation is based on the normal useful life of the assets (1 to 50 years) using the straight-line method pro rata temporis. Depreciation is carried out in accordance with standard industry or official depreciation tables. Where necessary, unscheduled depreciation is applied. Low-value assets with individual acquisition costs of up to a maximum of EUR 800.00 are recorded under fixed assets and written off in full in the year of acquisition. Fixed assets with individual acquisition costs of more than EUR 800.00 are depreciated pro rata over their scheduled useful life.

Financial assets are valued at their acquisition cost or, in the case of permanent impairment, at the lower fair value. If the reasons for write-offs to the lower fair value no longer apply, write-ups to the higher fair value are made, but at most up to the original acquisition cost.

Finished goods and work in progress reported under **inventories** are valued at production cost, taking into account the principle of the lower of manufacturing or acquisition cost. Production costs include individually documented working hours and appropriate components of material and production overheads as well as the depreciation of fixed assets and pro rata administrative overheads.

Receivables and other assets are reported at their nominal value.

Securities held as current assets are valued at the lower of acquisition cost or fair value based on the stock exchange or market price on the reporting date.

Cash on hand and bank balances are stated at nominal value.

Deferred expenses and accrued income are accounted for according to § 250 para. 1 of the German Commercial Code. They are reserved in accordamce with the expenditure of the accounting period.

The valuation of the assets to be offset in accordance with § 246 para. 2 sentence 2 of the German Commercial Code ("plan assets") are measured within the meaning of § 255 para. 4 of the German Commercial Code. The fair value of the plan assets is determined on the basis of actuarial reports. The remaining surplus of assets is stated in the balance sheet as a separate balance sheet item under "**asset difference from the offsetting of assets**" in accordance with § 246 para. 2 sentence 3 of the German Commercial Code.

Pension obligations are measured at the required settlement amount. Provisions for pension obligations are measured in accordance with Article 75 para. 6 of the Introductory Act to the German Commercial Code in connection with § 253 para. 2 and 6 of the German Commercial Code using the corresponding average interest rate from the past ten financial years.

Estimated rates of increase are taken into account for a forward-looking valuation of commitments. The Heubeck mortality tables 2018 G serve as the basis for calculation. As in the previous year, the modified going-concern value method was used to determine the pension obligation for an active entitlement, as documented by actuarial reports. As in the previous year, the projected unit credit method was used for current entitlements of a total of eight former beneficiaries.

The actuarial calculation of the pension obligations was performed uniformly as of 31 December 2020, using an interest rate of 2.30% (previous year: 2.71%). The discount rate corresponds to the interest rate for a remaining term of 15 years in accordance with the German Regulation on the Discounting of Provisions. The average interest rate for the last ten years was applied without change in accordance with obligations.

In addition, an unchanged rate of pension growth of 1% was assumed. The consideration of a fluctuation trend was not necessary in accordance with the pension commitments and the beneficiaries.

If the legal requirements are met, in application of § 246 para. 2 sentence 2 of the German Commercial Code, the fair value of the plan assets held for this purpose (actuarially determined asset value of the claims from corresponding reinsurance policies) is offset against the corresponding provisions from retirement benefits. The same applies to the effectively pledged fair value credit balance held as cover assets for the part-time early retirement scheme. The resulting asset-side difference from the offsetting of assets is shown as a separate balance sheet item.

The difference between the recognition of provisions based on the corresponding average interest rate from the past ten financial years and the recognition of provisions based on the corresponding average interest rate from the past seven financial years was kEUR 3,434 on the balance sheet date (previous year: kEUR 3,374).

Other provisions include all risks and contingent liabilities at the balance sheet date. The other provisions shown are valued at the settlement amount required according to prudent commercial assessment. Future price and cost increases were taken into consideration. They also include an obligation arising from a part-time retirement agreement, which is offset by plan assets with a fair value of the same amount. Accordingly, these were netted out in accordance with obligations.

Liabilities are set at the settlement amount.

Deferred income according to § 250 para. 2 of the German Commercial Code are recognized in the amount of the income to be deferred if it represents income for a specific period after the balance sheet date.

The accounting and valuation methods applied by us correspond to the methods used in the previous year for the preparing the balance sheet, the profit and loss statement and the notes.

C. Notes to the balance sheet

Fixed assets

The development of the individual fixed asset items and the corresponding depreciation and amortization is shown in the statement of changes in fixed assets.

DEVELOPMENT OF FIXED ASSETS
FLATEXDEGIRO AG, FRANKFURT
IN THE FINANCIAL YEAR 2020

	ACQUISITION COSTS						DEPRECIATION					CARRYING AMOUNTS	
	As of 01/01/2020	Additions	Disposals	Reclassification	Write-ups	As of 12/31/2020	Total 01/01/2020	Additions	Disposals	Reclassification	As of 12/31/2020	As of 12/31/2019	As of 12/31/2020
	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO	EURO
I. Intangible assets													
1. Concessions, industrial property rights and similar rights and assets acquired against payment, as well as licenses to such rights and assets	7,900,119.83	1,486,579.95	0.00	0.00	0.00	9,386,699.78	4,911,629.83	1,328,597.18	0.00	0.00	6,240,227.01	2,988,490.00	3,146,472.77
Total intangible assets	**7,900,119.83**	**1,486,579.95**	**0.00**	**0.00**	**0.00**	**9,386,699.78**	**4,911,629.83**	**1,328,597.18**	**0.00**	**0.00**	**6,240,227.01**	**2,988,490.00**	**3,146,472.77**
II. Property, plant and equipment													
1. Land and buildings including buildings on third-party land	4,004,407.34	606,080.46	0.00	0.00	0.00	4,610,487.80	2,072,588.00	708,086.31	0.00	0.00	2,780,674.31	1,931,819.34	1,829,813.49
2. Technical equipment and machinery	11,715,535.36	3,126,889.98	4,806.26	0.00	0.00	14,837,619.08	8,409,281.36	1,487,833.98	4,745.26	0.00	9,892,370.08	3,306,254.00	4,945,249.00
3. Other equipment, factory and office equipment	931,759.81	329,124.96	16,637.00	0.00	0.00	1,244,247.77	624,906.81	210,862.96	16,637.00	0.00	819,132.77	306,853.00	425,115.00
Total property, plant and equipment	**16,651,702.51**	**4,062,095.40**	**21,443.26**	**0.00**		**20,692,354.65**	**11,106,776.17**	**2,406,783.25**	**21,382.26**	**0.00**	**13,492,177.16**	**5,544,926.34**	**7,200,177.49**
III. Financial assets													
1. Shares in affiliated companies	57,059,862.29	300,126,784.66	0.00	24,138,645.71	0.00	381,325,292.66	0.00	0.00	0.00	0.00	0.00	57,059,862.29	381,325,292.66
2. Participations	24,138,645.71	0.00	0.00	-24,138,645.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24,138,645.71	0.00
3. Asset value pensions	355,383.00	21,046.00	0.00	0.00	0.00	376,429.00	0.00	0.00	0.00	0.00	0.00	355,383.00	376,429.00
Total financial assets	**81,553,891.00**	**300,147,830.66**	**0.00**	**0.00**	**0.00**	**381,701,721.66**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**81,553,891.00**	**381,701,721.66**
Total fixed assets	**106,105,713.34**	**305,696,506.01**	**21,443.26**	**0.00**	**0.00**	**411,780,776.09**	**16,018,406.00**	**3,735,380.43**	**21,382.26**	**0.00**	**19,732,404.17**	**90,087,307.34**	**392,048,371.92**

Shares in affiliated companies

On 13 December 2019, flatexDEGIRO AG and LPE Capital B.V. and its five main shareholders concluded a share purchase agreement for the shares of LPE Capital B.V. in DeGiro B.V., a limited liability company under Dutch law with its registered office in Amsterdam, Netherlands, registered in the Dutch Commercial register under 34342820. With the payment of the cash selling price of EUR 23,611,111.11, flatexDEGIRO AG acquired a 9.4% stake in the previous year.

In the reporting year, flatexDEGIRO AG acquired the remaining 90.6% of DeGiro B.V. for a cash selling price of EUR 81,543,095.00 and against the issue of 7,500,000 new shares (separate ISIN DE000FTG1202), which were acquired from the Authorized Capital 2017 as well as Authorized Capital 2018/I as part of a capital increase, with the exclusion of subscription rights of the flatexDEGIRO AG shareholders after approval of the Dutch supervisory authorities. On 23 October 2020, a corresponding exchange of the shares from the separate class with the shares of ISIN DE000FTG1111 took place. When the purchase price was derived, the newly issued shares in flatexDEGIRO AG were assigned a fair value of kEUR 210,000 (i.e. EUR 28.00 per share). During the determination, the share price for the newly issued shares as of 31 July 2020 in the amount of EUR 36.30 was corrected by a discount of 22.9%, which takes the limited tradability of the shares issued into consideration. The discount was determined on the basis of an option price model.

The incidental acquisition costs for the purchase of DeGiro B.V. amounted to kEUR 528 in the previous year as well as subsequent incidental acquisition costs of kEUR 1,083 in 2020. The acquisition costs for the purchase of DeGiro B.V. include a conditional purchase price payment of kEUR 13,000, which is due for payment in 2021.

With a contribution agreement dated on 16 October 2020 and a deed of transfer dated on 19 October 2020, flatexDEGIRO AG transferred 100% of the shares it held in DeGiro B.V. to its subsidiary flatex Finanz GmbH, by way of a contribution.

On 6 April 2020, the Supervisory Board and Management Board of flatexDEGIRO AG decided to make a contribution of kEUR 7,500 to the free capital reserve of flatex Finanz GmbH to strengthen the equity base of its direct subsidiary flatex Bank AG.

Overall, the investment valuation of flatex Finanz GmbH increased from kEUR 53,764 in the previous year to kEUR 378,030 on the balance sheet date.

Trade receivables and other assets

As in the previous year, the trade receivables stated in the balance sheet do not include any receivables with a remaining term of more than one year. In the reporting year, flatexDEGIRO AG did not have any sales tax receivables (previous year: kEUR 24). Sales tax for previous years will amount to kEUR 256 (previous year: kEUR 380). In addition, income tax receivables from previous years amounted to kEUR 1,108 (previous year: kEUR 349).

As in the previous year, the other assets have a remaining term of up to one year.

Receivables from affiliated companies

There are receivables from affiliated companies in the amount of kEUR 30,794 (previous year: kEUR 19,144); these arose from profit and loss transfer agreements in the amount of kEUR 28,575 (previous year: kEUR 17,189), from delivery and service accounting as well as from fiscal unity for VAT purposes.

Equity

Share Capital

The company's subscribed capital amounted to kEUR 27,273 as of the balance sheet date (previous year: kEUR 19,596). At the end of the financial year, the share capital was divided into 27,273,137 (previous year: 19,595,637) no-par registered shares with a notional value of EUR 1.00 each.

Authorized Capital

At the beginning of the 2020 financial year, the company had Authorized Capital of kEUR 7,530 composed as follows:

1) By resolution of the Annual General Meeting held on 5 July 2017, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital (Authorised Capital 2017) by 4 July 2022 by issuing new registered shares against cash and/or contributions in kind once or several times by a total of up to kEUR 5,598. In principle, the shareholders are to be granted subscription rights. Subject to the approval of the Supervisory Board, the Management Board is hereby authorized to exclude shareholders' statutory subscription rights in the following situations. The Authorized Capital 2017 amounted to kEUR 4,898 at the beginning of the 2020 financial year. The remaining Authorized Capital 2017 was entirely used by a utilisation resolution of the Management Board with the approval of the Supervisory Board on 28 July 2020 in the amount of kEUR 4,898 through the issuance of 4,898,115 new registered no-par value shares by way of a capital increase against contribution in exchange for shares in DeGiro B.V., the implementation of the corresponding increase in share capital was entered in the Commercial Register on 30 July 2020.

2) By resolution of the Annual General Meeting held on 7 August 2018, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital (Authorised Capital 2018) by 6 August 2023 by issuing new no-par value registered shares against cash and/or contributions once or several times by a total of up to kEUR 3,857. In principle, the shareholders are to be granted subscription rights. Subject to the approval of the Supervisory Board, the Management Board is hereby authorized to exclude shareholders' statutory subscription rights in the following situations. The Authorized Capital 2018 amounted to kEUR 2,632 due to partial utilisation in 2018 at the beginning of the 2020 financial year. The remaining Authorised Capital 2018 was partially used by a utilisation resolution of the Management Board with the approval of the Supervisory Board on 28 July 2020 in the amount of kEUR 2,602 through the issuance of 2,601,885 new registered no-par value shares by way of a capital increase in kind in exchange for shares in DeGiro B.V. and amounted to kEUR 30 as at the balance sheet date following the registration of the corresponding increase in share capital on 30 July 2020. By resolution of the company's Annual General

Meeting on 20 October 2020, the Authorised Capital 2018 was cancelled, insofar as it had not been used at the time of cancellation.

3) By resolution of the Annual General Meeting held on 20 October 2020, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital (Authorised Capital 2020/I) until 19 October 2025 by issuing new no-par value registered shares against cash and/or contributions or several times by a total of up to kEUR 10,900. In principle, the shareholders are to be granted subscription rights. Subject to the approval of the Supervisory Board, the Management Board is hereby authorized to exclude shareholders' statutory subscription rights in the following situations.

4) The Management Board was authorised by resolution of the Annual General Meeting held on 20 October 2020, with the approval of the Supervisory Board, to increase the share capital (Authorized Capital 2020/II) once by 19 October 2025 by issuing new no-par value registered shares against cash and/or contributions in kind or several times by a total of up to kEUR 2,700. In principle, the shareholders are to be granted subscription rights. Subject to the approval of the Supervisory Board, the Management Board is hereby authorized to exclude shareholders' statutory subscription rights in the following situations.

As of 31 December 2020, the company has Authorized Capital of kEUR 13,600 (Authorised Capital 2020/I: kEUR 10,900; Authorised Capital 2020/II: kEUR 2,700).

<u>Conditional Capital</u>

1) By resolution of the Extraordinary General Meeting held on 30 October 2014, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital by up to kEUR 1,390 through the issuing of up to 1,390,000 new no-par value bearer shares with dividend entitlement from the beginning of the financial year in which they were issued (Conditional Capital 2014). In accordance with the resolution of 30 October 2014, the Conditional Capital 2014 serves exclusively to secure subscription rights which, based on the authorization of the Annual General Meeting held on 30 October 2014 as part of the 2014 stock option programme, are granted to the members of the Management Board up to and including 30 September 2019 and employees of the company as well as members of the management and employees of companies affiliated with the company. On 27 July 2016, the Annual General Meeting resolved to switch from bearer to registered shares; the Conditional Capital 2014 was adjusted accordingly to the issue of registered shares. By resolution of the Extraordinary General Meeting held on 4 December 2017, the authorization to issue stock options under a 2014 stock option programme, which was resolved by the General Meeting held on 30 October 2014 with adjustments by the General Meeting held on 27 July 2016, was amended and substantiated. At the same time, the Conditional Capital 2014 was amended in such a way that it also serves to service subscription rights that have been issued on the basis of the authorization resolution of the Annual General Meeting held on 30 October 2014, also with adjustments by the Annual General Meeting held on 27 July 2016 and also in the version after its amendment by the corresponding resolution of the Annual General Meeting held on 4 December 2017, and also to the extent that the option conditions underlying the subscription rights in question were revised after the subscription rights were issued in the context of the corresponding resolution of the Annual General Meeting held on 4 December 2017. In 2019, as part of the

2014 stock option programme, a total of 859,000 subscription shares were issued from the Conditional Capital 2014 with a proportionate amount in the share capital of EUR 1.00 per share; at the beginning of the 2020 financial year, the Conditional Capital 2014 was accordingly reduced to kEUR 531. Due to further exercise of stock options from the 2014 stock option programme, a total of 125,000 new no-par value registered shares with a proportionate amount in the share capital of EUR 1.00 per share were issued from the Conditional Capital 2014 in the financial year 2020. As a result, the Conditional Capital 2014 was reduced by a total of kEUR 125 to now kEUR 406 as at the balance sheet date. The corresponding amendments to the articles of association were registered in the commercial register and entered as requested on 22 July 2020 (kEUR 75) and 11 December 2020 (kEUR 50).

2) By resolution of the Annual General Meeting held on 28 August 2015, the Management Board was authorized, with the approval of the Supervisory Board, to conditionally increase the share capital by up to kEUR 230 by issuing up to 230,000 new no-par value bearer shares with dividend entitlement from the beginning of the financial year in which they were issued (Conditional Capital 2015). In accordance with the resolution of 28 August 2015, the Conditional Capital 2015 serves exclusively to secure subscription rights which, based on the authorization of the Annual General Meeting held on 28 August 2015 as part of the 2015 stock option programme, are granted to the members of the Management Board up to and including 27 August 2020 and employees of the company as well as members of the management and employees of companies affiliated with the company. On 27 July 2016, the Annual General Meeting resolved to switch from bearer to registered shares; the Conditional Capital 2015 was adjusted accordingly to the issue of registered shares. By resolution of the Extraordinary General Meeting held on 4 December 2017, the authorization resolved by the General Meeting held on 28 August 2015 with adjustments by the General Meeting held on 27 July 2016 to issue stock options as part of a 2015 stock option programme was changed and specified; at the same time, the Conditional Capital 2015 was amended so that it is used exclusively to service subscription rights that are based on the authorization resolution of the General Meeting held on 28 August 2015, also with adjustments by the Annual General Meeting held on 27 July 2016 and also in the version following its amendment by the corresponding resolution of the Annual General Meeting held on 4 December 2017, also to the extent that as per the issuing of subscription rights, the option conditions underlying the subscription rights in question were redrafted as part of the corresponding resolution of the Annual General Meeting held on 4 December 2017. At the beginning of the financial year 2020, the Conditional Capital 2015 was unchanged at kEUR 230. As a result of the exercise of stock options from the 2015 stock option programme, a total of 52,500 new registered no-par value shares with a proportionate amount in the share capital of EUR 1.00 per share were issued from the Conditional Capital 2015 in the financial year 2020. As a result, the Conditional Capital 2015 decreased by a total of kEUR 53 to kEUR 178 at the balance sheet date. The corresponding amendments to the articles of association were registered with the commercial register and, as requested, entered on 27 January 2020 (kEUR 20) and 22 July 2020 (kEUR 33).

3) By resolution of the Extraordinary General Meeting held on 4 December 2017 in the version following the adjustments made by the resolution of the Annual General Meeting held on 7 August 2018 and the resolution of the Annual General Meeting held on 20 October 2020, the Management Board was authorized, with the

approval of the Supervisory Board, to increase the share capital by up to kEUR 3,500 through the issue of up to 3,500,000 new registered no-par value shares with dividend entitlement from the beginning of the financial year in which they are issued (Conditional Capital 2017, referred to in the company's commercial register as "Conditional Capital 2018/I"). The Conditional Capital increase serves to service bonds which were issued based on the corresponding authorisation resolution of the Annual General Meeting held on 4 December 2017 in the version following the adjustments made by the resolution of the Annual General Meeting held on 7 August 2018 and by the resolution of the Annual General Meeting held on 20 October 2020 until 3 December 2022.

4) By resolution of the Annual General Meeting held on 7 August 2018, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital by up to kEUR 3,600 by issuing up to 3,600,000 new registered no-par value shares with entitlement to dividends from the beginning of the financial year in which they were issued (Conditional Capital 2018/II). The Conditional Capital increase serves to service bonds and/or profit participation rights that are issued on the basis of the corresponding authorization resolution of the Annual General Meeting held on 7 August 2018 to 6 August 2023.

Stock option plan

flatexDEGIRO AG has created stock option plans for the competitive overall remuneration of executives. The first stock option programme was launched in 2014. Subscription rights were issued for the first time in 2015 under this programme.

Each subscription right from the Stock Option Programme grants the holder the right to acquire one share in the company against payment of the subscription price fixed at the time of issuance. The subscription price is determined on the basis of the average closing price of the share over a fixed period prior to the resolution of the Annual General Meeting less a discount.

The term of the subscription rights is six years from the date of issuance; they may be exercised in shares of the company at the earliest after a waiting period (vesting period) of four years and in predefined time windows. The prerequisite for exercising an option is that the stock market price of the share is exceeded by at least 100% on any stock market trading day within two years of the issuance of the respective subscription right (Performance Target Option Programme 2014). Only in the event of a change of control or a delisting, which is defined in more detail in the authorization and, if applicable, in the option conditions formulated at a later date, may the company pay cash compensation instead of the shares and the holders of subscription rights may demand cash compensation instead of shares (sometimes even before the vesting period).

A second Stock Option Programme was launched in 2015 based on a further authorization by the Annual General Meeting. The conditions for this programme were modified due to the share price development in relation to the exercise requirement to the extent that the stock exchange closing price of the share must now exceed the respective subscription price by at least 50% on any stock market trading day within two years of the issuance of the respective subscription right (Performance Target Option Programme 2015). The other conditions are the same as in the first programme.

In 2020, 20,000 subscription rights were granted to the Management Board. As of 31 December 2020, there were a total of 317,000 active subscription rights. 157,500 subscription rights were exercised in the financial year 2020.

Stock Appreciation Rights

flatexDEGIRO AG introduced the Stock Appreciation Rights Plan 2020 (SAR Plan 2020) in May 2020. According to the SAR Plan 2020, board members and employees can be granted up to one million Stock Appreciation Rights (SARs), which after a waiting period of three years can be exercised by the beneficiary within a further three years. The SARs are granted on a pro-rata basis over the three-year waiting period and only entitle the holder to a cash payment, 50% of which depends on changes in the share price and 50% on changes in the earnings per share. Furthermore, up to a further 400,000 SARs can be granted as part of a purchase model. The purchase of shares in flatexDEGIRO AG is a prerequisite for the granting of additional SARs as part of the purchase model. In 2020, a total of 845,695 SARs were granted to Board Members and employees.

For the SAR Plan 2020, a provision is recognised as an expense over the vesting period. The expenses are recorded in personnel expenses. The provision is valued using a suitable option price model (Black-Scholes formula) and taking into account the expected EPS on the expected exercise date. The other valuation assumptions, share price, interest rate and volatility were determined on the basis of publicly available market data on the balance sheet date.

As of 31 December 2020, a provision of kEUR 15,387 (previous year: kEUR 0) and corresponding expenses of kEUR 15,387 (previous year: kEUR 0) was created.

Board Members were granted a total of 440,000 SARs in 2020.

Changes in equity

The subscribed capital was increased by options exercised in the reporting year from the Stock Option Programmes 2014 and 2015 in the amount of EUR 177,500. The entries in the commercial register were made on 27 January 2020, 22 July 2020 and 11 December 2020 respectively. Furthermore, the subscribed capital was increased by a further 7,500,000 no-par value shares for a capital increase against contributions in kind for the acquisition of shares in DeGiro B.V. The entry in the commercial register was made on 30 July 2020. The capital reserve was consequently increased by a total of EUR 203,906,475 to EUR 309,627,114.24.

in EUR	Subscribed capital	Treasury shares acquired	Capital reserves	Legal reserve	Retained earnings	Net loss	Total Equity
As of 12/31/2019	19,595,637.00	0.00	105,720,639.24	32,775.45	6,810,553.95	-23,788,552.45	**108,371,053.19**
Change in 2020	7,677,500.00		203,906,475.00				**211,583,975.00**
Net profit						20,287,668.50	**20,287,668.50**
As of 12/31/2020	**27,273,137.00**	**0.00**	**309,627,114.24**	**32,775.45**	**6,810,553.95**	**-3,500,883.95**	**340,242,696.69**

The development of the accumulated deficit is shown in the following table:

in EUR	2020	2019	2018	2017
As of 12/31	-23,788,552.45	-31,024,007.71	-38,149,072.91	-19,093,096.79
Net profit/loss	20,287,668.50	7,235,455.26	7,125,065.20	-19,055,976.12
As of 12/31/2020	**-3,500,883.95**	**-23,788,552.45**	**-31,024,007.71**	**-38,149,072.91**

Provisions for pensions

The pension provisions for one employee, unchanged from the previous year, and one former employee as well as eight (previous year: eight) former members of the Executive Board of the former XCOM AG are based on actuarial reports.

In the course of the offsetting required under § 246 para. 2 sentence 2 of the German Commercial Code, existing **pension obligations** in the amount of kEUR 8,522 (previous year: kEUR 7,637) as of the balance sheet date are offset against the plan assets held for this purpose ("plan assets"). The fair value of the plan assets, which corresponds to the acquisition costs, amounts to kEUR 9,445 on the reporting date (previous year: kEUR 8,710). In the course of the application of § 246 para. 2 sentence 2 of the German Commercial Code, interest income from plan assets amounting to kEUR 534 (previous year: kEUR 498) was also offset against expenses from existing obligations of kEUR 2,131 (previous year: kEUR 2,339).

The fair value of the plan assets exceeding the corresponding pension obligation is recognised as the **asset-side difference** from the asset offsetting in the amount of kEUR 924 (previous year: kEUR 1,073). The excess liability arising for four beneficiaries as of the balance sheet date is reported under pension provisions in the amount of kEUR 2,807 (previous year: kEUR 1,909).

Tax provisions

In the reporting year, flatexDEGIRO AG has a corporate income tax provision of kEUR 6,221 (previous year: kEUR 159). The provision for trade tax amounts to kEUR 6,120 (previous year: receivables kEUR 349).

Other provisions

These primarily include bonus provisions of kEUR 2,800 (previous year: kEUR 1,400), provisions for Stock Appreciation Rights of kEUR 15,387 (previous year: kEUR 0), kEUR 13,000 (previous year: kEUR 0) in connection with the purchase of DeGiro B.V., annual financial statements and audit costs in the amount of kEUR 538 (previous year: kEUR 345), legal and consulting costs of kEUR 206 (previous year: kEUR 130) as well as for various outstanding invoices in the amount of kEUR 2,221 (previous year: kEUR 798).

Liabilities to banks

As of the balance sheet date, flatexDEGIRO AG has liabilities to banks in the amount of kEUR 5,523 (previous year: kEUR 3,707). This includes a short-term bank loan from the subsidiary flatex Bank AG of kEUR 4,982.

	Total > 1 year EUR	Total > 1 year to 5 years EUR	Total > 5 years EUR
2021	5.523.324,18	0,00	0,00
Previous Year	3.165.486,67	541.590,00	0,00

Liabilities in the amount of kEUR 542 (previous year: kEUR 708) are secured by real estate lien.

Advance payments received and trade payables

As in the previous year, the reported advance payments and liabilities have a remaining term of up to one year.

Amounts owed to affiliated companies

As of 31 December 2020, liabilities to affiliated companies amount to kEUR 206 (previous year: kEUR 168) to flatex Bank AG from the VAT group, kEUR 1,661 (previous year: kEUR 0) from the income-tax-sharing agreement and kEUR 34 from deliveries and services.

On 29 September 2020, flatexDEGIRO AG and DeGiro B.V. concluded a loan agreement for kEUR 14,500 from 1 October 2020 with an interest rate of 4%. This loan is due on 31 March 2021. The interest for the period 1 October 2020 to 31 December 2020 was offset in the reporting year.

Another short-term loan was concluded with the subsidiary Brokerport Finance GmbH on 18 December 2020 for a total of kEUR 950, also at 4% interest and with a term of three months. The loan is valued with interest on the balance sheet date of kEUR 951.

As of 31 December 2020, the reported liabilities have a remaining term of less than one year, unchanged from the previous year.

Other liabilities

Other liabilities are composed as follows:

	12/31/2020 EUR	12/31/2019 EUR
Tax liabilities	757,745.63	409,510.22
Liabilities from lease purchase	4,782,052.80	3,272,920.59
Other liabilities	5,428,309.45	505,584.18
	10,968,107.88	**4,188,014.99**

The other liabilities include a trust amount in connection with the purchase of DeGiro B.V. due in 2021. The share of other liabilities with a term of more than one year amounts to a total of kEUR 3,233 (previous year: KEUR 2,191). There are no liabilities with a remaining term of more than five years.

Deferred income

The deferred income includes the deferral of income already received, which represents income for subsequent periods.

As in the previous year, there was no deferred income with a remaining term of more than one year as of the reporting date.

D. Notes to the profit and loss account

Revenues

The sales revenues of kEUR 38,225 are mainly generated in Germany. Of the total foreign sales of kEUR 2,950, kEUR 511 are generated in the European Union. A breakdown of sales revenues according to areas of activity is shown below:

Revenues	2020 kEUR	2019 kEUR
Software Banking	10,756	12,672
IT-Services & Infrastructure	6,627	7,004
Software eBanking	2,869	3,367
Software Trading	7,686	3,599
Other revenues	10,287	7,215
	38,225	**33,857**

Revenues from affiliated companies amounted to kEUR 25,449 in the reporting year (previous year: kEUR 19,221). The company generated significant sales revenue from IT services and from Group contributions. The increase results from the increased offsetting of marketing and sponsoring expenses.

Other operating income

The other operating income mainly relates to income from the increase in the asset value of the reinsurance policy, input tax reduction in the previous year, motor vehicle purchases in kind and the reversal of provisions.

Personnel expenses, social security contributions and expenses for pensions and other benefits

This item includes expenses for retirement benefits in the amount of kEUR 49 (previous year: kEUR 96). In addition, personnel expenses include expenses for the provision for the SAR Plan 2020 in the amount of kEUR 15,387 (previous year: kEUR 0).

Other operating expenses

Other operating expenses include, in particular, occupancy costs, insurance, contributions and levies, repairs and maintenance costs, licence fees, marketing and travel costs, vehicle costs, telecommunications costs, IT costs, training costs as well as legal and consulting costs.

Depreciation of intangible assets included in the fixed assets, and tangible assets

Depreciation of tangible and intangible assets increased to kEUR 3,735 due to a one-time, unscheduled depreciation effect (previous year: kEUR 3,009). It includes unscheduled depreciation in the amount of kEUR 397 on land and buildings.

Income from participating interests

The income from the profit and loss transfer agreement with flatex Finanz GmbH is shown in the income from participations. Income from investments increased by kEUR 50,386 to kEUR 67,575 in the reporting year.

Other interest receivables and similar income

In the reporting year, no interest was appropriated by affiliated companies (previous year: kEUR 3). The item includes kEUR 12 in interest income from reinsurance policies, which are not attributable to plan assets. Furthermore, interest income from the discounting of provisions in the amount of kEUR 1 (previous year: kEUR 4) as well as interest income according to § 233a of the German Tax Code for sales tax from previous years of kEUR 8.

Depreciation of financial assets and marketable securities

This item includes write-downs of kEUR 18 (previous year: kEUR 97) on securities reported under current assets according to the strict lower-of-cost-or-market principle.

Interest and similar expenses

The item amounts kEUR 1,596 (previous year: kEUR 1,841) and contains the interest income from plan assets in the amount of kEUR 534 (previous year: kEUR 498) and also interest expenses to be offset pursuant to § 246 para. 2 sentence 2 of the German Commercial Code from liabilities from pension obligations and similar long-term obligations of kEUR 2,131 (previous year: kEUR 2,339). Furthermore the item also includes interest income in accordance with § 233a of the German Tax Code in the amount of kEUR 8 (previous year: kEUR 29 interest expense for trade tax) for sales tax 2018.

In the reporting year, interest of kEUR 177 (previous year: kEUR 0) was paid to affiliated companies.

Taxes on income and earnings

Corporate income tax, solidarity surcharge and trade tax were recorded for the financial year 2020 in accordance with the applicable tax regulations. The item also includes a tax expense of kEUR 142 for the previous year.

E. Other information

Appropriation of results

The Management Board of the company proposes to the Annual General Meeting that the net profit for the financial year 2020 in the amount of EUR 20,287,668.50 be carried forward together with the loss carried forward in the amount of EUR 23,788,552.45.

Contingent liabilities and other financial obligations

As of the balance sheet date, the following other financial obligations existed in accordance with § 251 of the German Commercial Code in conjunction with § 268 para. 7 of the German Commercial Code:

in EUR	Total as of 12/31/2020	Thereof: up to 1 year	Thereof: between 2 and 5 years	Thereof: after 5 years	Previous Year
From rental and leasing contracts	8,784,328.51	3,387,527.94 *	5,396,800.57	0.00	12,629,834.97 *
From maintenance contracts	1,750,564.53	438,086.92	1,312,477.61	0.00	86,406.83
From other contracts	3,106,164.81	2,949,914.80	156,250.01	0.00	2,543,559.13
As of 12/31/2020	**13,641,057.85**	**6,775,529.66**	**6,865,528.19**	**0.00**	**15,259,800.93**
* thereof against affiliated companies (in EUR)		60,924.36	148,483.35		57,888.12

There were no contingent liabilities on the balance sheet date.

Total auditor fees

The total fee of the Company's auditor is included in the corresponding note to the Consolidated Financial Statements.

Breakdown of the number of employees

On an annual average 296 (previous year: 255) people were employed in the current financial year. Compared to the previous year, the employees in the reporting year are broken down by group as follows:

Section	Employees 2020	Employees 2019
Full-time employees	231	190
Part-time employees	44	35
Executive employees	20	19
Temporary stuff	1	11
	296	**255**

Shareholding

flatexDEGIRO AG has a direct interest of 20% or more in the following companies within the meaning of § 285 no. 11 of the German Commercial Code:

	Direct shares held as of 12/31/2020 in percent	Equity as of 12/31/2020 in kEUR	Result of financial year 2020 in kEUR
flatex Finanz GmbH, Frankfurt am Main	100	378.238	*
Xervices GmbH, Frankfurt am Main	100	169	5
Brokerport Finance GmbH, Frankfurt am Main	100	1.291	8
financial.service.plus GmbH, Leipzig	72	943	75

***Profit and loss transfer agreement with flatexDEGIRO AG**

	Indirect shares held as of 12/31/2020 in percent	Equity as of 12/31/2020 in kEUR	Result of financial year 2020 in kEUR
flatex Bank AG, Frankfurt am Main	100	64.177	*
DeGiro B.V., Amsterdam	100	39.291	14.991

***Profit and loss transfer agreement with flatex Finanz GmbH**

Management Board

Frank Niehage, Frankfurt am Main - LL.M., Chairman of the Management Board with sole power of representation, from the restrictions of § 181 Alt. 2 of the German Civil Code (prohibition of multiple representation).

Muhamad Said Chahrour, Frankfurt am Main - M. Sc., Chief Financial Officer

The members of the Management Board of flatexDEGIRO AG receive fixed and variable compensation of a current nature.

The compensation of the Management Board is as follows:

		2020 Frank Niehage	2020 Muhamad Said Chahrour	2019 Frank Niehage	2019 Muhamad Said Chahrour
Fixed compensation	EUR	500,000	300,000	500,000	200,000
Variable compensation	EUR	1,000,000	300,000	950,000	250,000
2015 options model	number	-	10,000	-	15,000
(SARs-pot 1) options model	number	250,000	150,000	-	-
(SARs-pot2) options model	number	20,000	20,000	-	-
Value at time of award	EUR	3,286,966	2,185,813	-	62,550
Total compensations	**EUR**	**4,786,966**	**2,785,813**	**1,450,000**	**512,550**
Fixed compensation for Supervisory-Board memberships in Group companies	**EUR**	**-**	**-**	**-**	**-**

In addition, certain fringe benefits were granted, mainly in the form of a company car and insurance benefits. Post-employment benefits are not agreed for members of the Management Board. The total amount of fringe benefits granted in the reporting year was kEUR 50.

Frank Niehage was appointed to the Supervisory Board of DeGiro B.V., Amsterdam on 20 August 2020. In addition, no other Supervisory Board mandates were held in subsidiaries in the reporting year.

The pension provision formed as of the reporting date for vested benefits for eight (previous year: eight) retired members of the Management Board including retirement (2016) amounts to kEUR 23,244 (previous year: kEUR 21,144), which, as in the previous year, was offset in full against the plan assets held for this purpose.

Supervisory Board - Members of the Supervisory Board in the reporting period:

Martin Korbmacher, Frankfurt am Main, Chairman of the Supervisory Board

Work carried out: Managing Director Event Horizon Capital & Advisory GmbH

Managing Director of arsago ACM GmbH

In 2020, Mr Korbmacher was a member of the following other statutory Supervisory Boards of domestic and foreign companies:

- Member of the Supervisory Board of SGT German Private Equity GmbH & Co. KGaA, Frankfurt am Main
- Chairman of the Supervisory Board of flatex Bank AG, Frankfurt am Main

- Chairman of the Supervisory Board of innoplexus AG, Eschborn
- Member of the Supervisory Board of PTV Planung Transport Verkehr AG, Karlsruhe, since 21 January 2020
- Chairman of the Board of Directors of Starmind AG, Küsnacht, Switzerland, the mandate ended regularly on 10 August 2020

Stefan Müller, Kulmbach; Deputy Chairman of the Supervisory Board

Work carried out: Head of Finance at Börsenmedien AG, Kulmbach

Others: Managing Director Panthera AM GmbH, Kulmbach

Managing Director of Yigg GmbH, Kulmbach

In 2020, Mr Müller was a member of the following other statutory Supervisory Boards of domestic companies:

- Member of the Supervisory Board of Finlab AG, Frankfurt am Main
- Deputy Chairman of the Supervisory Board of Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main
- Member of the Supervisory Board of flatex Bank AG, Frankfurt am Main

Herbert Seuling, Kulmbach, member of the Supervisory Board

Work carried out: Managing Director of M & S Monitoring GmbH, Kulmbach

Mr Seuling was a member of the following other statutory Supervisory Boards of domestic companies in 2020:

- Member of the Supervisory Board of Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main
- Member of the Supervisory Board of TubeSolar AG, Augsburg

The members of the Supervisory Board of flatexDEGIRO AG only receive regular fixed payments. The compensation in detail, divided according to the compensation for the work on the Supervisory Board in the Group parent company and for Supervisory Board activities in Group subsidiaries (including the respective temporary VAT rate):

In EUR	2020 Total	2019 Total
flatexDEGIRO AG	282,405.00	285,600.00

In the financial year, the Supervisory Board received an expense allowance for travel within the scope of its Supervisory Board activities in the amount of kEUR 1 (previous year: kEUR 14).

Events after the balance sheet date (supplementary report)

There were no significant events after the balance sheet date.

Frankfurt am Main, 23 March 2021

Frank Niehage	Muhamad Said Chahrour
Chief Executive Officer	Chief Financial Officer

2020

MANAGEMENT REPORT

flatex DEGIRO

Contents

1 Company Fundamentals ... 3
1.1 Company Business Model ... 3
1.2 Group structure of flatexDEGIRO AG ... 3
1.3 Management of the company ... 5
1.4 Main features of the compensation for Management Board and Supervisory Board ... 6
1.5 Disclosures pursuant to §§ 289a and 315a HGB ... 6
1.6 Business activity of the company ... 9
1.7 Staff and locations ... 11
1.8 Products and Services ... 13
1.9 Markets and Customers ... 14
1.10 Objectives and Strategies ... 15
1.10.1 Strategic goals of the company ... 15
1.10.2 Operational objectives of the company ... 15
1.10.3 Financial objectives of the company ... 17
1.10.4 Strategies to achieve the objectives ... 17
1.11 Value-oriented control system ... 18
1.12 Research and Development Activities ... 19
1.13 Accounting-based Risk Management ... 20
2 Economic report ... 23
2.1 Macroeconomic and industry-related factors ... 23
2.2 Company Business Performance ... 24
2.3 Comparison of Forecasts from the Previous Period with Actual Business Performance .. 27
2.4 Earnings Position ... 27
2.5 Financial Position ... 28
2.6 Assets Position ... 29
2.7 Overall Statement on Business Performance and the Company Position ... 30
2.8 Subsequent events ... 30
3 Forecast, Opportunity, and Risk Reports ... 31
3.1 Forecast Report ... 31
3.2 Opportunities Report ... 32
3.3 Risk Report ... 32
4 Certification by the legal representatives (responsibility statement) ... 40

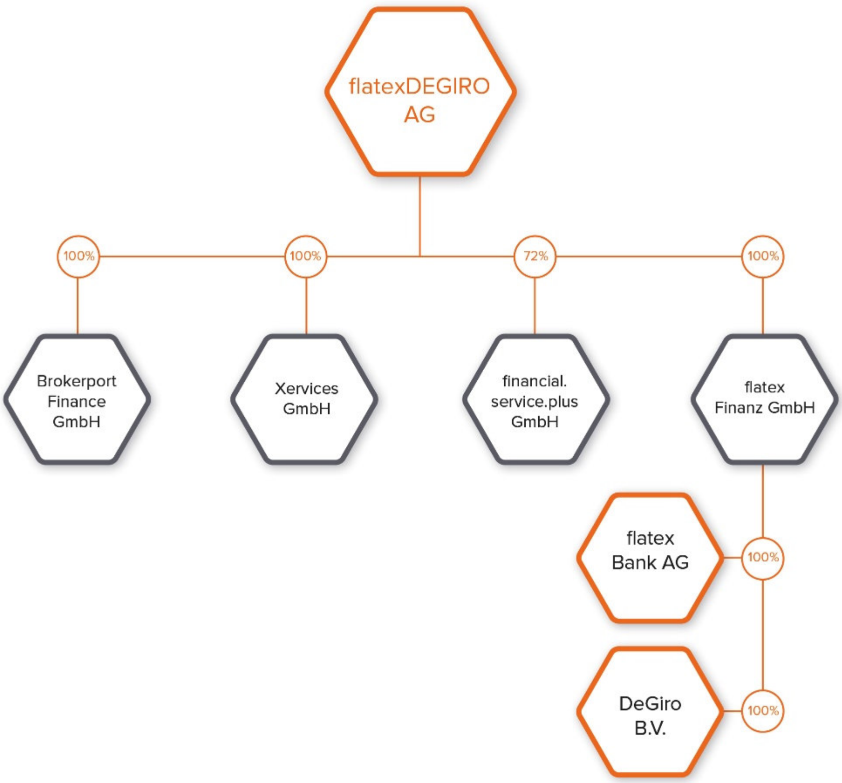
1 Company Fundamentals

1.1 Company Business Model

flatexDEGIRO AG (Frankfurt am Main District Court, HRB 103516, formerly until 9 November 2020: flatex AG) is a European provider of financial technologies. The business activities of the company consist of the development, provision and operation of future-proof and efficient IT solutions for the processing of financial transactions and payment transactions of all kinds for European financial service providers. This includes, in particular, the provision of the IT infrastructure for private customers (hereinafter referred to as Business-to-Consumer and/or B2C customers) of the flatexDEGIRO Group, which ensures the processing of customer transactions in 18 European countries.

1.2 Group structure of flatexDEGIRO AG

The group structure of flatexDEGIRO AG with its subsidiaries and sub-subsidiaries is shown below:



Upon entry in the commercial register on 10 September 2020, factoring.plus.GmbH was merged with flatex Bank AG, retroactively as of 1 January 2020.

Beyond this, flatexDEGIRO AG acquired the remaining 90.6% of the shares in DeGiro B.V. (Amsterdam) on 1 August 2020. DeGiro B.V. was transferred to flatex Finanz GmbH on 19 October 2020 to standardise the group structure.

For more details on the composition of the group structure, please refer to the Notes, Section C.

1.3 Management of the company

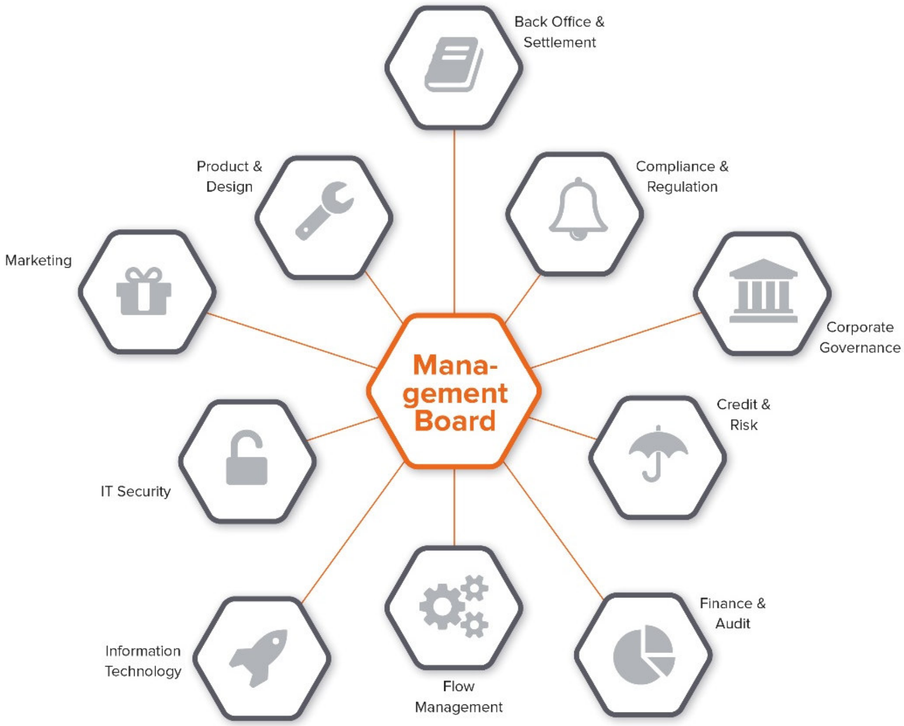
The management of flatexDEGIRO AG is the responsibility of the Management Board and comprises the following members as of 31 December 2020:

Frank Niehage (CEO)

Muhamad Chahrour (CFO)

In addition, the Management Board is advised by ten committees comprised of executives from the flatexDEGIRO Group. The different perspectives and experiences that the executives at flatexDEGIRO AG bring with them shall in future contribute to further strengthening the quality of the decision-making processes at the respective company or group level.

As of 31 December 2020, the Management Board shall be advised by the following committees:



As of 31 December 2020, the Supervisory Board of flatexDEGIRO AG comprises the following members:

Martin Korbmacher
(Chairman)

Stefan Müller
(Deputy Chairman)

Herbert Seuling
(Supervisory Board member)

The current declaration on corporate governance according to §§ 289f and 315d of the German Commercial Code (HGB) is available for download on the flatexDEGIRO AG website at https://flatexdegiro.com/en/investor-relations/corporate-governance.

1.4 Main features of the compensation for Management Board and Supervisory Board

The members of the Management Board of flatexDEGIRO AG receive fixed and variable compensation of a current nature as well as a share-based compensation. Post-employment benefits are not agreed for members of the Management Board. The members of the Supervisory Board of flatexDEGIRO AG only receive fixed compensation.

For further information, please refer to the information in the Notes to the Consolidated Financial Statements and the Notes (Chapter E) to the Annual Financial Statements.

1.5 Disclosures pursuant to §§ 289a and 315a HGB

1. Composition of the subscribed capital

As of the balance sheet date, the subscribed capital of flatexDEGIRO AG is divided into 27,273,137 no-par value registered shares with full voting rights. The rights and obligations associated with the shares are derived from the German Stock Corporation Act (AktG).

2. Restrictions and relevant agreements on voting rights and share transfers

The former majority owners and vendors of DeGiro B.V. have entered into lock-up agreements that restrict their ability to transfer shares. The Management Board is not aware of any other agreements with shareholders of flatexDEGIRO AG that contain restrictions affecting voting rights or share transfers. Statutory restrictions on voting rights apply, e.g. pursuant to § 44 (1) of the Securities Trading Act (WpHG - violation of notification obligations), § 71b AktG (rights from treasury stocks), and § 136 (1) AktG (exclusion of voting rights in certain conflicts-of-interest).

3. Equity participations of more than 10%

GfBk Gesellschaft für Börsenkommunikation mbH ("GfBk") holds a direct stake of 12.93% in the subscribed share capital of flatexDEGIRO AG. Fully owned by parent company BFF Holding GmbH ("BFF"), GfBk holds this 12.93% stake in the subscribed share capital of flatexDEGIRO AG indirectly via its interest in GfBk. In consideration of the shares held by GfBk, BFF and its other direct and indirect equity participations, the shareholder of BFF, Mr Bernd Förtsch, holds a total of 19.62% of the voting rights of flatexDEGIRO AG (as of 28 October 2020).

4. Shares with special rights

There are no shares in flatexDEGIRO AG that grant any special rights.

5. Control of voting rights where employees hold capital shares and do not directly exercise their control rights

Employees who hold an interest in the capital of flatexDEGIRO AG exercise their control rights in the same manner as other shareholders, namely on the basis of the statutory provisions and the Articles of Association.

6. Regulations for the appointment and dismissal of members of the Management Board

The relevant statutory provisions can be found in §§ 84 and 85 AktG, as well as in § 6 of the Articles of Association. The Articles of Association of flatexDEGIRO AG do not contain any provisions that would be in conflict with the statutory provisions.

7. Regulations for the appointment and dismissal of members of the Management Board

The relevant statutory provisions can be found in §§ 84 and 85 AktG, as well as in § 6 of the Articles of Association. The Articles of Association of flatexDEGIRO AG do not contain any provisions that would be in conflict with the statutory provisions.

8. Management Board's authority to issue and repurchase shares

Issue of shares: the Company has the following authorised capital, which, subject to approval by the Supervisory Board, the Management Board may use to create and issue new shares:

- Authorised capital 2020/I pursuant to § 4 (3) of the Articles of Association: issue of up to 10,900,000 shares;
- Authorised capital 2020/II pursuant to § 4 (8) of the Articles of Association: issue of up to 2,700,000 shares.

The Company has the following Conditional Capital, which, subject to approval by the Supervisory Board, the Management Board may use to create and issue new shares:

- Conditional Capital 2014 pursuant to § 4 (4) of the Articles of Association: issue of up to 406,000 shares (stock option programme 2014);
- Conditional Capital 2015 pursuant to § 4 (5) of the Articles of Association: issue of up to 177,500 shares (stock option programme 2015);
- Conditional Capital 2018/I (2017) pursuant to § 4 (6) of the Articles of Association: issue of up to 3,500,000 shares (in connection with the issue of debt capital instruments, e.g. convertible bonds and warrant bonds);
- Conditional Capital 2018/II pursuant to § 4 (7) of the Articles of Association: issue of up to 3,600,000 shares (in connection with the issue of debt capital instruments, e.g. convertible bonds and warrant bonds);

Authority to purchase own shares: the General Meeting held on 27 July 2016 adopted the following resolution authorising the Management Board to purchase own shares in accordance with § 71 (1) no. 8 AktG and to use these shares and exclude pre-emptive rights:

a) In accordance with § 71 (1) no. 8 AktG, the Management Board is authorised, with effect from the end of 27 July 2016 and until 26 July 2021, to purchase own shares representing a total amount of up to 10% of the company's subscribed share capital existing on the day the resolution is adopted, on the condition that the shares purchased under this authority together with other treasury shares already acquired by and still in the possession of the company, or shares attributable to it pursuant to §§ 71d and 71e AktG, at no point in time represent more than 10% of the company's subscribed share capital. This authority may be exercised, in full or in part, once or several times for a single or several purposes, by the company, its direct and indirect subsidiaries, or third parties acting on account of the company or its subsidiaries. The requirements resulting from § 71 (2) sentences 2 and 3 AktG must be observed.

b) The shares may be purchased (i) on the stock exchange or on the basis of a public purchase offer directed at all of the company's shareholders, (ii) on the basis of a public invitation to submit sales offers directed at all shareholders, or (iii) by issuing put options to the shareholders.

c) Subject to approval by the Supervisory Board, the Management Board is also authorised to use the shares of the company acquired on the basis of this or a previously granted authority for any legitimate purpose in addition to selling them on the stock exchange or offering them directly at all shareholders.

d) The Management Board is further authorised to cancel the purchased own shares without requiring a further resolution to be adopted by the General Meeting, but subject to approval by the Supervisory Board. The shares are cancelled by way of a capital reduction.

9. Agreements providing for a change of control resulting from an acquisition offer

At the level of flatexDEGIRO AG, there are no material contracts that contain change of control clauses that provide for a company takeover.

At the level of flatexBank AG, there are contracts that contain change of control clauses that permit the respective parties and/or contract partner to terminate their cooperation with flatex Bank AG in the case of a change of control at flatexDEGIRO AG. Under these contracts, a “change of control at flatexDEGIRO AG” occurs if (i) a third-party acquires the majority of shares of flatexDEGIRO AG (the “parent company”) or the majority of voting rights of the parent company or essentially all assets of the parent company, or (ii) a third-party gains a controlling influence over the parent company in another way within the meaning of § 17 AktG.

10. Compensation agreements pertaining to takeover offers

The company and members of the Management Board have not entered into any agreements pertaining to takeover offers.

1.6 Business activity of the company

The business activity of flatexDEGIRO AG is the development, production, distribution and maintenance of software and hardware as well as IT infrastructure. The core product of flatexDEGIRO AG is the flatex Core Banking System (*in short: FTX:CBS).*

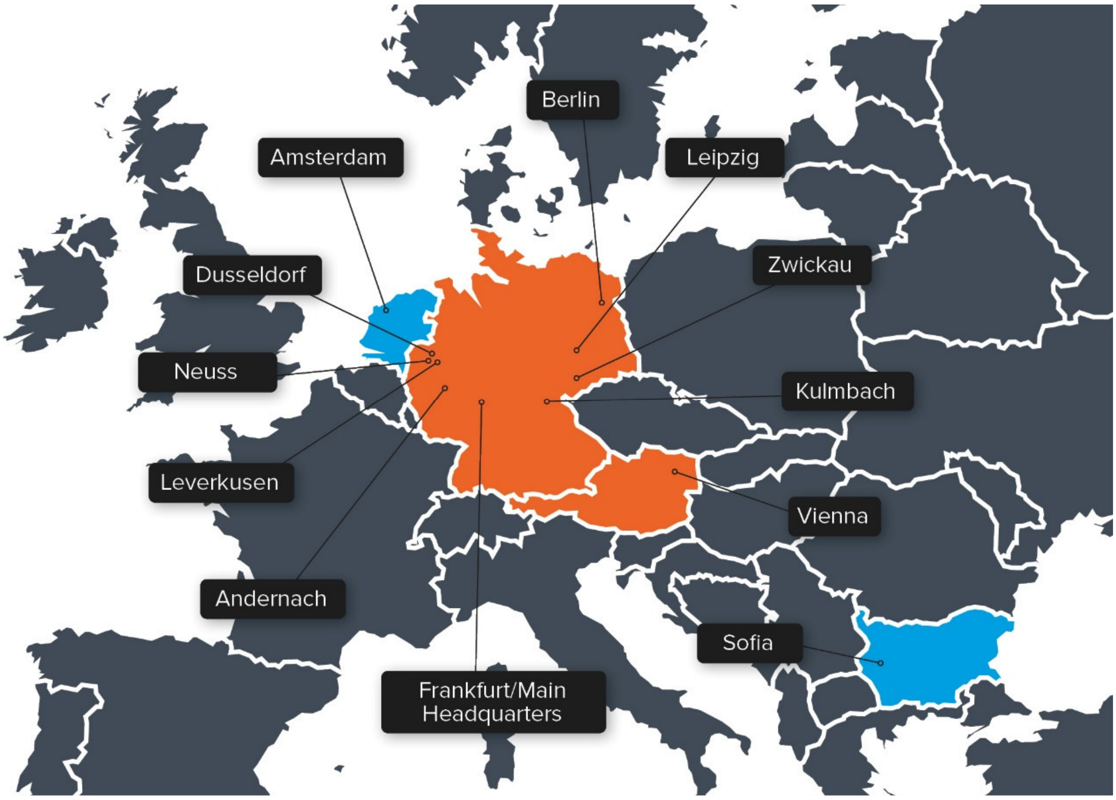
Designed as a standard platform for the technological mapping of business processes for full banking operations, FTX:CBS fulfils current requirements for security and availability. Hosting and housing of the FTX:CBS takes place in flatexDEGIRO AG’s own data centres, which ensure a secure and redundant operation. Through the combination of software and IT infrastructure, a scalable system has been created that allows flatexDEGIRO AG to process a large number of transactions with its own proprietary systems. As a result, FTX:CBS is able to process millions of securities, booking and payment transactions reliably and automatically.

As a modular component of the FTX:CBS, our proprietary Limit Order Systems (in short: (L.O.X.) is able to monitor the securities orders from a variety of European brokers against the quotations of connected securities issuers with more than 400,000 products. Products from the *Corporate Payments* area round off the portfolio. These range from individual authorisation procedures via distributed electronic signatures to multi-bank capability.

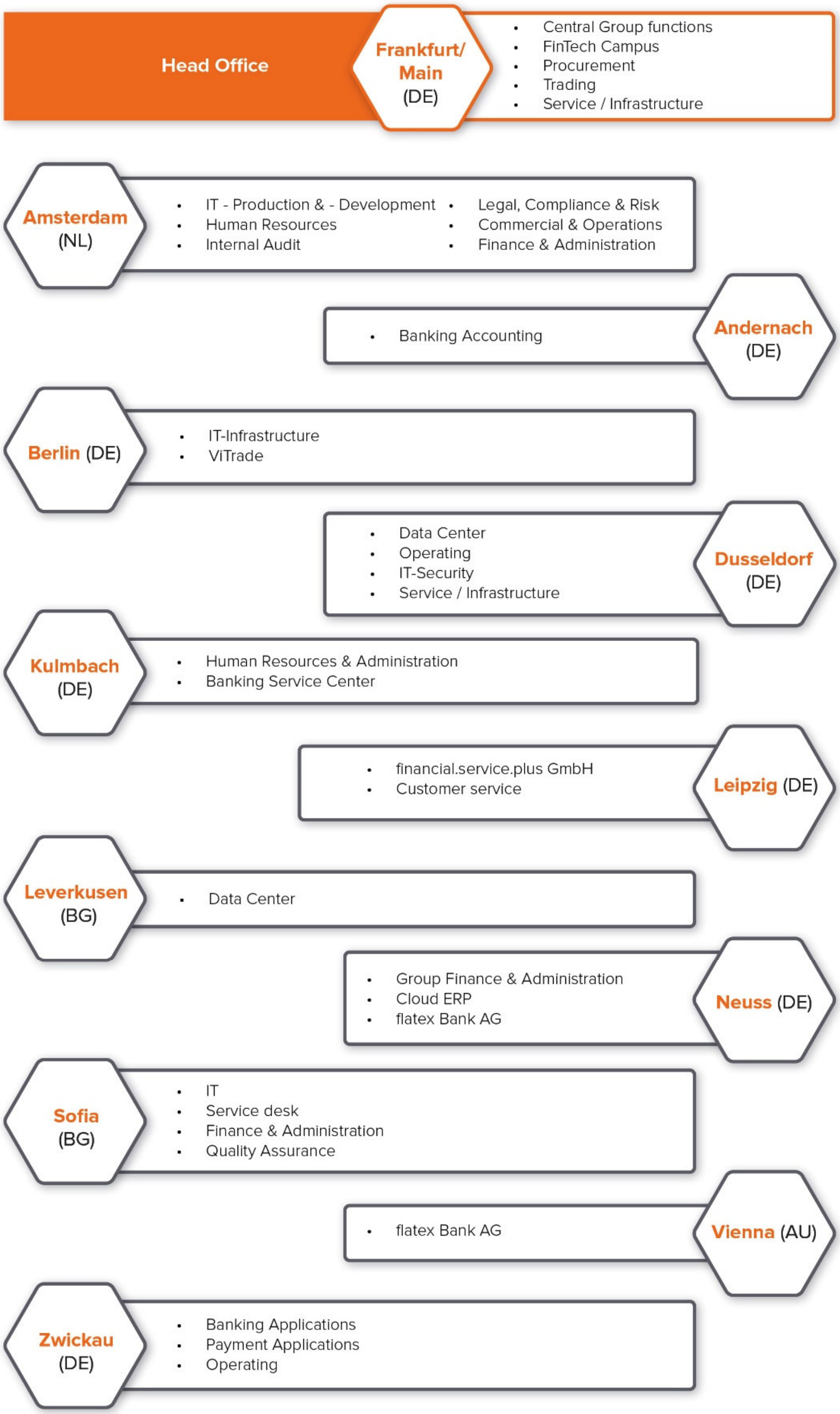
One team,
one dream.

1.7 Staff and locations

flatexDEGIRO AG operates its business today at nine locations in Germany and one each in the Netherlands, Austria and Bulgaria. As of the reporting date, 971 people are employed by the flatexDEGIRO Group, of which 302 are employed by the parent company flatexDEGIRO AG.

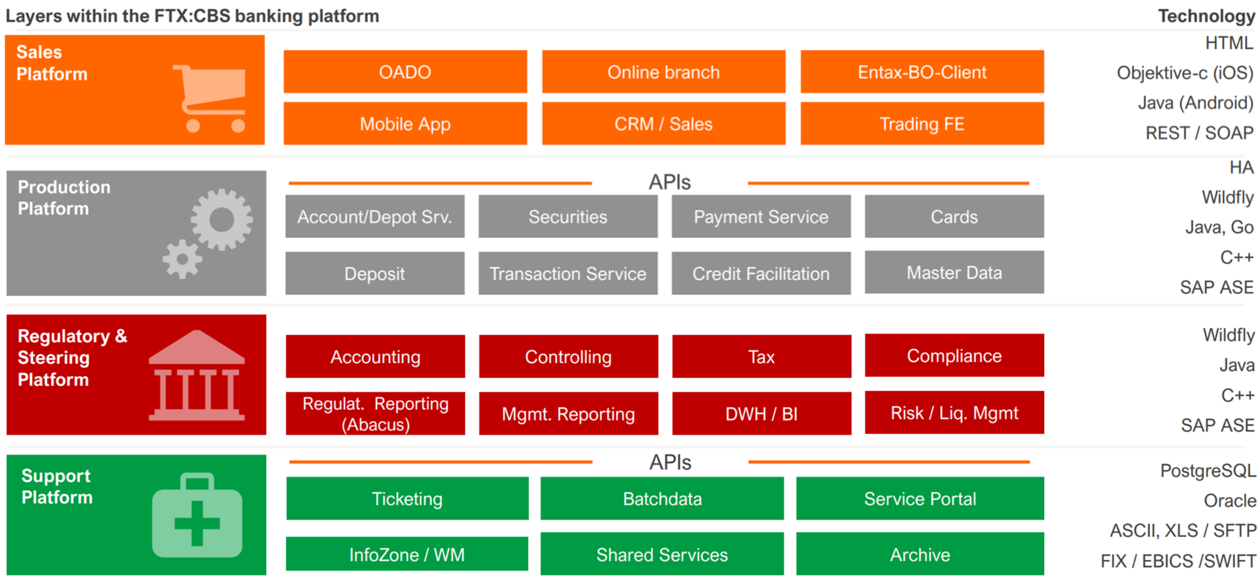


The following diagram shows the geographical distribution of the business areas of the group:



1.8 Products and Services

FTX:CBS is a scalable IT standard platform for the technological mapping of business processes for full banking operations and is divided into four platforms from which modular technology support can be offered:



The **Sales Platform** forms the basis for customer contact points, with components from the areas of Online Account and Deposit Account Opening (OADO), Customer Relationship Management (CRM), Online Banking Front End, Trading Front End, Support and Call Centre as well as (Marketing) Campaign Management. Technical support is provided by modular software solutions from the Banking Suite, such as ENTAX or CRM tools for B2C and/or B2B customers (Business and/or Business-to-Business Customers).

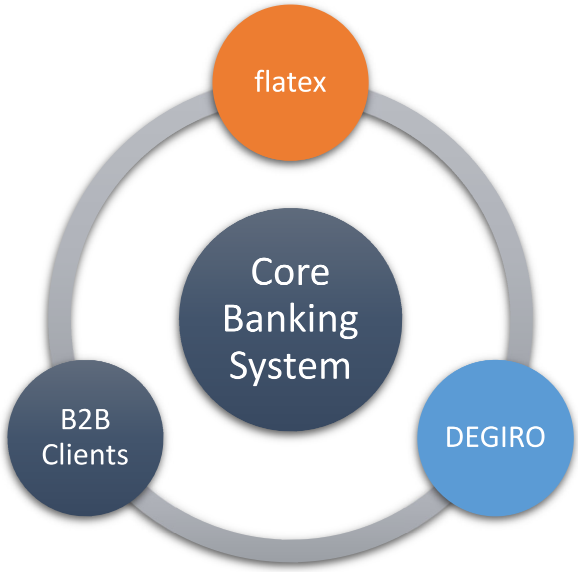
The **Production Platform** includes all production processes for Account and Deposit Account Management, Deposit Banking, Securities Settlement, Payment Transactions, Money Market and Foreign Exchange Trading, Credit Transactions and Cash Logistics. Software solutions such as the Web- and WinFiliale, as well as solutions such as Corporate Payments, Tools for Professional Trading or Market Data & Low Latency Services are integrated into this platform.

The **Regulatory & Steering Platform** comprises business processes in Accounting, Registration, Reporting and Risk Management. On the software side, support is provided, among other things. by connecting a cloud ERP General Ledger (*SAP Business byDesign©)* based on Hana S/4 technology. This also includes Business Intelligence and Management Reporting Tools.

The **Support Platform** supplements the above platforms with processes for archiving, release management, fulfilment and authentication.

1.9 Markets and Customers

In its core business area, flatexDEGIRO AG offers its products to the group subsidiaries flatex Bank AG and DeGiro B.V., whose B2C end customers process Securities Transactions using the FTX:CBS Technology Platform. DEGIRO customers were initially connected during the financial year with the provision of bank accounts at flatex Bank AG. The following customer groups use FTX:CBS technology:



The other target market for the products and services of flatexDEGIRO AG is the financial sector in Germany, Austria and other European countries. Current, long-standing customers are primarily banks (e.g. Deutsche Bank AG, Deutsche Pfandbriefbank AG, Société Générale SA, Kommunalkredit Austria AG, etc.) as well as other service providers, which perform special tasks for the financial sector (e.g. Bundesverband deutscher Banken e.V., Deutsche Post AG Renten Service, etc.).

The profitable services for existing business customers shall continue unchanged. There was no proactive expansion in the business customer segment in terms of new customer acquisition with a view to the strategic focus in B2C business (the brands flatex and DEGIRO) in 2020.

1.10 Objectives and Strategies

1.10.1 Strategic goals of the company

The strategic goals of flatexDEGIRO AG are derived from the goals of the flatexDEGIRO Group. Sustainable, above-average growth and rapid market penetration are the focus of all activities. To this end, the brand awareness of the Group's own brands flatex and DEGIRO in the target markets must be further increased. While the flatex brand is represented in Germany, Austria and the Netherlands, for DEGIRO, other European countries are the focus, currently with 18 connected countries. Maintaining a technologically leading position is also critical to success.

Based on the historical growth in the number of trades processed in the last five years, the flatexDEGIRO Group is aiming to increase the number of transactions from 75 million trades (pro forma as of 31 December 2020, of which approx 25 million trades were at flatex and approx. 50 million trades were at DEGIRO) to over 100 million trades per year. Simultaneously during this period, the customer base should grow from the current 1.2 million customers to at least 3.0 million customers.

To achieve the growth targets, acquisitions may take place if necessary. Growth through acquisitions would likely target online brokers that typically have higher costs per transaction, higher costs per customer acquisition, inefficient product partnerships or that face challenges in coping with the increasing regulatory requirements. The goal is to increase profits through the largely automated processes and systems, marketing strategies, the award-winning product portfolio and the experienced Management team of the flatexDEGIRO Group and to create synergetic added value.

Expansion outside of Europe is not currently planned.

1.10.2 Operational objectives of the company

The smooth running of the existing business as well as the technical integration and migration of customers, transactions and processes of DeGiro B.V. is the primary goal of the company.

This migration shall help to utilise the potential for synergy from the cooperation and to further optimise the utilisation of FTX:CBS. In particular for this, the development services that were provided in previous years for various projects in the European environment are also used by DeGiro B.V. The internally-developed, standardised FTX:CBS, including the fully-automated infrastructure for Securities Orders and Settlement, which requires limited staff supervision, is the basis for sustainable cost leadership in the Online Brokerage business. This proprietary infrastructure was developed entirely internally and takes into account the targeted growth of the flatexDEGIRO Group in the transactions processed without significant additional capital expenditures. Due to its high scalability and leverage potential, every additional transaction lowers the internal costs of the flatexDEGIRO Group per securities settlement. By way of illustration, the group estimates that doubling the number of transactions would significantly reduce their internal costs per trade. This allows the group to maintain its pricing model while increasing the profit margins per additional trade. Beyond this, the technology platform of the flatexDEGIRO Group enables its fully modular core banking platform and services to be made available to the B2B customers of the Group. The joint implementation of regulatory requirements and joint business operations are an essential contribution to the cost efficiency of IT. Ultimately, the FTX:CBS platform creates potential synergies between flatexDEGIRO AG and potential acquisitions, as in the case of DeGiro B.V.

Further expansion is based on the essential needs of the company group; for this purpose in particular the expansion of the digital B2C customer solutions (flatex-next) and the company's proprietary OTC trading platform L.O.X. is worth mentioning.

With flatex-next, an innovative brokerage platform is introduced with a focus on a simple and understandable user interface. A broad section of the population is now able to buy securities with just a few clicks and thus make, for example, a contribution to personal retirement planning. This is an important customer need, especially during times of low interest rates, increased volatility and affinity for online transactions due to the COVID-19 pandemic.

Also, a stable IT operation with a continued high degree of vertical integration and the limited dependency on external IT service providers are sought. In those areas in which there is no economically justifiable solution in the free software area, established commercial products should support sustainable IT. With the use of cloud technologies, insofar as these must be brought into line with regulatory requirements, internal and external services must be mapped flexibly in the future, thus offering a faster and more efficient provisioning time.

The brand awareness of flatex and DEGIRO is specifically increased, in particular with the sponsorship of the internationally successful men's Bundesliga club Borussia Mönchengladbach (5-time German champion, 3-time German Cup winner, 2-time UEFA Cup winner, UEFA Champions League 2020/2021 participant) as a strategic partner. In addition to a higher brand awareness, a positive and reciprocal image transfer between the flatexDEGIRO Group and the winner of the "German Brand Award 2019" Borussia Mönchengladbach is expected.

Based on these assumptions, we are very confident that we will expand our customer base to up to 2 million customers and execute up to 90 million transactions in 2021.

1.10.3 Financial objectives of the company

The main financial goals of the single entity flatexDEGIRO AG include the continuous expansion of the equity ratio of the company as well as the reduction of the debt ratio. The financial goals of the company also include ensuring that liquidity is always ample. Furthermore, flatexDEGIRO AG focuses on the growth of the operative cash flow and the realisation of profits. Through this, a positive development of the central control parameters will be achieved.

The focus of all financial goals is therefore on a profit-oriented and sustainable company development with positive effects on shareholder value. This means that above-average results for its shareholders are the primary financial goal of the company.

1.10.4 Strategies to achieve the objectives

The Management of flatexDEGIRO AG essentially subdivides its strategic focus into the existing business models, a modern staffing policy and on investor relations.

flatexDEGIRO AG has for years been promoting the commitment, satisfaction, motivation and loyalty of its staff with the following measures:

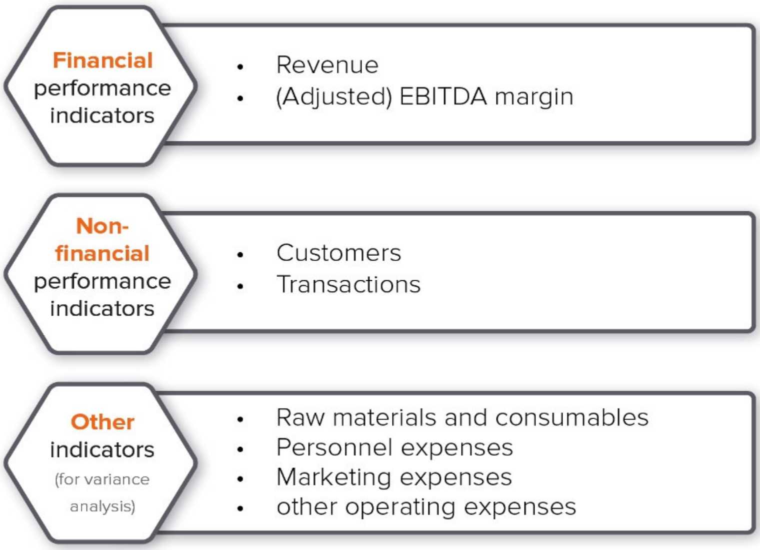
- Establishment of a high-potential and key-people circle for executives
- Participation in the company's success through various shareholding schemes
- Flexible working (including remote) by agreement with line manager
- Childcare, emergency childcare, parent-child office, holiday childcare, covering of childcare costs
- Sports and health offers, physiotherapy and fitness
- Discounted purchasing terms for employees when buying IT equipment
- Sodexo (food services) vouchers for discounted meals
- Company pension scheme with employer contribution
- Measures to promote occupational health and safety (e.g. screen glasses and height-adjustable desks)

The continuous informing of the staff on the development of the company has a high priority in management's internal information policy. The establishment of specialised committees supports the ongoing focus on essential issues of the operational business.

flatexDEGIRO AG will in the future continue to meet its social obligations as part of its company leadership and incorporate them into its value management. This also includes the establishment of minimum standards for the energy efficiency of the technologies used as well as the reduction of environmental risks through continuous certification of business processes.

1.11 Value-oriented control system

By consistently focusing on value-creating measures, permanent and sustainable competitive advantages are achieved which are at the centre of the strategies and goals of flatexDEGIRO AG. flatexDEGIRO AG is integrated into the group-wide control system. Therefore the following descriptions are derived from the flatexDEGIRO Group. In order to achieve the overall company goals, Management has agreed upon central target values and Key Performance Indicators, which contribute to increasing the company value in the long term:



Through the financial and non-financial performance indicators, the comparability of the economic data on international markets is ensured.

The financial performance indicators are consolidated at the group level and, in addition to the financial results, are also incorporated into a rolling plan for future business development. Monthly reporting and further analyses are the central control instruments of group control. Through the constant monitoring of the performance indicators, changes in business development are recognised at an early stage and countermeasures can be initiated in due time. As part of monthly risk reporting and reporting, the Supervisory Board, the Management Board as well as the broader management of flatexDEGIRO AG are continuously informed on the performance indicators. The other indicators implicitly contained in the EBIDTA margin are used for deviation analyses and are not used as a direct control figure.

Company planning is ensured through the analysis of retrospective key figures as well as through the prospecting from existing knowledge. This business planning takes place at least once a year top-down on the one hand based on the requirements of the Management of flatexDEGIRO AG, and on the other hand bottom-up to validate the determined values as well as to adjust important operational issues with effects on the KPIs. The individual specialised departments provide significant contributions to this, so that their findings may be combined at the group level and business planning may be finalised.

Further details can be found in the Notes to the Consolidated Financial Statements.

1.12 Research and Development Activities

The offering of innovative services and products requires that flatexDEGIRO AG intensify its activities in these areas

The (further) development of products and services is mainly carried out for flatex Bank AG, and since the acquisition also for DeGiro B.V. as well as for third-party customers. flatexDEGIRO AG does not, according to § 248 of the German Commercial Code, capitalise internally generated intangible assets.

The development activities of flatexDEGIRO AG take place in different development units. In the past financial year, the focus of development activities was on the integration of FTX:CBS in the 18 European target markets of DeGiro B.V. and developments to connect new functions and regulatory adjustments. Further, the development of a forward-looking, simplified Smartphone User Interface (flatex-next) and a new automated Customer Registration Process (Customer Check-In, CCI) should be highlighted as core development areas.

In the course of this, approximately 0.68% (previous year: 0.42%) of staff expenses (excluding expenses for stock options) were invested in the research area. As of the reporting date, 137 staff (previous year: 104) work exclusively in software development and undertook tasks in the areas of

Product Management, Development and Quality Assurance. The qualification, experience and commitment of the staff are key factors in the success of research and development activities.

1.13 Accounting-based Risk Management

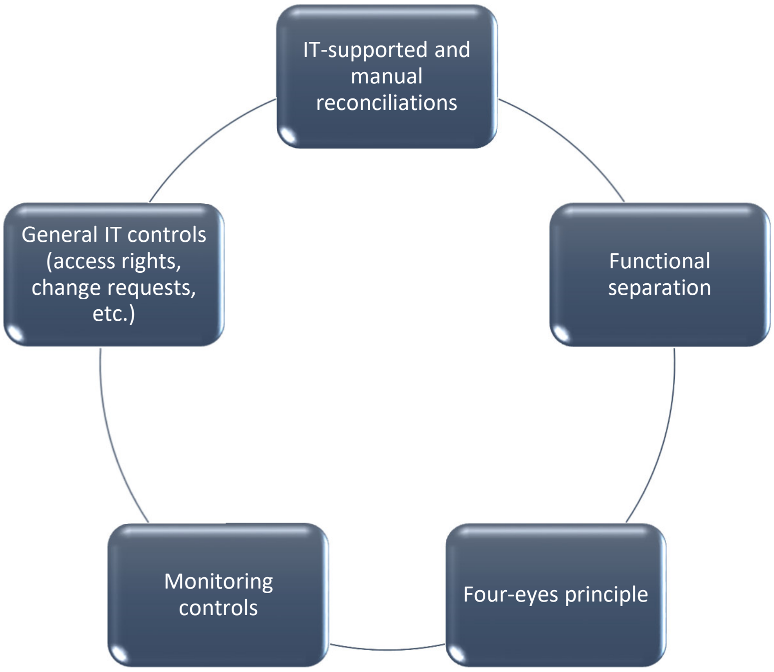
The accounting-based Internal Control System (ICS) is derived from the Consolidated Financial Statements of flatexDEGIRO AG and contains the principles, procedures and measures to ensure the correctness of the financial reporting. The group-related ICS is described below, as this also includes the individual financial statements of flatexDEGIRO AG. It is continuously developed and aims to do the following:

The Consolidated Financial Statements of flatexDEGIRO AG are prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the additional commercial law provisions to be observed in accordance with § 315e para. 1 of the German Commercial Code. The accounting-based ICS also aims to ensure that the Annual Financial Statements of flatexDEGIRO AG as well as the Management Report are prepared in accordance with commercial law. In principle, for every ICS, regardless of how it is specifically designed, there is no absolute certainty that it will achieve its goals. With regard to the accounting-based ICS, there may only be relative, but not an absolute, certainty that material misstatements in the accounting will be avoided or detected.

Beyond this, the company-wide cloud ERP solution SAP Business byDesign supports the process of uniform and proper accounting. Derived from this, there are group-wide regulations such as intercompany business processes, standardised reporting formats and object-controlled as well as artificial intelligence supported approval processes. In addition, SAP Business byDesign enables the further reporting and consolidation process by standardising the data structure and automated interfaces for data transfer. The staff of the Finance & Controlling Team are informed, as part of the Silver partnership with SAP, on ongoing developments of the cloud ERP solution and certified by SAP for appropriate process monitoring as well as to ensure data integrity and consistency. Systemic test steps also automatically monitor compliance with the principles of proper IT-supported accounting systems.

If necessary, flatexDEGIRO AG also uses external service providers, e.g. for the evaluation of pension obligations and stock option plans. The staff involved in the accounting process receive regular training. flatexDEGIRO AG is therefore responsible for ensuring that it complies with the guidelines and procedures applicable throughout the group and company. flatexDEGIRO AG ensures the proper and timely implementation of its accounting-based processes and systems; the Finance & IFRS Team supports and monitors them.

Internal controls defined under risk aspects are embedded in the accounting process. The accounting-based ICS comprises both preventive and detection controls; this includes:



flatexDEGIRO AG has implemented a standardised procedure across the Group to monitor the effectiveness of the accounting-based ICS. This procedure is consistently based on the risks of possible misreporting in the Consolidated Financial Statements: At beginning of the year, financial statements and accounting-based process steps are selected from a risk perspective, which are checked for effectiveness in the course of the year. If control deficiencies are found, an analysis and evaluation is carried out, in particular with regard to the effects on the Consolidated Financial Statements and the Management Report. Significant control deficiencies, their action plans for processing and the current work progress shall be reported to the Management Board of flatexDEGIRO AG. In order to ensure the quality of this accounting-based ICS, the internal audit department shall be closely involved at all stages of the process.

One Core Banking System for Europe

2 Economic report

2.1 Macroeconomic and industry-related factors

Global economy

The development of the global economic cycle in the reporting year 2020 was clearly shaped by the COVID-19 pandemic. After the global outbreak of the virus at the beginning of the year, the global gross domestic product initially fell historically in the middle of the year by 10% compared to the end of the previous year. The advanced economies were particularly hard hit, which is evident from the sharp decline in international trade by around 18% and the massive slump in international travel. The situation is different with emerging countries such as China as well as other countries in the Asian region, which were better able to control the sharp downturn through faster and more successful pandemic control and experience from previous epidemics. Due to various easing of the interventions to prevent infections in the summer, both production as well as private consumer spending rose sharply again. Retail sales have even exceeded pre-crisis levels. In addition, after consistently strong development in recent years, online trading has experienced an additional boost.[1]

After the easing in the summer in most national economies, due to a second or, in some cases, even third wave of infections, the respective governments decided to reverse the easing and impose new lockdowns. This will weaken the newly restrengthened economy. Regardless, it is assumed that the decline will be relatively small, as experience has already been gained and solutions are available. Not least because of the newly developed vaccines, it is possible to view the development constructively, but with an increased degree of uncertainty. The Institut der deutschen Wirtschaft Köln e.V. forecasted, after a global economic slump of -4% in 2020, a growth of +4.5% in 2021. This assumes that the US economy will reach its pre-crisis level as early as 2021, while most European countries will need another year to do so.[2]

In addition to the COVID-19 pandemic as the strongest risk factor, the Brexit issue continued to preoccupy the economy, especially within the EU in 2020. At the end of 2020, it could still be agreed as to which would have a more positive effect on trade activities between the EU and the United Kingdom versus a failure of the negotiations. After the election of Joe Biden as the new US president, it is also expected that the trade conflict between the United States and its trading partners would be alleviated in the future.[3]

[1] ifo Institute (Ed.): ifo Economic Forecast Winter 2020: The coronavirus strikes back - another shutdown slows down the economy. Vol. 73. Spec. ed. December 2020
[2] Institut der deutschen Wirtschaft Köln e. V. (Ed.): IW-Trends 4/2020 – Recovery after the numbness of winter: IW Economic Forecast and Economic Survey Winter 2020, Vol. 47. No. 1
[3] KfW Research (Ed.): KfW Business cycle compass: Hope for a strong economic recovery after a difficult winter. 24 November 2020

General economic conditions in Germany

The COVID-19 pandemic in Germany led to the sharpest slump in economic output in a quarter since the beginning of the quarterly national accounts in 1970. Due to the sharp increase in infections in late summer, a real gross domestic product with a growth rate of -5.1% is assumed for 2020, which is comparable to that in 2009 during the financial crisis. A sustained recovery is not expected until early 2022. Compared to other countries, the downturn in Germany was partially absorbed by unemployment benefits, as well as short-time work benefits and newly created measures. The unemployment rate was around 5.9%. The hoped-for effect of an increase in consumption due to the reduction in sales tax did not materialise. One positive effect of the pandemic was the rapid expansion and development of digitisation. This development should continue to be promoted in the future, since weaknesses in areas such as education, government and healthcare have now been identified. In addition, this should increasingly focus on a climate-neutral economy.[4]

Industry-related factors

For the German market for Information Technology and Telecommunications (ICT), growth of 2.7% for total sales of EUR 174.4 million is forecast in 2021. In this, the IT business is still identified as the biggest growth driver with an increase of 4.2% to EUR 98.6 million.[5]

The number of new FinTech companies on the market continues to grow. Established providers continue to consolidate their market position with a wider range of products. The demand for technology products and services had already been driven in previous years by the advancing digitisation of the financial industry and experienced a further acceleration in 2020. The thinning of the branch network at classic retail banks and the switch to online banks will continue to increase the demand for automated processes and technology services. Furthermore, stricter regulations require existing systems to become more adaptable. As it turns out, though, they have often been in use for decades and offer neither the flexibility nor the necessary scalability.

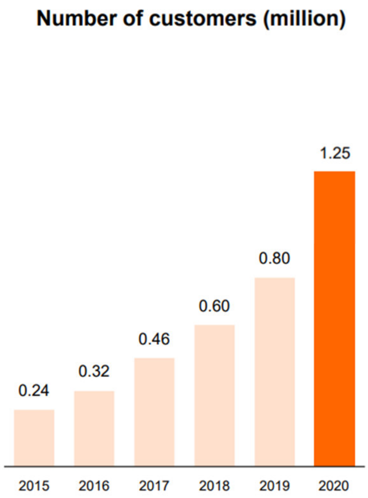
2.2 Company Business Performance

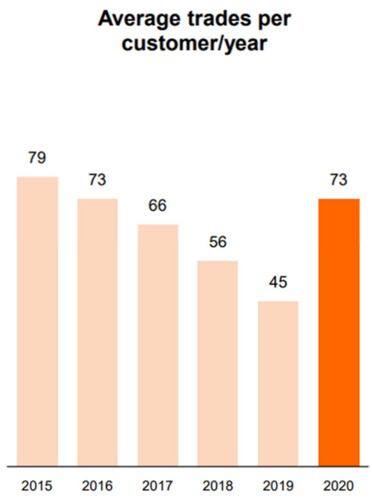
The acquisition and integration of the Dutch company DeGiro B.V. constituted an essential part of the business performance. With the acquisition of DeGiro B.V., the Group is now represented in the B2C brokerage business in 18 European countries. The company has come much closer to its vision of becoming the leading European broker of the future. The deal was concluded in July 2020 with the issue of 7.5 million shares in flatexDEGIRO AG to existing DEGIRO shareholders and the

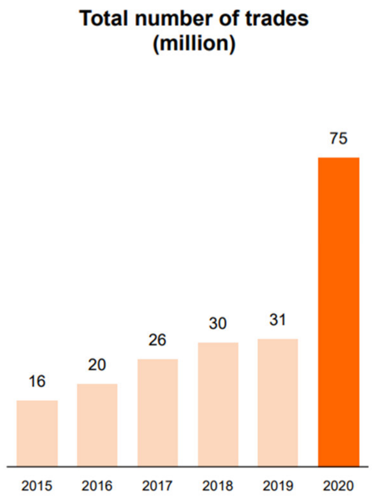
[4] Advisory council (Ed.): Annual Export Report 2020/21. November 2020
[5] Bitkom, EITO. ICT market figures. January 2021

payment of the remaining EUR 81.5 million in cash. For additional information, please refer to the Notes (Section C).

With the acquisition of DEGIRO, flatexDEGIRO made adjustments to its technology platform. These related to both the IT infrastructure and the FTX:CBS core banking system. Capacity utilisation in the core banking system was significantly optimised by expanding it to serve more than 1.2 million end customers. A total of 75 million transactions were successfully processed using the Group-wide IT systems:







In the middle of the financial year, flatexDEGIRO AG announced a partnership with the Bundesliga football club Borussia Mönchengladbach. Under this arrangement, flatexDEGIRO AG agreed to become the club's main sponsor for the next three years with the aim of building company brand awareness at national and international games played by Borussia Mönchengladbach. flatexDEGIRO AG benefits from the strong and well-known Borussia Mönchengladbach brand, and it was able to carry out the first sponsorship measures for its flatex and DEGIRO brands in the first half of the 2020/2021 season. The sponsorship is a cornerstone in the company's strategy to increase brand awareness in Germany:

The company published a securities prospectus on 25 September 2020 and subsequently applied for admission to trading in the regulated market segment of the Frankfurt Stock Exchange with simultaneous admission to the special Prime Standard sub-area entailing additional post-admission obligations. The uplisting was successfully completed on 23 October 2020. At the end of November 2020, Deutsche Börse AG announced that flatexDEGIRO AG met all the requirements to be included in the German SDAX share index. The company was formally admitted to the SDAX on 21 December 2020. flatexDEGIRO AG assumes that investors will benefit from the listing in the Prime Standard market segment and the SDAX, and therefore from the associated increased visibility and transparency.

The development and introduction of the "flatex-next" app in the fourth quarter of the past financial year enables flatexDEGIRO AG to offer a more intuitive user interface of the trading platform to a broader group of customers. This makes it possible to complete the entire account opening process, including video authentication, as well as other tasks in less than five minutes.

In close coordination with Vall Banc, the FTX:CBS implementation project was successfully and efficiently completed in Andorra. The gained know-how and the extensive range of additional features that were developed for the FTX:CBS project in the field of multi-language support were already able be deployed successfully in other application areas in the course of 2020.

2.3 Comparison of Forecasts from the Previous Period with Actual Business Performance

The following figure presents a comparison of the forecasts made by the company's Management Board for the current reporting period with the actually achieved key figures:

In kEUR	2020	2020e
Revenue	38,225	>33,900
EBITDA margin (adjusted)	-6.0%	>6.2%

Revenue increased significantly compared to the previous year, so that the actual result exceeded the forecasted moderate increase for the financial year 2020. The adjusted EBITDA margin has been adjusted for the expenses of the SAR (Stock Appreciation Rights) virtual stock option plan and the sports sponsorship of Borussia Mönchengladbach in order to enable a comparison of the previous year's forecasts with the current developments of the financial performance indicators. It corresponds to the forecasts made in the previous annual report. This means that resources were successfully and efficiently allocated to the integration of DeGiro B.V. The EBITDA margin during the past financial year was 58.0% without a corresponding adjustment. The negative EBITDA margin can basically be attributed to the company's business activities. In addition to its operational business activities, it acts as a financial holding that performs corresponding centralised functions for its subsidiaries. The annual result after taxes of EUR 20.3 million (previous year EUR 7.2 million) was significantly influenced by the financial result.

2.4 Earnings Position

flatexDEGIRO AG generated sales revenue of EUR 38.2 million (previous year EUR 33.9 million). This includes income from affiliated companies in the amount of EUR 25.4 million (previous year EUR 19.2 million). This income was mainly earned from software development services, operations, licences, and maintenance as well as the transfer of administrative costs as part of the Group-wide allocation of costs. Revenue was mainly generated from customers in Germany. For a detailed breakdown of revenue, please refer to the Notes (Section D).

The other operating revenues amount to EUR 1.2 million (previous year EUR 1.4 million). Business performance in 2020 thus corresponded to previous year's expectations. In order to fulfil the number of orders that the company received, the available resources essentially had to be utilised to the maximum degree possible. This led to efforts to streamline the customer structure and focus on profitable customer contract relationships. The price conditions of customer relationships have not changed significantly.

Personnel expenses amount to EUR 40.2 million (previous year EUR 22.0 million). The main change resulted from the addition to a provision for the virtual stock option plan (SAR) that was introduced in 2020. Material expenses increased from EUR 5.4 million to EUR 8.7 million. At EUR 12.6 million (previous year EUR 12.1 million), other operating expenses are almost the same as the previous year.

The depreciation amounts to EUR 3.7 million (previous year EUR 3.0 million), and it relates to intangible and tangible fixed assets.

The company's financial result amounts to EUR 65.6 million (previous year: EUR 14.9 million) and consists mainly of income from the profit-and-loss transfer of flatex Finanz GmbH.

Net interest income amounts to EUR -1.9 million (previous year EUR -2.1 million). Tax expense for the current year amounts to EUR 19.4 million (previous year EUR 2.6 million). flatexDEGIRO AG is the parent company for the part of the Group based in Germany. In this respect, the increased tax expense results in particular from the positive business results of the subsidiaries of flatexDEGIRO AG.

Overall, the annual result after taxes was EUR 20.3 million (previous year EUR 7.2 million). The change in the annual result corresponds to the forecast of the company's operating business while taking into account the expenses for SAR and sports sponsorship.

2.5 Financial Position

Ensuring solvency is a high priority for the company's financial management. The short-term liquidity amounts to EUR 42.8 million (previous year: EUR 30.7 million) and essentially consists of credit balances payable on demand at banks, receivables from affiliated companies, and trade receivables. In contrast, there are short-term liabilities of EUR 22.4 million (previous year: EUR 4.3 million) consisting of liabilities to affiliated companies and trade payables as well as provisions (tax reserves and other provisions). In addition, there is a short-term bank loan to DeGiro B.V. (payable by 31 March 2021) in the amount of EUR 14.5 million.

The company is involved in the Group's liquidity management. For additional information, please refer to the 2020 Annual Report of flatexDEGIRO AG.

The investments are financed from ongoing business operations. As was announced in the previous year, the acquisition of DeGiro B.V. as well as the development and expansion of the FTX:CBS platform for the integration of DEGIRO B.V into the group's infrastructure were all major investments.

flatexDEGIRO AG was able to meet its financial obligations at all times during the previous financial year. The company did not encounter any liquidity bottlenecks during the financial year. In addition, the company does not foresee any liquidity bottlenecks on the horizon.

Equity as of 31 December 2020 was EUR 340.2 million (previous year: EUR 108.4 million). The change mainly resulted from the capital increase to issue new shares as part of the acquisition of DeGiro B.V.

With regard to the powers of the Management Board to issue and purchase new shares, please see the Notes (Section C).

The provisions amount to EUR 51.2 million (previous year: EUR 6.5 million). The main change is a result of the tax reserves and the provision for SARs. With the entry of the profit-and-loss transfer agreements in the commercial register from flatex Bank AG to flatex Finanz GmbH, on the one hand, and from flatex Finanz GmbH to flatexDEGIRO AG, on the other, flatexDEGIRO AG has become the taxable parent company for the entire Group of companies and thus the tax subject of the entire Group of companies.

The liabilities to banks amount to EUR 5.5 million (previous year EUR 3.7 million). There are no other operating long-term loans. Trade payables and other liabilities to affiliated companies amount to EUR 18.1 million (previous year: EUR 0.7 million) and mainly include liabilities to DeGiro B.V.

Other liabilities and deferred income amount to EUR 23.4 million (previous year: EUR 4.3 million). The change is mainly the result of the addition of further deferred income to affiliated companies for future IT services.

For detailed information, please refer to the Notes (Section C).

2.6 Assets Position

The amount of assets reported on the balance sheet of flatexDEGIRO AG amounted to EUR 418.5 million as of 31 December 2020 (previous year: EUR 123.8 million).

The main fixed assets included shares in affiliated companies totalling EUR 381.3 million (previous year: EUR 57.1 million) as of 31 December 2020. The investment portfolio of flatexDEGIRO AG included the shares in flatex Finanz GmbH, which in turn included all shares in flatex Bank AG and DeGiro B.V. The change (EUR 324.2 million) was the result of the acquisition of a further 90.6% of the shares in the Dutch company DeGiro B.V. For additional information on changes in shares in affiliated companies, please refer to the Notes (Section C).

Receivables from affiliated companies increased by EUR 11.7 million to EUR 30.8 million (previous year: EUR 19.1 million). This includes receivables from the profit transfer of flatex Bank AG, which will be distributed to flatex Bank AG after the balance sheet is approved. The trade receivables amount to EUR 1.0 million (previous year: EUR 3.0 million). Tangible and intangible assets amount to EUR 10.3 million (previous year: EUR 8.5 million).

The prepaid expenses and deferred income amount to EUR 2.8 million (previous year: EUR 0.9 million).

The active difference from the asset offsetting is EUR 0.9 million (previous year: EUR 1.1 million). This item comprises the balance of pension obligations (pension commitments) and the fair value of the reinsurance claims assigned to the beneficiaries.

2.7 Overall Statement on Business Performance and the Company Position

flatexDEGIRO AG successfully met expectations in the 2020 financial year. The company's operating business developed as expected. The COVID-19 pandemic in Europe has led to sharply increasing volatility in the stock markets. As a result, the company recorded a greatly increased volume of transactions in its brokerage business.[6] This has resulted in positive business development, particularly on the part of the subsidiaries of flatexDEGIRO AG.

The sponsorship of the Bundesliga football club Borussia Mönchengladbach increases awareness of the flatex and DEGIRO brands and is an important part of the company's continuing growth strategy. Overall, the Management Board of flatexDEGIRO AG rates the company's business performance for the past financial year as successful.

2.8 Report on events after the closing date

There were no significant events after the balance sheet date.

[6] onvista Media GmbH (Ed.): flatexDEGIRO AG: Best quarter ever – Volatility brings with it record growth. April 2020.

3 Forecast, Opportunity, and Risk Reports

3.1 Forecast Report

The forecast period for business performance relates to the 2021 financial year and consists of 12 months. For the purposes of the forecasts, only continuing operations are taken into account.

The Management Board of flatexDEGIRO AG expects an uncertain economic environment for 2021. The economic recovery that began in autumn 2020 is likely to be interrupted by the COVID-19 pandemic-related shutdown that started again in November 2020, whereby economic development will be unevenly distributed across industries.[7] Uncertainty resulting from continued high volatility is expected to characterise the brokerage market, especially in light of the political discussion concerning what measures need to adopted to counteract the COVID-19 pandemic. In this regard, there are fundamental uncertainties about how the pandemic is progressing, the success of measures that have been adopted to contain it, and the effects on the stock markets. The developing trend towards online-based business models that started in 2020 will continue.

There could be another volatile sideways shift on the stock markets in 2021. The upward forces will be bolstered by the rise in inflation expectations and the continued positive effects of the US tax reform, while at the same time the still moderately valued DAX could react to falling profit expectations in connection with the strong euro, among other factors. A high level of volatility would stimulate trading activity on the stock exchanges. The Management Board expects an attractive stock market environment for the coming financial year. This factor allows us to expect that the positive customer growth of the previous years will continue both at DEGIRO and flatex, and it will continue to stimulate increased trading activities. Thanks to the diversification of the brokerage business model into 15 additional countries, risk is able to be distributed, thereby counteracting any challenges.

The successful integration of DeGiro B.V. into the business processes of flatexDEGIRO AG constitutes the primary strategy in the business customer area for flatexDEGIRO AG besides a reliance on organic growth at both the parent and subsidiary companies. In this regard, the FTX:CBS is now expanded to include additional, country-specific regulatory, accounting, and tax requirements (National GAAP, Taxation, Regulatory Reporting, etc.). This results in a sustainable increase in business activities with increasing use of economies of scale.

flatexDEGIRO AG expects that all firmly booked revenue as well as new business projected at the time of forecasting will be achieved on the basis of experience and while taking into account price

[7] ifo Institute: ifo trend forecast for Winter 2020: The coronavirus strikes back - another shutdown slows the economy for a second time. https://www.ifo.de/ifo-konjunkturprognose/20201216.

changes and economic development. Overall, it can be assumed that the positive development trend of the previous financial year will continue.

The aforementioned effects are expected to continue to have a positive impact on the company's financial performance indicators:

in kEUR	2021e	2020
Revenue	Slightly increased	38,225
EBITDA margin (adjusted)	Slightly increased	-6.0%

Legend	
Moderate	+/- 0.1 to 5.0%
Slight	+/- 5.1 to 10.0%
Significant	+/- 10.1 to 20.0%
Strong	+/- 20.1%

3.2 Opportunities Report

The opportunities for flatexDEGIRO AG are derived from the flatexDEGIRO Group. Increased transaction volume, orders for the technical implementation of new regulatory requirements and technological innovations require a higher level of IT services as well as software support and maintenance. Thus, they have an indirect influence on the individual financial statements of the flatexDEGIRO Group.

In addition, the flatexDEGIRO Group has an opportunity to further expand its European presence by partnering with DeGiro B.V. Once the technical integration is successfully completed, it can be expected that there will be a significant increase in the number of transactions as well as optimisation of transaction costs at the same time as a result of the expected economies of scale.

3.3 Risk Report

The risk portfolio of the flatexDEGIRO Group is derived from the Risk Report of the flatex Group and takes into account the requirements of the individual company. In this regard, the following statements can be made on the basis of the Group's risk management, and they also apply to the flatexDEGIRO Group as a whole.

Risk Management System

The flatexDEGIRO Group is active in online brokerage and banking services, which operate in a regulated market. In addition to the constant changes in the company's economic environment, changes to the legal and regulatory framework also have a major influence on the company's success. Current developments are constantly monitored and carefully analysed. The Management Board incorporates emerging opportunities and potential dangers in its business and risk strategy and adapts them accordingly, if necessary. The monitoring and control of risks represents one of the core corporate management tools at the flatexDEGIRO Group.

In principle, the flatexDEGIRO Group promotes a risk culture that ensures that both flatexDEGIRO Group managers and employees observe high ethical standards and remain highly aware of risks in all relevant business processes. The limitation of risks is also one of the key objectives for all managers at the flatexDEGIRO Group within their respective areas of responsibility. Here every manager develops effective task-specific control processes and ensures that they are consistently applied.

In order to achieve an overall and overarching risk assessment as well as to limit and control risks, the flatexDEGIRO Group is integrated into the risk management of the parent institution of flatex Bank AG and contributes to the cross-departmental and Group-wide tasks of identification, assessment, control, monitoring, and communication that anchor risk control and risk management processes.

With the acquisition of DEGIRO B.V. by flatexDEGIRO AG in the second half of 2020, flatexDEGIRO AG has been able to significantly diversify its risk profile in the brokerage area across Europe.

Following the acquisition of DEGIRO, flatexDEGIRO AG initiated steps to standardize the Group's existing processes and systems throughout the Group. In this process, components that are no longer required are gradually phased out in favour of standardised processes that are harmonised Group-wide. According to current planning, the integration process is scheduled to be completed by 2021.

The risk management of the flatexDEGIRO Group is performed at the Group level and provides free access to all risk-relevant information and data at the flatexDEGIRO Group. The head of the risk management department is involved in all of the important risk policy decisions made by the Management Board. In the event of a change in the head of the risk management department, the flatexDEGIRO Group’s Supervisory Board will be informed immediately.

Risk Identification and Evaluation

The flatexDEGIRO Group conducts a regular risk inventory, which can also be updated if necessary, in order to identify the following key types of risk: Counterparty default risks as well as market price, interest rate, liquidity, and operational risks. A risk assessment is also carried out while taking into account any adopted risk-mitigation measures and the given equity situation. This includes, in particular, a risk shield by which partners and clients of the flatexDEGIRO Group agree to assume risks. The flatexDEGIRO Group and its partners attach great importance to the fact that risks are borne or shared in accordance with the opportunities that they enable.

As part of the risk inventory of the flatexDEGIRO Group, risk assessments are consistently carried out across all areas of the company that are considered to be material. An assessment of the probability of damage and the amount of damage is made, which is summarised in a risk-oriented overall assessment. The analyses also serve in particular to identify emerging risk clusters early enough so that suitable countermeasures can be initiated at an early stage.

The risk assessments of the risk inventory (RiskMap) are reported as part of the ongoing risk reporting of the flatexDEGIRO Group and discussed regularly with the Management Board and the Supervisory Board of the flatexDEGIRO Group.

Risk Management

The flatexDEGIRO Group drafts scenario-based risk-bearing capacity statements (including stress tests) on a regular basis, which take into account possible cluster risks and potential extreme developments in the (market) environment in which the Group operates and are intended to ensure that the Group has adequate equity capital, including even when there are unfavourable developments in the environment.

The flatexDEGIRO Group uses the findings from these risk-bearing capacity statements to adopt a suitable limit system to introduce risk-limiting and controlling standards to govern the Group's operational business. Adjustments to the limit system are made in close coordination between the Management of the Group and the risk management department.

Ongoing monitoring measures as well as a comprehensive risk reporting system ensure that the risks taken by the flatexDEGIRO Group are within the strategic guidelines and the company's risk-bearing capacity. In addition, they enable short-term response measures to exercise control over situations as they arise. In what follows, the monitoring and control instruments that are used are presented in more detail in the form of daily and monthly reports.

Monitoring and Communication of Risks

The Management is informed about the current risk and P&L situation at the flatexDEGIRO Group through daily reports. In particular, this type of reporting provides a form of ongoing ad hoc reporting. The daily "risk cockpit" is a central (risk) monitoring tool that provides information about performance indicators, risk indicators, and limit utilisation levels that are required for maintaining control as well as the development of suitable early warning indicators. It also provides commentary on control-relevant issues and, if necessary, recommendations for necessary control measures. It also displays the degree of target achievement accomplished on a monthly and annual basis for each business area that is important from a risk perspective as well as a comparison with the previous year's profit and loss results.

The daily and weekly reporting is supplemented by the "Monthly Risk Report" ("MRR"), which contains a detailed monthly presentation and commentary on the P&L and the Group's risk situation and offers additional analyses of the Group's opportunity and risk situation. The Monthly Risk Report is also sent to the Supervisory Board, among other stakeholders, and it is discussed in detail at monthly "finalisation meetings" with Management and the Supervisory Board.

In our own assessment, the measures that are taken to analyse and monitor the risk situation of the flatexDEGIRO Group are appropriate. The risk-bearing capacity was given at all times during the reporting period. No immediate risks that could jeopardise the continued existence of the company, including any possible cluster risks, could be identified at the time this risk report was prepared.

Internal Risk Management and Control System

The used ERP system "SAP Business byDesign" ensures that the previously defined business processes are implemented in an organised way so that it is guaranteed that business transactions are recorded correctly, uniformly, and in a timely fashion. The primary goal is compliance with legal requirements and internal regulations.

Thanks to the central accounting and controlling functions, the accounting processes are continuously managed across the Group, and the methods and tools that are used (four-eyes principle, access control, storage of the archive system, etc.) to ensure that regular risk assessment/limitation measures are continuously updated. The financial statements of the respective subsidiaries are generated centrally by the flatexDEGIRO Group and made uniformly available to the target group in a suitable format. To support this part of the process chain as it relates to interim and annual financial statements, central contact persons are named who can significantly increase efficiency and make use of synergistic effects. To ensure that the methods used are up to date in the course of preparing financial statements, the employees in the accounting and controlling departments who are involved in this process receive training at regular intervals.

The internal risk management and control system of the flatexDEGIRO Group attaches particular importance to the following principles:

- Compliance with economic and business guidelines,
- Compliance with current legal requirements, other guidelines, and internal instructions,

- Ensuring the accuracy and currency of accounting, reporting, and the integrity of recorded data, and
- Functionality and sustainability of Group-wide internal control systems.

The efficiency of the Group-wide internal control system based on the accounting principles was checked and verified by the Management Board of the flatexDEGIRO Group. Furthermore, the Supervisory Board of the flatexDEGIRO Group continuously monitors the existing control system with regard to the regulatory requirements.

Management and Limitation of Counterparty Default Risks

The flatexDEGIRO Group defines contractor default risk as the risk of losses or lost profits due to unexpected defaults or unforeseeable deterioration in creditworthiness of business partners.

This can occur, for example, in the event of the bankruptcy or insolvency of business or cooperation partners. flatexDEGIRO AG is fundamentally subject to the advance performance risk for the services it provides.

To control the risk of counterparty default, a due diligence check is carried out before entering into a partnership, and the creditworthiness of the business partner is regularly monitored. To limit the risk of default, the counterparty must pay set-up fees and issue monthly invoices in order to limit the advance performance risk.

A large number of the company's business relationships are with partners who are themselves subject to the oversight of a regulatory authority. There is also a risk of counterparty default by the banks with which the company maintains its current business accounts.

Management and Limitation of Market Price Risks

The flatexDEGIRO Group defines market price risks as the risk of loss due to changes in market prices (share prices, exchange rates, precious metal/raw material prices, interest rates) and due to parameters that influence prices (e.g., volatilities). The flatexDEGIRO Group incurs market price risks from the activities of the FIN (financials) UNIT; these are monitored daily using a value at risk limit system.

Management and Limitation of Liquidity Risks

The flatexDEGIRO Group defines its liquidity risk as the risk that it cannot fully meet its current or future payment obligations in a timely manner using its available financial resources. As a result, refinancing funds may have to be raised at higher interest rates or existing assets may need to be liquidated at a discount in order to be able to raise additional (temporarily) financial resources that may be required.

The current liquidity situation of the company and the Group is comfortable. Liquidity surpluses are achieved on a monthly basis. With regard to the available liquid funds, the liquidity risk is of subordinate importance from the company's point of view.

Management and Limitation of Operational and Other Risks

The flatexDEGIRO Group defines operational risks as those that threaten losses as a result of human error and the inadequacy of internal processes and systems and external events. Legal and reputational risks are also included in this category.

When assembling its risk inventory of operational risks, the flatexDEGIRO Group draws on a series of several years of damage history. These loss events are comprehensively attributed to their causes in accordance with the type of damage, the cause of the damage, the date on which the damage occurred, etc., and then documented in a database. Operational risk is internally controlled by assigning each loss event to a risk strategy (avoiding, reducing, shifting, etc.) and implementing the defined measures. In addition to the so-called basic indicator approach, an internal measurement approach is also used internally to determine an underlying capital amount to cover operational risks. In addition to determining operational risks from historical data, the bank uses expert assessments to determine potential damage as part of risk assessments with all of the bank's departments in order to model non-quantifiable risks where there is insufficient damage data history.

Dependence on Software and IT Risks

For the flatexDEGIRO Group, operational risk exists in particular as a result of the dependency that banking operations typically have on the IT infrastructure and associated services. This also includes the dependence on the error-free provision of services from service providers outside of the Group ("outsourcing"). Operational risks in IT can be divided into hardware, software, and process risks. Comprehensive IT and internet systems are used throughout the Group and are essential for the proper course of business. The Group is particularly dependent on the trouble-free functioning of these systems. Despite comprehensive measures for data backup and the bridging of system malfunctions, it cannot be completely ruled out that the IT and internet systems will not malfunction. Defects in data availability, errors or functional problems with the used software and/or server failures due to hardware or software errors, accidents, sabotage, phishing, or other reasons could cause significant damage to the Group's image, market setbacks, as well as lead to possible legal settlements for damages.

Substantial investments are made in IT equipment throughout the Group in order to be able to ensure, on the one hand, that the considerably increased volume of business can be processed accordingly and, on the other hand, that there is guaranteed adequate protection against failures. The probability of occurrence of an event resulting from dependency on software and IT risks is assessed as very low, and the possible extent of harm is assessed as low.

Personnel Risks

As a result of the extensive restructuring of the flatexDEGIRO Group, which was completed in 2018, the structure and process organisation as well as communication processes all changed, which may initially lead to an increased potential for errors and damage. The flatexDEGIRO Group uses the monitoring and communication processes that have been set up in order to limit these risks, which are primarily related to personnel. Nevertheless, individual mistakes by individual employees can never be completely ruled out. The probability of occurrence of an event resulting from personnel risks is assessed as very low, and the possible extent of harm is assessed as low.

Legal Risks

The flatexDEGIRO Group acts as a regulated provider of financial services in an environment regulated by a rapidly changing (regulatory) legal framework. Legal violations can result in fines or risks of litigation. The flatexDEGIRO Group counters these legal risks by continuously observing the legal environment, maintaining internal legal know-how, and seeking out external legal expertise when needed. The probability of occurrence of an event resulting from legal risks is assessed as very low, and the possible extent of harm is assessed as low.

flatexDEGIRO is in a labour dispute with a former employee, which could result in a financial risk. flatexDEGIRO AG has refrained from creating a provision.

As a result of the integration of DEGIRO B.V. into the Group, it is expected that earnings and cost synergies of over EUR 30 million per year will be achieved in the next few years. The implementation of the identified synergies will bring about a significant improvement in earnings as early as 2021. Nevertheless, the aforementioned risks also pose a threat to integration. With regard to costs, there is a risk that synergies may only be realised at a later date than forecast. These risks are monitored by regularly reassessing the synergy measures.

Reputational Risks

The reputational risk for the flatexDEGIRO Group is the risk of negative economic effects resulting from damage to the company’s reputation.

In principle, the Group companies endeavour to guarantee a high level of customer loyalty by ensuring a good reputation in order to achieve a competitive advantage over their competitors. Many of the above-mentioned risks entail the threat that goes beyond direct financial effects that the reputation of the Group could be harmed and, as a result of reduced customer loyalty, lead to financially deleterious consequences for the Group. The flatexDEGIRO Group takes reputational risks into account, particularly in its strategic guidelines, and continuously uses its risk-controlling processes to monitor the relevant environment. Associated risk assessments are carried out as part of the assessments of the Group’s operational risks.

In order to limit its operational risks, the flatexDEGIRO Group promotes a basic risk culture that ensures that both managers and employees at the flatexDEGIRO Group observe high ethical standards and remain highly aware of risks in all relevant business processes. The limitation of risks is also one of the key objectives for all managers at the flatexDEGIRO Group within their respective areas of responsibility. Here every manager develops task-specific control processes and ensures that they are consistently applied. In addition, the flatexDEGIRO Group carries out regular risk inventories, which are also updated if necessary. In particular, they provide a way of continuously analysing and assessing the operational risk of existing business processes.

The flatexDEGIRO Group assigns the operational risks described above a low probability of occurrence and also cautiously estimates them to pose a high level of risk.

4 Certification by the legal representatives (responsibility statement)

“We hereby affirm that, in accordance with the applicable accounting principles, the annual financial statements give a true and fair view of the asset, financial and earnings position of the company and that the Management Report includes a fair view of the development and performance of the business and the position of the company corresponding to the actual situation of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.”

Frankfurt am Main, 23 March 2021

Frank Niehage	Muhamad Said Chahrour
Chief Executive Officer	Chief Financial Officer

To the flatexDEGIRO AG, Frankfurt am Main

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the annual financial statements of flatexDEGIRO AG, Frankfurt am Main, which comprise the balance sheet as at 31 December 2020, and the statement of profit and loss for the financial year from 1 January 2020 to 31 December 2020 which comprise the balance sheet as at 31 December 2020, the statement of profit and loss, the cash flow statement and the statement of changes in equity, for the financial year from 1 January 2020 to 31 December 2020, and notes to the financial statements, including the presentation of the recognition and measurement policies.

In addition, we have audited the management report of flatexDEGIRO AG, Frankfurt am Main, for the financial year from 1 January 2020 to 31 December 2020. In accordance with German legal requirements, we have not audited the content of the parts of the management report listed in the appendix.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the financial year from 1 January 2020 to 31 December 2020 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the parts of the management report listed in the appendix.

Pursuant to § 322 Abs. 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

BASIS FOR THE AUDIT OPNIONS

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our [audit] opinions on the annual financial statements and on the management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2020 to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our [audit] opinion thereon, we do not provide a separate audit opinion on these matters.

We have identified the following matters as key audit matters:

Initial measurement of the shares in DeGiro B.V.

Situation

In the financial year 2020, flatexDEGIRO AG acquired 90.6% of the shares in DeGiro B.V. following approval by the responsible regulatory authority, thereby increasing its stake in the company to 100% before transferring these shares to its subsidiary flatex Finanz GmbH by way of a non-cash contribution at a carrying amount of kEUR 316,765.

The shares in DeGiro B.V. were acquired by way of an exchange with a cash contribution. In the financial year 2020, purchase price payments of kEUR 68,543 were made in cash. In addition, a contingent purchase price payment of kEUR 13,000 was agreed for 2021. Furthermore, flatexDEGIRO AG issued 7.5 million new shares. These were created through a capital increase; the subscription rights of existing shareholders were excluded.

The acquisition cost of the acquired shares in DeGiro B.V. corresponds to the fair value of the shares issued plus the cash component and incidental acquisition costs. The sum of these may not exceed the fair value of the acquired shares in DeGiro B.V. In determining the acquisition costs, the legal representatives have assigned a fair value of kEUR 210,000 to the newly issued shares (i.e. EUR 28.00 per share).

The determination of the acquisition costs in relation to non-cash and contingent purchase price components is complex and subject to judgment in relation to the assumptions to be made in the valuation. In the present case, this results in particular from the fact that the new shares are not tradable for a certain period of time since the issue and therefore a discount on the stock market price of the shares of flatexDEGIRO AG had to be applied.

In addition to the determination of the fair value of the shares in flatexDEGIRO AG, the valuation of the shares in DeGiro B.V. is based on the cap of the fair value of the shares received in DeGiro B.V. The determination of the fair value is based on the corporate planning of DeGiro B.V. This is highly dependent on the estimates of the legal representatives with regard to future cash inflows, the discount rates used, the growth rates and other assumptions and is therefore subject to considerable uncertainty.

Against this background and due to the complexity of determining the fair values of the shares received and the shares issued, this matter was of particular significance in the context of our audit.

The information provided by flatexDEGIRO AG on the acquisition of the shares in DeGiro B.V. is included in the section of the notes on the statement of changes in non-current assets.

Audit conclusion

As part of our audit, we inspected and understood the contractual agreements for the acquisition of the shares of DeGiro B.V. and reconciled the purchase price components with the contractual bases and the payments made. Furthermore, we satisfied ourselves of the appropriateness of the determination of the fair value of the contingent consideration and verified the plausibility of the necessary assumptions.

As part of our audit, we first performed a risk assessment with regard to the initial measurement of the shares in DeGiro B.V. Based on this risk assessment, we obtained an understanding of the selection and application of the methods, significant assumptions and data on which the initial valuation of the shares in DeGiro B.V. was based.

In order to ensure that the fair value of the shares issued was correctly determined, we examined the valuation of the newly issued shares. To this end, we verified the technical appropriateness of the purchase price calculation, including the measurement of the fungibility discount, and performed our own valuation of the shares.

Subsequently, with the involvement of our internal corporate finance specialists, we performed evidence-based audit procedures on the valuation of the shares received in order to verify that the value determined for the shares given does not exceed the fair value of the shares received. We assessed the appropriateness of the valuation model used for the valuation of the shares in DeGiro B.V. as well as the material valuation parameters and assumptions and verified their mathematical accuracy. We used a peer group and the current business development of DeGiro B.V. to assess the plausibility of the business planning of DeGiro B.V. on which the forecast of future cash surpluses is based. We critically reviewed the discount rate used on the basis of the average cost of capital of a peer group.

OTHER INFORMATION

The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises:

- the separately published corporate governance statement referred to in section 1.3 of the management report,
- the other parts of the annual report, with the exception of the audited annual financial statements and management report and our audit opinion.

Our audit opinions on the financial statements and management report do not cover the other information and, accordingly, we do not express an audit opinion or any other form of conclusion thereon.

In connection with our audit, we have a responsibility to read the other information and, in doing so, to assess whether the other information

- reveals material inconsistencies with the financial statements, the management report or our knowledge acquired during the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our [audit] opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an [audit] opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective [audit] opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate

[audit] opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT PREPARED FOR THE PURPOSE OF DISCLOSURE IN ACCORDANCE WITH § 317 (3b) HGB

Audit Opinion

In accordance with § 317 (3b) HGB, we have performed a reasonable assurance audit to determine whether the reproductions of the financial statements and the management report (hereinafter also referred to as "ESEF documents") contained in the attached file [flatex DEGIRO_JA20_ESEF.zip: 655b4269c13fc3100 bd079f8a0a8ec8ebdd340d8eb3684d4b005f1b 459f4c3bf] and prepared for disclosure purposes comply in all material respects with the requirements of § 328 (1) HGB regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information in the financial statements and the management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the financial statements and the management report contained in the aforementioned attached file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of § 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying financial statements and the accompanying management report for the financial year from 1 January 2020 to 31 December 2020 included in the preceding "REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT", we do not express any audit opinion on the information contained in these reproductions or on the other information included in the above-mentioned file.

Basis for the audit opinions

We conducted our audit of the reproductions of the financial statements and the management report contained in the above-mentioned attached file in accordance with § 317 (3b) HGB and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure pursuant to § 317 (3b) HGB (IDW EPS 410). Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1) applied.

Responsibility of the Legal Representative and the Supervisory Board for the ESEF Documents

The Company's management is responsible for the preparation of the ESEF documents containing the electronic reproductions of the annual financial statements and the management report in accordance with § 328 (1) sentence 4 no. 1 HGB.

Furthermore, the legal representatives are responsible for the internal control features that they have determined to be necessary to facilitate the preparation of the ESEF documents that are free from infringements of the requirements of § 328 (1) HGB regarding the electronic reporting format, whether due to fraud or error.

The legal representatives of the company are also responsible for submitting the ESEF documents together with the auditor's report and the accompanying audited financial statements and audited management report as well as other disclosable documents to the operator of the Bundesanzeiger.

The Supervisory Board is responsible for monitoring the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibility for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material infringements, whether due to fraud or error, with the requirements of § 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude.

Furthermore

- we identify and assess the risks of material infringements with the requirements of § 328 (1) HGB, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- we obtain an understanding of internal controls relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation complies with the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, regarding the technical specification for that file.
- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited financial statements and the audited management report.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the annual general meeting on 20 October 2020. We were engaged by the supervisory board on 27 October 2020. We have been the auditor of the flatexDEGIRO AG without interruption since the financial year 2015.

We declare that the [audit] opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Timothy Jonas Hebel.

Frankfurt am Main, 30 March 2021

BDO AG
Wirtschaftsprüfungsgesellschaft

Otte	Hebel
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

flatexDEGIRO AG
Rotfeder-Ring 7
D-60327 Frankfurt am Main
Tel 069 450 001 0
info@flatexdegiro.com
www.flatexdegiro.com