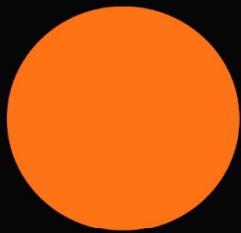


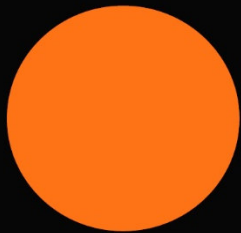
# Annual Financial Statements



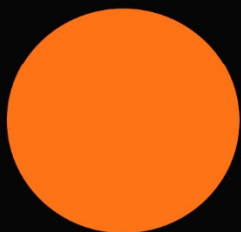
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# Balance sheet

as at 31 December 2022

in EUR	12/31/2022	12/31/2021
<b>Assets</b>	<b>571,793,451.36</b>	<b>548,282,047.61</b>
<b>Fixed assets</b>	<b>454,115,954.29</b>	<b>393,927,412.68</b>
<b>Intangible assets</b>	<b>9,133,729.48</b>	<b>5,245,244.69</b>
Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licences to such rights and assets	9,133,729.48	5,245,244.69
<b>Property, plant and equipment</b>	<b>12,935,368.80</b>	<b>6,916,005.86</b>
Land and buildings including buildings on third-party land	848,091.00	854,040.57
Technical equipment and machinery	11,581,317.80	5,654,627.29
Other equipment, operating and office equipment	505,960.00	407,338.00
<b>Financial assets</b>	<b>432,046,856.01</b>	<b>381,766,162.13</b>
Shares in affiliated companies	431,622,807.01	381,364,730.13
Reinsurance claims from life insurance policies	424,049.00	401,432.00
<b>Current assets</b>	<b>109,206,395.21</b>	<b>142,514,730.93</b>
<b>Inventories</b>	<b>6,284.62</b>	<b>10,501.20</b>
Work in progress	6,284.62	3,426.20
Finished goods and products	-	7,075.00
<b>Receivables and other assets</b>	<b>75,878,750.85</b>	<b>132,210,023.76</b>
Trade receivables	1,451,572.12	1,091,068.00
Receivables from affiliated companies	74,215,312.61	130,914,581.20
<b>Other assets</b>	<b>211,866.12</b>	<b>204,374.56</b>
<b>Other securities</b>	<b>-</b>	<b>236.66</b>
<b>Cash on hand, bank balances</b>	<b>33,321,359.74</b>	<b>10,293,969.31</b>
<b>Accruals</b>	<b>8,471,101.86</b>	<b>10,849,547.00</b>
<b>Asset difference from asset offsetting</b>	<b>-</b>	<b>990,357.00</b>

	12/31/2022	12/31/2021
<b>Liabilities</b>	<b>571,793,451.36</b>	<b>548,282,047.61</b>
<b>Equity</b>	<b>474,537,464.93</b>	<b>376,453,911.84</b>
<b>Subscribed capital</b>	<b>109,892,548.00</b>	<b>109,792,548.00</b>
Shares issued	109,892,548.00	109,792,548.00
<b>Capital reserve</b>	<b>229,110,033.24</b>	<b>228,890,283.24</b>
<b>Retained earnings</b>	<b>88,070,969.32</b>	<b>37,771,080.60</b>
Legal reserve	2,868,749.80	32,775.45
Other revenue reserves	85,202,219.52	37,738,305.15
<b>Balance sheet profit</b>	<b>47,463,914.37</b>	<b>-</b>
<b>Debt capital</b>	<b>97,255,986.43</b>	<b>171,828,13.77</b>
<b>Provisions</b>	<b>74,927,764.69</b>	<b>116,930,161.08</b>
Provisions for pensions	5,640,074.00	5,374,044.00
Tax provisions	27,486,890.69	15,121,517.08
Other provisions	41,800,800.00	96,434,600.00
- thereof for long-term variable remuneration	36,147,342.25	74,588,078.32
<b>Liabilities</b>	<b>16,221,171.42</b>	<b>37,797,476.69</b>
Liabilities to banks	-	5,184,012.57
Advance payments received on orders	45,000.00	73,519.90
Trade payables Liabilities from deliveries and services	884,620.46	1,578,815.52
Liabilities to affiliated companies	3,371,077.30	22,983,809.59
Other liabilities	11,920,473.66	7,977,319.11
<b>Prepaid expenses</b>	<b>6,107,050.32</b>	<b>17,100,498.00</b>

# Profit and loss account

for the financial year from 1 January to 31 December 2022

in EUR	2022	2021
<b>Revenues</b>	<b>79,434,674.36</b>	<b>49,719,734.58</b>
Increase in inventories of finished goods and work in progress	2,504.96	1,878.72
Other operating income	40,795,243.93	1,531,320.79
- thereof from reversal of provisions for long-term variable remuneration	38,440,736.07	-
Cost of materials	13,134,281.87	11,778,310.22
Cost of purchased goods	166,313.66	193,543.49
Expenses for purchased services	12,967,968.21	11,584,766.73
Personnel expenses	32,097,894.36	88,789,419.92
1. Wages and salaries	25,696,004.87	84,789,133.29
- thereof for long-term variable remuneration	-	59,200,981.47
2. Social security contributions and expenses for pensions and other benefits	6,401,889.49	4,000,286.63
Amortisation of intangible fixed assets and depreciation of tangible fixed assets	5,786,851.14	4,057,097.71
Other operating expenses	18,209,346.33	16,849,938.92
Income from participations	67,204,487.02	129,251,512.52
- thereof from affiliated companies	67,204,487.02	129,251,512.52
Other interest and similar income	1,515,445.30	31,447.02
Depreciation on financial assets and securities held as current	236.66	1,088.64
Interest and similar expenses	1,104,587.76	2,480,087.58
Taxes on income and earnings	20,260,486.71	21,582,110.60
<b>Earnings after taxes</b>	<b>98,353,660.82</b>	<b>34,997,840.04</b>
Other taxes	589,857.73	569,204.89
<b>Net income</b>	<b>97,763,803.09</b>	<b>34,428,635.15</b>
Transfer to revenue reserves	50,299,888.72	34,428,635.15
1. Statutory reserves	2,835,974.35	-
2. Other revenue reserves	47,463,914.37	34,428,635.15
<b>Balance sheet profit</b>	<b>47,463,914.37</b>	<b>-</b>

# Notes



# Notes to the Annual Financial Statements for the Financial Year from 1 January 2022 to 31 December 2022

## General information

The company is registered in the Commercial Register at the Local Court of Frankfurt under number HRB 103516 and has been listed in the Prime Standard of the Frankfurt Stock Exchange (Deutsche Börse AG) in Frankfurt since 21 December 2020 and is a member of the SDAX index.

The annual financial statements for the financial year 2022 were prepared in accordance with the provisions of Book 3 of the German Commercial Code applicable to them as well as the provisions of the German Stock Corporation Act and the supplementary provisions of the Articles of Association.

The annual financial statements have been prepared in euros. The disclosure and classification rules were followed 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. The company is a large corporation in accordance with § 267 Para. 3 HGB. The declaration of compliance within the meaning of Section 161 of the German Stock Corporation Act (AktG) based on the German Corporate Governance Code in its version of 28 April 2022 (hereinafter "DCGK"), which is now to be issued for the first time as a result of the admission to the Regulated Market of the Frankfurt Stock Exchange, will be made publicly available by the Management Board and Supervisory Board on the website of flatexDEGIRO AG at <https://flatexdegiro.com/en/investor-relations/corporate-governance> within four months of the end of the reporting year and for at least five years.

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

## Accounting policies

In preparing the annual financial statements, it was assumed that the company was a going concern in accordance with § 252 para. 1 no. 2 German Commercial Code. The accounting and valuation methods applied by us correspond to the methods applied in the previous year for the preparation of the balance sheet, the profit and loss account and the notes.

### Intangible assets

**Intangible assets** acquired for a consideration are recognised at acquisition cost less scheduled straight-line depreciation (1 to 10 years) based on industry-standard or official depreciation tables. In the event of a probable permanent reduction in value, unscheduled depreciation is applied.

### Tangible fixed assets

**Property, plant and equipment** are recognised at acquisition or production cost, less scheduled depreciation based on use, insofar as they are subject to wear and tear. Depreciation is calculated pro rata temporis on the basis of the normal useful lives of the assets (1 to 50 years) using the straight-line method. They are carried out in accordance with the depreciation tables customary in the industry or official depreciation tables. Where necessary, unscheduled depreciations is applied. Low-value fixed assets with individual acquisition costs of up to EUR 800 are recorded under fixed assets and written off in the year of acquisition. Fixed assets with an individual acquisition cost of more than EUR 800 are depreciated pro rata over their scheduled useful lives.

### Financial assets



**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-downs to the lower fair value no longer apply, write-ups are made to the higher fair value, up to a maximum of the original acquisition costs. Reinsurance claims from life insurance policies are also reported under financial assets.

#### Inventories

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 portions of material and production overheads as well as the depreciation of fixed assets and pro rata administrative overheads.

#### Receivables and other assets

**Receivables and other assets** are recognised at nominal value (reduced by any necessary value adjustments).

#### Securities held as current assets

**Securities held as current assets** are stated 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

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

#### Prepaid expenses

**Prepaid expenses and deferred charges** are accounted for accordance to Section 250 para 1 of the German Commercial Code. They are reversed in accordance with the expenses of the accounting period.

#### Plan assets and pension obligations

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

**Pension obligations** are measured at the settlement amount required according to reasonable commercial judgement. In accordance with § 253 (2) and (6) of the German Commercial Code (HGB), provisions for pension obligations are measured using the average interest rate from the past ten financial years.

Estimated rates of increase are taken into account for a forward-looking valuation of obligations. The Heubeck mortality tables 2018 G serve as the basis for calculation. The pension obligation is determined with the help of an actuarial report. An entitlement is applied through the active entitlement taking into account the modified entry age normal method. For current entitlements of a total of eight former beneficiaries – as in the previous year – the projected unit credit method was applied as required.

The actuarial calculation of the pension obligations was performed uniformly as of 31 December 2022, using an interest rate of 1.78 % (previous year: 1.87 %). The discount rate corresponds to the interest rate for remaining terms of 15 years in accordance with the German Regulation on the Discounting of Provisions. The average interest rate of the last ten years was used as required. The change in the interest rate is taken into account in the interest result.

Furthermore, an unchanged pension growth of 1 to 3 % was assumed. The consideration of a fluctuation trend was not required according to the pension commitments and the beneficiaries.

If the legal requirements are met, the fair value of the cover assets held for this purpose (actuarially determined asset value of the claims from corresponding reinsurance policies) determined as at the reporting date is offset against the corresponding provisions from old-age pensions in application of § 246 paragraph 2 sentence 2 HGB, taking into account IDW RH FAB

1.021. The same applies to the effectively pledged fair value credit balance held as cover assets for the part-time early retirement. The same applies to the effectively pledged fair value credit held as cover assets for the part-time early retirement agreement.

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 1,766 (previous year: kEUR 2,640) on the balance sheet date.

#### Other provisions

**Other provisions** include all identifiable risks and contingent liabilities as 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 account by applying appropriate interest to any claims. The settlement amount was only insignificantly influenced in each case. Also included is an obligation from a part-time retirement agreement, which is offset by plan assets with a fair value in the same amount. Accordingly, provisions with a term of more than one year were netted out as required. If the remaining term of the provision for uncertain liabilities is longer than one year, the provision is discounted by applying an average market interest rate with matching maturities.

#### Other liabilities

**Liabilities** are recognised at the settlement amount.

#### Deferred income

**Deferred income** in accordance with § 250 para 2 of the German Commercial Code are recognised in the amount of the income to be deferred, insofar as it represents income for a specific period after the balance sheet date.

## 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 asset.

In EUR	Acquisition/ production cost as of 01/01/2022	Additions	Disposals	Reclassification ns	Acquisition/ production costs at 12/31/2022	Accumulated depreciation as at 01/01/2022	Depreciation	Disposals	Accumulated depreciation as at 12/31/2022	Carrying amount as at 12/31/2021	Carrying amount as at 12/31/2022
<b>Intangible assets acquired for consideration</b>											
Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licences to such rights and assets	13,055,127	6,056,483	55,083	-	19,056,527	7,809,882	2,167,999	55,083	9,922,798	5,245,245	9,133,729
<b>Total intangible assets</b>	<b>13,055,127</b>	<b>6,056,483</b>	<b>55,083</b>	<b>-</b>	<b>19,056,527</b>	<b>7,809,882</b>	<b>2,167,999</b>	<b>55,083</b>	<b>9,922,798</b>	<b>5,245,245</b>	<b>9,133,729</b>
<b>Material assets</b>											
1. land and buildings, including buildings on third-party land	1,895,060	287,510	-	-	2,182,570	1,041,020	293,460	-	1,334,479	854,041	848,091
2. technical equipment and machinery	17,190,964	8,859,416	19,985	-	26,030,396	11,536,337	2,929,781	17,040	14,449,078	5,654,627	11,581,318
3. other equipment, operating and office equipment	1,104,747	491,289	174,719	-	1,421,317	697,409	297,580	79,632	915,357	407,338	505,960
<b>Total property, plant and equipment</b>	<b>20,190,772</b>	<b>9,638,216</b>	<b>194,704</b>	<b>-</b>	<b>29,634,283</b>	<b>13,274,766</b>	<b>3,520,821</b>	<b>96,672</b>	<b>16,698,914</b>	<b>6,916,006</b>	<b>12,935,369</b>
<b>Financial assets</b>											
1. shares in affiliated companies	381,364,730	50,258,077	-	-	431,622,807	-	-	-	-	381,364,730	431,622,807
2. reinsurance claims from life insurance policies	401,432	22,617	-	-	424,049	-	-	-	-	401,432	424,049
<b>Total financial assets</b>	<b>381,766,162</b>	<b>50,280,694</b>	<b>-</b>	<b>-</b>	<b>432,046,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>381,766,162</b>	<b>432,046,856</b>
<b>Total fixed assets</b>	<b>415,012,060</b>	<b>65,975,393</b>	<b>249,787</b>	<b>-</b>	<b>480,737,666</b>	<b>21,084,647</b>	<b>5,688,819</b>	<b>151,755</b>	<b>26,621,712</b>	<b>393,927,413</b>	<b>454,115,954</b>



### Intangible assets

Intangible assets increased by kEUR 3,889 to a total of kEUR 9,134 (previous year kEUR 5,245).

### Property, plant and equipment

Property, plant and equipment increased by kEUR 6,019 to kEUR 12,935 (previous year: kEUR 6,916) and resulted primarily from the expansion of various locations and network equipment for the data centres.

### Shares in affiliated companies

The investment book value of flatex Finanz GmbH was increased by kEUR 50,000 on 21 November 2022 through a contribution to the capital reserve in accordance with the shareholder resolution. For a complete overview of the shares in affiliated companies, please refer to the other disclosures in these annual financial statements.

### Trade receivables and other receivables

The trade receivables shown in the balance sheet do not include any receivables with a remaining term of more than one year (previous year: kEUR 0).

### Other assets

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 74,215 (previous year: kEUR 130,915); these arose from profit and loss transfer agreements in the amount of kEUR 67,204 (previous year: kEUR 129,252), from delivery and service accounting as well as from fiscal unity for VAT purposes.

## Equity

### Subscribed capital

The company's subscribed capital – after the exercise of stock options in the 2022 financial year – amounts to kEUR 109,893 (previous year: kEUR 109,793) as at the balance sheet date. At the end of the financial year, the share capital was divided into 109,892,548 (previous year: 109,792,548) no-par value registered shares with a notional value of EUR 1.00 each.

- The subscribed capital of kEUR 109,793 existing at the beginning of the reporting period increased to kEUR 109,893 due to the exercise of share options and the corresponding creation of 100,000 new shares.
- The Annual General Meeting of flatexDEGIRO AG resolved on 17 May 2022 to carry out a capital increase by issuing new shares. By the balance sheet date, a further 100,000 shares had been newly created as a result of the exercise of stock options.
- The notional value of the no-par value registered shares continues to be EUR 1.00 each.

The share capital developed as follows:

in kEUR	2022	2021
<b>Carry forward as at 01.01.</b>	<b>109,793</b>	<b>27,273</b>
Increase through exercise of options prior to the 2021 share split	0	153
Capital increase from company funds by issuing new shares (share split)	0	82,278
Increase through exercise of options after the 2021 share split	100	88
<b>Status as at 12.31.</b>	<b>109,893</b>	<b>109,793</b>

No treasury shares were held during the entire reporting period.

#### Authorised capital

At the beginning of the 2022 financial year, the company had authorised capital totalling kEUR 54,400.

As of the balance sheet date, flatexDEGIRO AG has authorised capital totalling kEUR 54,400 (Authorised Capital 2021/I: kEUR 43,600; Authorised Capital 2021/II: kEUR 10,800) as outlined below:

- By resolution of the Annual General Meeting of 20 October 2020, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital by 19 October 2025 by issuing new registered no-par value shares against cash and/or non-cash contributions in kind once or several times by a total of up to kEUR 10,900, whereby the subscription rights of shareholders could be excluded in defined cases (Authorised Capital 2020/I). At the Annual General Meeting on 29 June 2021, in connection with the 1:4 share split, the complete cancellation of the Authorised Capital 2020/I and the creation of a new Authorised Capital 2021/I with an identical maturity date (until 19 October 2025) in a correspondingly adjusted amount was resolved. According to the new provision in the Articles of Association, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital by 19 October 2025 by up to a total of kEUR 43,600 against cash and/or non-cash contributions by issuing new registered no-par value shares on one or more occasions, whereby the subscription rights of shareholders may be excluded in defined cases (Authorised Capital 2021/I). The aforementioned resolutions of the Annual General Meeting of 29 June 2021 became effective upon entry in the Commercial Register on 20 August 2021. The Authorised Capital 2021/I of flatexDEGIRO AG remains unchanged at kEUR 43,600 as of the balance sheet date.
- By resolution of the Annual General Meeting of 20 October 2020, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital until 19 October 2025 by issuing new registered no-par value shares against cash and/or non-cash contributions on one or more occasions by a total of up to kEUR 2,700, whereby the subscription rights of shareholders could be excluded in certain cases (Authorised Capital 2020/II). At the Annual General Meeting on 29 June 2021, in connection with the 1:4 share split, the complete cancellation of the Authorised Capital 2020/II and the creation of a new Authorised Capital 2021/II with an identical maturity date (until 19 October 2025) in a correspondingly adjusted amount was resolved. According to the new provision in the

Articles of Association, the Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital until 19 October 2025 by up to a total of kEUR 10,800 against cash and/or non-cash contributions by issuing new registered no-par value shares on one or more occasions, whereby the subscription rights of shareholders may be excluded in defined cases (Authorised Capital 2021/II). The aforementioned resolutions of the Annual General Meeting of 29 June 2021 became effective upon entry in the Commercial Register on 20 August 2021. The Authorised Capital 2021/II of flatexDEGIRO AG remains unchanged at kEUR 10,800 as of the balance sheet date.

#### Conditional capital

- By resolution of the extraordinary General Meeting of 30 October 2014, the Management Board was authorised, with the approval of the Supervisory Board, to conditionally increase the share capital by up to kEUR 1,390 by issuing up to 1,390,000 new no-par value bearer shares with dividend rights from the beginning of the financial year in which they are issued (Conditional Capital 2014/I). In accordance with the resolution of 30 October 2014, the 2014 Contingent Capital served exclusively to secure subscription rights issued to members of the Management Board and employees of the company as well as members of the management and employees of companies affiliated with the company in the period up to and including 30 September 2019 based on the authorisation of the Annual General Meeting of 30 October 2014 within the framework of the 2014 share option programme. On 27 July 2016, the Annual General Meeting resolved to convert from bearer shares to registered shares; the Conditional Capital 2014 was adjusted accordingly to the issue of registered shares. By resolution of the Extraordinary General Meeting of 4 December 2017, the authorisation to issue share options under a 2014 share option programme resolved by the General Meeting of 30 October 2014 with adjustments by the General Meeting of 27 July 2016 was amended and substantiated. At the same time, the Conditional Capital 2014 was amended to the effect that it also serves to secure subscription rights issued on the basis of the authorisation resolution of the Annual General Meeting of 30 October 2014, also with adjustments by the Annual General Meeting of 27 July 2016 and also in the version after its amendment by the corresponding resolution of the Annual General Meeting of 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 of 4 December 2017. As part of the 2014 share option programme, a total of 859,000 new registered no-par value shares with a proportionate amount of the share capital of EUR 1.00 per share were issued from the 2014 Contingent Capital in the 2019 financial year, a total of 125,000 in the financial year 2020 and in the financial year 2021 a total of 83,000 by 1 July 2021; corresponding amendments to the Articles of Association were entered in the Commercial Register. Accordingly, the Conditional Capital 2014 was authorised to EUR 323,000 until 1 July 2021. In the course of a capital increase from company funds in the form of a 1:4 share split resolved by the Annual General Meeting on 29 July 2021, the existing Conditional Capital 2014 increased by operation of law in the same proportion as the subscribed capital (factor 4) to kEUR 1,292. The corresponding amendment to the Articles of Association was entered in the Commercial Register on 20 August 2021. As of the balance sheet date, the Conditional Capital 2014 of flatexDEGIRO AG amounts to kEUR 1,292.
- By resolution of the Annual General Meeting of 28 August 2015, the Management Board was authorised, 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 rights from the beginning of the financial year in which they are issued (Conditional Capital 2015, also referred to as Conditional Capital 2015/I in the company's commercial register). In accordance with the resolution of 28 August 2015, the Conditional Capital 2015 serves exclusively to secure subscription rights issued to the members of the Management Board and employees of the company as well as members of the management and employees of companies affiliated with the company in the period up to

and including 27 August 2020 on the basis of the authorisation of the Annual General Meeting of 28 August 2015 within the framework of the 2015 share option programme. On 27 July 2016, the Annual General Meeting resolved to convert from bearer shares to registered shares; the Conditional Capital 2015 was adjusted accordingly to the issue of registered shares. By resolution of the Extraordinary General Meeting of 4 December 2017, the authorisation to issue share options under a 2015 share option programme resolved by the General Meeting of 28 August 2015, with adjustments by the General Meeting of 27 July 2016, was amended and specified; at the same time, the Conditional Capital 2015 was amended in such a way that it exclusively serves to secure subscription rights issued on the basis of the authorisation resolution of the General Meeting of 28 August 2015, also with adjustments by the General Meeting of 27 July 2016 and also in the version after its amendment by the corresponding resolution of the Annual General Meeting of 4 December 2017, and also insofar as the option conditions underlying the respective subscription rights were revised after the subscription rights were issued in the context of the corresponding resolution of the Annual General Meeting of 4 December 2017. As part of the 2015 share option programme, a total of 52,500 new registered no-par value shares with a proportionate amount of the share capital of EUR 1.00 per share were issued from the Conditional Capital 2015 in the 2020 financial year and a total of 70,000 by 1 July 2021; corresponding amendments to the Articles of Association were entered in the Commercial Register. The Conditional Capital 2015 was reduced accordingly to EUR 107,500 by 1 July 2021. In the course of a capital increase from company funds in the form of a 1 : 4 share split resolved by the Annual General Meeting on 29 July 2021, the existing Conditional Capital 2015 increased by law in the same proportion as the subscribed capital (factor 4) and now amounted to kEUR 430. The corresponding amendment to the Articles of Association was entered in the Commercial Register on 20 August 2021. In the further course of the 2021 financial year, due to the exercise of share options, an additional 88,000 subscription rights were issued from the Conditional Capital 2015 with a proportionate amount of the share capital of EUR 1.00 per share; as a result, the Conditional Capital 2015 was reduced by EUR 88,000 to EUR 342,000 after the share split. The corresponding amendment to the Articles of Association was entered in the commercial register on 15 February 2022. In the reporting year, due to the exercise of share options, an additional total of 100,000 subscription shares were issued from the Conditional Capital 2015 with a proportionate amount of the share capital of EUR 1.00 per share; as a result, the Conditional Capital 2015 was reduced by EUR 100,000 to EUR 242,000. The corresponding adjustment to the Articles of Association was entered in the commercial register on 11 May 2022. As of the balance sheet date, the Conditional Capital 2015 amounts to EUR 242,000.

- By resolution of the Extraordinary General Meeting of 4 December 2017, as amended after the adjustments by the resolution of the Annual General Meeting of 7 August 2018, by the resolution of the Annual General Meeting of 20 October 2020 and by the resolution of the Annual General Meeting of 29 July 2021, the Management Board was authorised, with the consent of the Supervisory Board, to increase the share capital by up to kEUR 14,000 by issuing up to 14,000,000 new registered no-par value shares with dividend rights from the beginning of the Annual General Meeting. In July 2021, the Management Board was authorised, with the approval of the Supervisory Board, to conditionally increase the share capital by up to kEUR 14,000 by issuing up to 14,000,000 new registered no-par value shares with dividend rights 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 served to service bonds that could have been issued until 3 December 2022 on the basis of the corresponding authorisation resolution of the Annual General Meeting of 4 December 2017, as amended after adjustments by the resolution of the Annual General Meeting of 7 August 2018, by the resolution of the Annual General Meeting of 20 October 2020 and by the resolution of the Annual General Meeting of 29 June 2021. The authorisation to issue bonds expired on 3 December 2022 without being used. The Conditional Capital 2017 became void in its entirety on 3 December 2022 due to the expiry of time.



- By resolution of the Annual General Meeting of 7 August 2018, as amended by the resolution of the Annual General Meeting of 29 June 2021, the Management Board was authorised, with the approval of the Supervisory Board, to conditionally increase the share capital by up to kEUR 14,400 by issuing up to 14,400,000 new registered no-par value shares with dividend rights from the beginning of the financial year in which they are issued (Conditional Capital 2018/II). The conditional capital increase serves to service bonds and/or profit participation rights issued until 6 August 2023 on the basis of the corresponding authorisation resolution of the Annual General Meeting of 7 August 2018, as amended following the adjustments made by the resolution of the Annual General Meeting of 29 June 2021. The corresponding amendment to the Articles of Association was entered in the Commercial Register on 20 August 2021. As at the balance sheet date, the Conditional Capital 2018/II amounts to kEUR 14,400.

### Share options plan

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

Each subscription right from the share 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 issue. The subscription price is determined on the basis of the average closing price of the share over a fixed period preceding the adoption of the resolution by 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 an exercise is that the stock exchange price of the share is exceeded by at least 100% on any stock exchange trading day within two years after the issue 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 authorisation and, if applicable, in the option conditions formulated at a later date, may the company pay cash compensation of the shares and the holders of subscription right may demand cash compensation instead of the shares (sometimes even before the vesting period).

A second share option programme was launched in 2015 based on a further authorisation 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 exchange trading day within two years of the the issuance of the respective subscription right (performance target option programme 2015). The other conditions are the same as in the first programme.

No subscription rights were granted to the Management Board of flatexDEGIRO AG in 2022 (previous year: none). As of 31 December 2022, a total of 468,000 active subscription rights still existed (after stock split in 2022). In the 2022 financial year, 100,000 subscription rights were exercised (previous year: 241,000) and EUR 100,000 was added to the subscribed capital accordingly. The capital reserve increased by EUR 220,000 (previous year: kEUR 1,542) in the current financial year due to shares issued for options entitled to subscription.

### Development of equity

The subscribed capital increased due to options exercised in the reporting year from the share option programme 2015 in the amount of kEUR 100 (previous year: kEUR 241). The entry in the commercial register was made on 11 May 2022. The revenue reserve increased to kEUR 85,202 (previous year: kEUR 3,342). The legal reserve amounted to kEUR 2,836 (previous year: kEUR 33) as of the reporting date.



in EUR	Subscribed capital	Own shares acquired	Capital reserve	Legal reserve	Retained earnings	Net profit or loss	Total equity
Status as at 12/31/2021	109,792,548	-	228,890,283	32,775	3,309,670	34,428,635	376,453,912
Net profit for the year	-					97,763,803	97,763,803
Change due to share option programme	100,000		219,750				319,750
Transfer to revenue reserves	-			2,835,974	81,892,550	-84,728,524	-0
Status as at 12/31/2022	109,892,548	-	229,110,033	2,868,750	85,202,220	47,463,914	474,537,465

### Provisions for pensions

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

In the course of the offsetting required by § 246 paragraph 2 sentence 2 of the German Commercial Code, existing **pension obligations in the** amount of kEUR 10,188 (previous year: kEUR 9,181) as of the balance sheet date are offset against plan assets held for this purpose. The fair value of the plan assets, which corresponds to the acquisition costs, amounts to kEUR 10,149 (previous year: kEUR 10,171) on the reporting date. In the course of the application § 246 paragraph 2 sentence 2 of the German Commercial Code, interest income from plan assets amounting to kEUR 1,488 (previous year: kEUR 447) was also offset against expenses from existing obligations of kEUR 872 (previous year: kEUR 2,267).

The excess liability for four beneficiaries as of the reporting date is reported under pension provisions in the amount of kEUR 4,390 (previous year: kEUR 4,143).

### Tax provisions

In the reporting year, flatexDEGIRO AG reported a corporate income tax/solidarity surcharge provision of kEUR 13,710 (previous year: kEUR 7,569). The provision for trade tax amounts to kEUR 13,777 (previous year: kEUR 7,552).

### Other provisions

Other provisions mainly include bonus provisions of kEUR 2,550 (previous year: kEUR 4,200), provisions for SARs of kEUR 36,147 (previous year: kEUR 74,588), for Supervisory Board remuneration of EUR 310,000 (previous year: EUR 0), for annual financial statement and audit costs of EUR 894,000 (previous year: EUR 559,000), legal and consulting costs of EUR 75,000 (previous year: EUR 380,000) and various outstanding invoices of EUR 545,000 (previous year: kEUR 1,985).

### 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) (before the share split; four million after the share split), 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 (before share split; 1,600,000 after share split) can be granted within the framework 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 2022, a total of 325,606 SARs (previous year: 1,135,832 SARs) were granted to employees.

For the SAR Plan 2020, a provision is recognised as an expense over the vesting period. The expenses are recognised in personnel expenses, any reversals of provisions in other operating income. The provision is measured using a suitable option pricing model (Black-Scholes formula) and taking into account the expected EPS on the expected exercise date. The other valuation assumptions including 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 2022, the provision was reduced to a total of kEUR 36,147 (previous year – creation of a provision: kEUR 74,588) due to the low share price and corresponding income from the reversal of provisions of kEUR 38,441 (previous year – expense: kEUR 59,201) was recognised in other operating income.

No SARs were granted to the Management Board members in 2022 (previous year: none).

### Liabilities to banks

As of the balance sheet date, flatexDEGIRO AG had liabilities to banks in the amount of kEUR 0 (previous year: kEUR 5,184). In the previous year, there was only a short-term loan from the subsidiary flatexDEGIRO Bank AG. There are no liabilities to external banks (previous year: kEUR 0).

in EUR	2022	2021
Total up to 1 year	0	5,184,013
Total >1 year to 5 years	0	0
Total >5 years	0	0
<b>Total</b>	<b>0.00</b>	<b>5,184,013</b>

### Advance payments received and trade payable

There is a liability with a remaining term of more than one year in the amount of kEUR 604 (previous year: kEUR 1,054) from rental licences.

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

### Amounts owed to affiliated companies

As of 31 December 2022, liabilities to affiliated companies amount to kEUR 0 (previous year: kEUR 370) to flatexDEGIRO Bank AG from the VAT group, liabilities from the fiscal unity for income-tax-sharing agreement in the amount of kEUR 0 (previous year: kEUR 19,180) and trade payables amounting to kEUR 73 (previous year: kEUR 9). In addition, there is a liability of kEUR 3,298 (previous year: kEUR 3,298) for compensation claims from the purchase of DeGiro B.V. in 2020.

All loans granted to Group subsidiaries prior to the reporting period have been repaid in full in the financial year just ended. All liabilities to affiliated companies have a remaining term of up to one year.

## Other liabilities

Other liabilities are composed as follows:

In EUR	12/31/2022	12/31/2021
Tax liabilities	1,855,060	1,085,200
Liabilities from lease purchase	9,414,807	4,948,307
Other liabilities	650,607	1,943,813
<b>Total</b>	<b>11,920,474</b>	<b>7,977,320</b>

There are no other liabilities with a remaining term of more than one year.

## Deferred income

Deferred income includes the accrual of income already received, which represents income for subsequent periods. There are deferred income items in connection with the sponsorship of Borussia Mönchengladbach building cost subsidy for the Hamburg branch and rent-free time for the Frankfurt branch with a remaining term of more than one year kEUR 4,028 (previous year: kEUR 0).

## Notes to the profit and loss account

### Revenues

The revenues of kEUR 79,435 (previous year: kEUR 49,720) are mainly generated in Germany. In accordance with the operating activities of the company, the revenues are broken down as follows:

In kEUR	12/31/2022	12/31/2021
Core Banking System (CBS)	29,155	17,979
IT infrastructure	1,864	2,097
Software (development and maintenance)	24,026	7,477
Group allocations	24,390	22,167
<b>Total</b>	<b>79,435</b>	<b>49,720</b>

Revenues from affiliated companies amounted to kEUR 70,043 in the reporting year (previous year: kEUR 39,298). The company generated significant revenues for IT services and from a Group allocation for management and other services. Contracts were concluded with Xervices GmbH and Cryptoport GmbH for the provision of management services. In addition, a service agreement was concluded with Xervices GmbH for the IT processing of order routings.

### Other operating income

The other operating income mainly relates to income from the reduction of the asset value of the reinsurance policy in the amount of EUR 337,000 (previous year: EUR 565,000), from the increase from motor vehicle benefits in kind in the amount of EUR 458,000 (previous year: EUR 416,000) and from the release of provisions in the amount of kEUR 1,983 (previous year: EUR 483,000) and kEUR 38,441 (previous year: EUR 0) from the release of provisions from SARs 2021.

### Cost of materials

The cost of materials of kEUR 13,134 (previous year: kEUR 11,778) mainly includes expenses from the sponsorship for Borussia Mönchengladbach (kEUR 8,878).

### Personnel expenses

This item includes pension expenses of kEUR 1,584 (previous year: kEUR 78). In addition, personnel expenses include expenses for the provision for the SAR Plan 2022 in the amount of kEUR 0 (previous year: kEUR 59,201).

## Other operating expenses

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

In EUR	2022	2021
Legal and consulting fees	1,506,991	2,067,359
Contributions and fees	126,847	166,276
IT costs	4,337,895	2,925,386
Rental expenses	3,853,815	3,743,269
Insurances, contributions and levies	1,388,495	1,567,792
Other expenses	4,639,875	4,757,369
Postage and office supplies	52,293	50,885
Vehicle fleet	868,484	756,923
Travel expenses	406,248	203,538
Representation	1,028,404	611,142
<b>Total</b>	<b>18,209,346</b>	<b>16,849,939</b>

## Depreciation

Depreciation on tangible and intangible assets increased to kEUR 5,787 (previous year: kEUR 4,057).

The item "Depreciation on financial assets and securities held as current assets" includes depreciation of kEUR 0 (previous year: kEUR 1) on securities recognised as current assets in accordance with the strict lower of cost or market principle.

## Income from participations

The income from investments item includes income from the profit and loss transfer agreement with flatex Finanz GmbH. Income from participations fell by kEUR 62,047 to kEUR 67,204 in the reporting year.

## Other interest and similar income

No interest was received from affiliated companies in the reporting year (previous year: kEUR 0). This item includes EUR 14,000 in interest income from reinsurance policies that are not attributable to plan assets. It also includes interest income from the discounting of provisions in the amount of kEUR 14 (previous year: kEUR 5). In the financial year, interest income of kEUR 0 was incurred for income taxes in accordance with § 233a German Tax Code (previous year: kEUR 13 for turnover tax). The item also includes the balance of interest income from plan assets in the amount of kEUR 1,488 (previous year: kEUR 447). Due to the change in the balance as of the reporting date, the item is reported under other interest and similar income; in the previous year, it was reported under interest and similar expenses.

## Interest and similar expenses

This item includes the interest expenses to be offset in accordance with section 246 (2) sentence 2 German Commercial Code from liabilities from retirement benefit obligations and similar long-term obligations in the amount of kEUR 872 (previous year: kEUR 2,267). In the reporting year, interest in the amount of kEUR 48 (previous year: kEUR 369) was paid to affiliated companies.

## Taxes on income and earnings

Corporate income tax, solidarity surcharge and trade tax were recognised for the 2022 financial year in accordance with applicable tax regulations. kEUR 10,176 of this relates to income taxes (previous year: kEUR 10,850) and kEUR 10,085 to trade taxes (previous year: kEUR 10,732). The item includes tax expenses of kEUR 178 for the previous year (previous year: kEUR 1,423).

## Other information

### 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 at 12/31/22	thereof up to 1 year	of which between 2 and 5 years	thereof after 5 years	Total as at 12/31/21
From rental and leasing contracts	17,599,207	4,743,329	11,734,392	1,121,486	11,773,707
From maintenance contracts	3,114,214	1,104,546	2,009,668	-	3,573,176
From other contracts	5,961,889	4,263,249	1,698,640	-	3,839,636
Status at 12/31/2022	26,675,310	10,111,125	15,442,700	1,121,486	19,186,519

Apart from the other financial obligations listed above, there are no other contingent liabilities.

## Employees

On an annual average 363 (previous year: 331) 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:

Number	2022	2021
Full-time employees	275	248
Part-time employees	60	62
Executive employees and authorised signatories without ManagementBoard	28	21
<b>Total</b>	<b>363</b>	<b>331</b>

## Shareholdings

flatexDEGIRO AG holds a direct interest of 20% or more in the following companies within the meaning of Section 285 No. 11 of the German Commercial Code:

	Directly sShares held as of 12/31/22 in percent	Equity as of 12/31/22 in EUR	Result of the financial year 2022 in EUR
flatex Finanz GmbH, Frankfurt <sup>1</sup>	100.0	428,279,437	-
Xervices GmbH, Frankfurt	100.0	1,377,774	1,221,484
Cryptoport GmbH, Frankfurt	100.0	919,443	-323,416
financial.service.plus GmbH, Leipzig	72.0	1,236,800	221,137
flatexDEGIRO Bank AG, Frankfurt <sup>2, 3</sup>	-	183,736,538	-
flatexDEGIRO UK Ltd, London <sup>2, 3</sup>	-	1,144,397	-

<sup>1</sup>Profit and loss transfer agreement with flatexDEGIRO AG

<sup>2</sup>Indirectly via flatex Finanz GmbH

<sup>3</sup>Profit and loss transfer agreement with flatex Finanz GmbH

## Board members and remuneration

The Management Board of flatexDEGIRO AG consists of:

**Frank Niehage**, Frankfurt – LL.M., Chairman of the Management Board with sole power of representation, exempt from the restrictions of § 181 Alt. 2 BGB (prohibition of multiple representation).

**Muhamad Said Chahrour**, Frankfurt– M. Sc., Chief Financial Officer.

The remuneration of the Management Board is shown in detail in the table below:

In EUR	Year	Remuneration independent of performance			Performance-related remuneration			Total remuneration
		Annual fixed salary	Other compensation	One-year variable remuneration (Component I)	Long-term variable remuneration (component II)			
					Option plan 2014	Option plan 2015	SAR Plan 2020*	
Frank Niehage	2022	500,000.00 €	21,989.00 €	1,000,000.00 €	0	0	0	1,521,989.00 €
	2021	500,000.00 €	24,650.00 €	1,000,000.00 €	0	0	0	1,524,650.00 €
Muhamad Said Chahrour	2022	240,000.00 €	25,392.00 €	600,000.00 €	0	0	0	865,392.00 €
	2021	240,000.00 €	22,725.00 €	500,000.00 €	0	0	0	762,725.00 €
Total	2022	740,000.00 €	47,381.00 €	1,600,000.00 €	0	0	0	2,387,381.00 €
	2021	740,000.00 €	47,375.00 €	1,500,000.00 €	0	0	0	2,287,375.00 €

\*The valuation of the SARs issued is made at the grant date.





The fixed remuneration of the incumbent Management Board members remained unchanged until the reporting date of 31 December 2022. No benefits were granted to any of the Management Board members by a third party with regard to their activities as Management Board members.

The Supervisory Board of flatexDEGIRO AG was composed as follows in the reporting period:

**Martin Korbmacher**, Frankfurt, Chairman of the Supervisory Board

Positions held:

- Managing Director of Event Horizon Capital & Advisory GmbH, Frankfurt
- Managing Director of arsago ACM GmbH, Frankfurt
- Managing Director of arsago ventures GmbH, Frankfurt

In 2022, Mr Korbmacher was a member of the following other statutory Supervisory Boards of domestic companies:

- Chairman of the Supervisory Board of SGT German Private Equity GmbH & Co. KGaA, Frankfurt
- Chairman of the Supervisory Board of flatexDEGIRO Bank AG, Frankfurt
- Member of the Supervisory Board of PTV Planung Transport Verkehr AG, Karlsruhe (until 31 January 2022)

**Stefan Müller**, Küps, Deputy Chairman of the Supervisory Board

Positions held:

- Head of Finance and Chief Representative of Börsenmedien AG, Kulmbach
- Chief Representative of BF Holding GmbH, Kulmbach
- Chief Representative of GfBk Gesellschaft für Börsenkommunikation mbH, Kulmbach
- Managing Director of Panthera AM GmbH, Kulmbach
- Managing Director of Yigg GmbH, Kulmbach (until 30 May 2022)

In 2022, Mr Müller was a member of the following other statutory Supervisory Boards of domestic companies:

- Chairman of the Supervisory Board of FinLab AG, Frankfurt
- Deputy Chairman of the Supervisory Board of Heliad Equity Partners GmbH & Co. KGaA, Frankfurt
- Deputy Chairman of the Supervisory Board of TubeSolar AG, Augsburg
- Member of the Supervisory Board of flatexDEGIRO Bank AG, Frankfurt

**Herbert Seuling**, Kulmbach, Member of the Supervisory Board

Positions held:

- Managing Director of M & S Monitoring GmbH, Kulmbach

In 2022, Mr Seuling was a member of the following other statutory Supervisory Boards of domestic companies:

- Chairman of the Supervisory Board of TubeSolar AG, Augsburg
- Deputy Chairman of the Supervisory Board of FinLab AG, Frankfurt
- Member of the Supervisory Board of Heliad Equity Partners GmbH & Co. KGaA, Frankfurt

In addition, Mr Seuling was a member of the following comparable domestic supervisory body within the meaning of section 125 (1) sentence 5 of the German Stock Corporation Act in 2022:

- Member of the Advisory Board of Bionero GmbH, Thurnau

**Aygül Özkan**, Hamburg, Member of the Supervisory Board since 24 May 2022

Positions held:

- Managing Director Zentraler Immobilien Ausschuss (ZIA) e.V., Berlin
- Lawyer, Hamburg

In 2022, Ms Özkan was a member of the following other statutory Supervisory Boards of domestic companies:

- Member of the Supervisory Board of flatexDEGIRO Bank AG, Frankfurt

In addition, Ms Özkan was a member of the following comparable domestic supervisory body within the meaning of section 125 (1) sentence 5 of the German Stock Corporation Act in 2022:

- Member of the Advisory Board of Donner & Reuschel Aktiengesellschaft, Hamburg

The members of the Supervisory Board of flatexDEGIRO AG only receive fixed remuneration of a current nature. The remuneration for Supervisory Board activities in the Group parent company flatexDEGIRO AG (in each case including the respective temporary applicable VAT rate) is as follows:

In EUR	2022	2021
flatexDEGIRO AG	310,000.00	240,000.00

## Auditor's fee

The option pursuant to § 285 No. 17 of the German Commercial Code was exercised. Accordingly, the auditor's fee is reported in the consolidated financial statements of flatexDEGIRO AG.

## Appropriation of earnings

The legal basis for the proposal on the appropriation of profits is the net retained profits of flatexDEGIRO AG determined in accordance with the accounting regulations under commercial law after allocation to the revenue reserves.

The annual financial statements of flatexDEGIRO AG show a balance sheet profit of EUR 47,463,914.37 for the financial year 2022.

The Management Board proposes to the Annual General Meeting that the retained earnings for the financial year 2022 be appropriated as follows:

Balance sheet profit	EUR 47,463,914.37
Transfer to other revenue reserves	EUR 47,463,914.37

## Events after the balance sheet date (supplementary report)

### Expansion of the Management Board to accommodate growth and strengthen corporate governance

In order to accommodate the significant growth of the company and to strengthen corporate governance, the Supervisory Board of flatexDEGIRO AG has decided to expand the Group's Management Board by two additional members and to expand the role of the current Group CFO, Muhamad Chahrour. Muhamad Chahrour will be appointed Deputy CEO and Chief Operating Officer (COO) of both flatexDEGIRO AG and flatexDEGIRO Bank AG with effect from 1 January 2023. Dr Benon Janos, Chief Financial Officer (CFO) of flatexDEGIRO Bank AG, will be appointed as Group CFO as scheduled on 1 January 2023. Also on 1 January 2023, Stephan Simmang will join the Management Board of flatexDEGIRO AG as Chief Technology Officer (CTO).

Frankfurt, 14 March 2023

flatexDEGIRO AG

Frank Niehage  
CEO, Chairman of the Management Board

Muhamad Said Chahrour  
Deputy CEO and COO, Member of the Management Board

Dr Benon Janos  
CFO, Member of the Management Board

Stephan Simmang  
CTO, Member of the Management Board

# Management Report



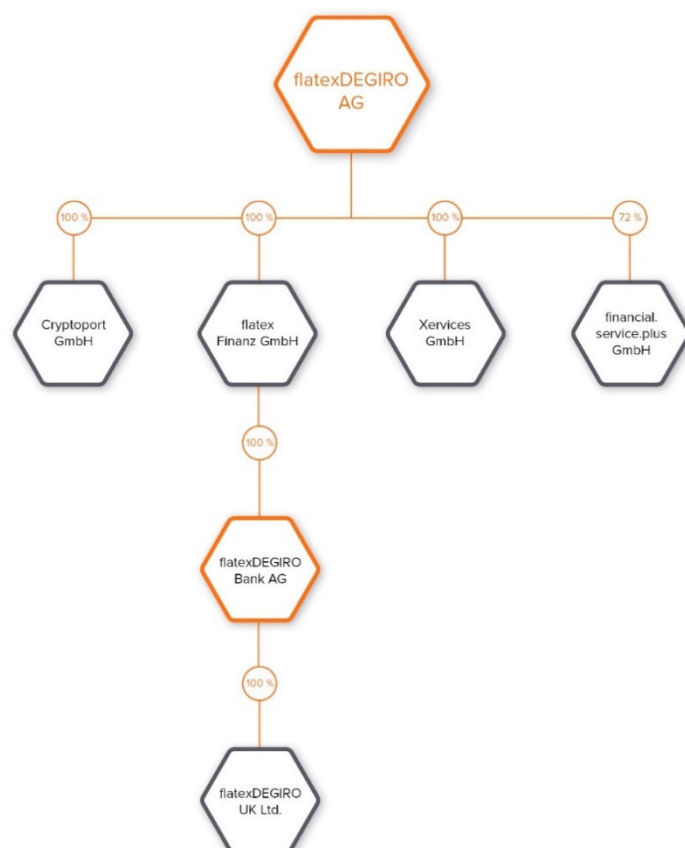
# 1 Fundamentals of society

## 1.1 Business model of the company

flatexDEGIRO AG (Frankfurt Local Court, HRB 103516) is a European provider of financial technologies. The company's business activities 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 and operation of the IT infrastructure for the processing of brokerage transactions for the more than two million private customers of the flatex and DEGIRO brands within the flatexDEGIRO Group in 16 European countries.

## 1.2 Group structure of flatexDEGIRO AG

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



## 1.3 Management of the company

The management of flatexDEGIRO AG is the responsibility of the Management Board, which is composed of the following members as of 31 December 2022:



**Frank Niehage, LL.M.**  
CEO



**Muhamad Said Chahrour**  
Group CFO

In addition, the Management Board is advised by a global management team in the areas of risk management, information technology, human resources and marketing:



**Dr. Matthias Heinrich**  
Chief Risk Officer



**Dr. Benon Janos**  
CFO, flatexDEGIRO Bank AG



**Steffen Jentsch**  
Chief Information Officer



**Stephan Simmang**  
Chief Technology Officer



**Christiane Strubel**  
Chief HR Officer



**Giscard Monod de Froideville**  
Chief Marketing Officer

As at 31 December 2022, the Supervisory Board of flatexDEGIRO AG consists of the following members:



Martin Korbmacher  
(Chair)



Stefan Müller  
(Vice-Chair)



Aygül Özkan  
(Supervisory Board member)



Herbert Seuling  
(Supervisory Board member)

Aygül Özkan was elected to the Supervisory Board of flatexDEGIRO AG by resolution of the Annual General Meeting on 17 May 2022.

The current corporate governance declaration in accordance with Sections 289f, 315d of the German Commercial Code is available for download on the website of flatexDEGIRO AG at [www.flatexdegiro.com/de/investor-relations/corporate-governance](http://www.flatexdegiro.com/de/investor-relations/corporate-governance).

The declaration of compliance within the meaning of Section 161 of the German Stock Corporation Act (AktG) on the basis of the German Corporate Governance Code in its version of 28 April 2022 will be made publicly available by the Supervisory Board and the Management Board on the website of flatexDEGIRO AG at [www.flatexdegiro.com/de/investor-relations/corporate-governance](http://www.flatexdegiro.com/de/investor-relations/corporate-governance) after its adoption, at the latest by the end of four months after the end of the reporting year.

## 1.4 Remuneration system of the Management Board and Supervisory Board

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

## 1.5 Disclosures pursuant to Section 289a HGB

### 1. Composition of the subscribed capital

The subscribed capital (share capital) of flatexDEGIRO AG on the balance sheet date was EUR 109,892,548.00 and is divided into 109,892,548 no-par value registered shares with full voting rights. Each share grants the same associated rights and one vote at the Annual General Meeting.

### 2. Restricting and relevant agreements on voting rights and share transfer

The Management Board is not aware of any agreements by shareholders of flatexDEGIRO AG as of the balance sheet date that contain restrictions affecting voting rights or the transfer of shares. There are statutory restrictions on voting rights, for example in accordance with section 44 (1) of the WpHG (breach of notification obligations), section 71b of the AktG (rights from treasury shares) and section 136 (1) of the AktG (exclusion of voting rights in the event of certain conflicts of interest).

### 3. Equity participations of more than 10%

As at the balance sheet date (31 December 2022), equity participations based on indirect or direct equity participation that have exceeded 10% of the voting rights are in place as follows:

- Mr Bernd Förtsch, Germany, notified us on 27 September 2022 that his voting rights in flatexDEGIRO AG, held directly or indirectly, amounted to 20,635,848 voting rights or 18.78% of the voting rights on 21 September 2022. In addition, Mr Förtsch was entitled to 80,000 voting rights or 0.07% from instruments, so that the total voting rights amounted to 18.85%. At this point in time, the total number of voting rights pursuant to § 41 WpHG amounted to 109,892,548 and 1,586,428 voting rights or 1.44% of the voting rights were held directly by Mr Förtsch; 19,049,420 voting rights or 17.33% of the voting rights were attributed to Mr Förtsch via his shareholdings in GfBk Gesellschaft für Börsenkommunikation mbH, Kulmbach ("GfBk"), and Heliad Equity Partners GmbH & Co. KGaA, Frankfurt. GfBk held a direct interest of 12.38% in the share capital of flatexDEGIRO AG at this time. BFF Holding GmbH ("BFF") indirectly held 12.38% of the share capital of flatexDEGIRO AG at this date via its shareholding in GfBk. As of the balance sheet date, the Management Board had not been notified by GfBk, BFF or Mr. Förtsch of any other thresholds within the meaning of Section 33 (1) of the German Securities Trading Act (WpHG).

The equity participations reported to us and in place as at 31 December 2022 that exceed 10% of the voting rights are shown in the notes to the annual financial statements of flatexDEGIRO AG under the disclosures pursuant to Section 160 (1) No. 8 AktG.

### 4. Shares with special rights

There are no shares of flatexDEGIRO AG that grant special rights.

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

The Management Board is not aware of any employees who hold shares in the capital of flatexDEGIRO AG and do not directly exercise their control rights in the same manner as other shareholders, in accordance with the statutory provisions and the Articles of Association.

### 6. Provisions on the appointment and dismissal of the members of the Management Board and on the amendment of the Articles of Association

The provisions applicable to the appointment and dismissal of members of the Management Board are found in Sections 84 and 85 of the German Stock Corporation Act (AktG) and in Section 6 of the Articles of Association. In this respect, the Articles of Association of flatexDEGIRO AG do not contain any provisions that deviate from the statutory regulations.

Amendments to the Articles of Association follow the provisions of Section 179 et seq. and § 133 of the German Stock Corporation Act (AktG) as well as § 4 section 3 subsection 8 (last sentence in each case) and § 18 section 2 of the Articles of Association. Insofar as amendments merely concern the wording, the Supervisory Board may also resolve on such amendments in the cases regulated in § 4 section 3 sub-section 8 of the Articles of Association. § 18 paragraph 2 of the Articles of Association provides, in accordance with Section 179 paragraph 2 sentence 2 of the German Stock Corporation Act (AktG), that resolutions of the Annual General Meeting shall be passed by a simple majority of the votes cast and, if the law prescribes a capital majority in addition to the voting majority, by a simple majority of the voting capital represented when the resolution is passed, subject to any mandatory statutory provisions or regulations to the contrary.



## 7. Powers of the Management board regarding the possibility to issue or buy back shares

Issuance of shares: As at the balance sheet date, the company has the following authorised capital under which the Management Board may create and issue new shares with the consent of the Supervisory Board:

- Authorised Capital 2021/I pursuant to § 4 paragraph 3 of the Articles of Association: Issue of up to 43,600,000 shares;
- Authorised Capital 2021/II pursuant to § 4 paragraph 8 of the Articles of Association: Issue of up to 10,800,000 shares.

In addition, the company has the following conditional capitals under which the Management Board may create and issue new shares with the consent of the Supervisory Board:

- Conditional Capital 2014 pursuant to § (4) of the Articles of Association: Issue of up to 1,292,000 shares (2014 share option programme);
- Conditional Capital 2015 pursuant to § 4 (5) of the Articles of Association: Issue of up to 242,000 shares (2015 share option programme);
- Conditional Capital 2018/I (2017) pursuant to § 4 (6) of the Articles of Association: Issue of up to 14,000,000 shares (in connection with the issue of debt instruments in the form of convertible bonds and/or bonds with warrants);
- Conditional Capital 2018/II pursuant to § 4 paragraph 7 of the Articles of Association: Issue of up to 14,400,000 shares (in connection with the issue of debt instruments, e.g. convertible bonds and/or bonds with warrants).
- As of the balance sheet date, the Management Board is not authorised to acquire treasury shares.

For further details, please refer to the consolidated financial statements of flatexDEGIRO AG.

## 8. Material agreements of the company that are subject to a change of control as a result of a takeover bid, including the resulting effects, and compensation agreements of the company that have been concluded with the members of the Management Board or with employees in the event of a takeover bid

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

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

The employment contract of the Chairman of the Management Board of flatexDEGIRO AG provides for a "change of control" clause. This is intended to provide the Chairman of the Management Board with economic security in the event of a change of control in order to maintain his independence in a takeover situation.

- In the event of a change of control, the Chairman of the Management Board has a special right of termination within the first six months.
- In the event of the exercise of the special right of termination, he shall be entitled to the following compensation payments:
  1. The fixed salary to be paid in principle
  2. Lump-sum bonus payment of EUR 500,000 gross p.a.
  3. The compensation payments mentioned under 1. and 2. are calculated in each case on a time-ratio basis until the expiry of the currently valid contract term.
  4. The compensation payments together amount to a maximum of two years' total remuneration (severance payment cap). The cap is calculated on the basis of the total remuneration for the past financial year.
  5. If the total remuneration for the current financial year is expected to be significantly higher or lower, it shall be based on this.

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

## 1.6 Business activity of the company

The business activities of flatexDEGIRO AG are the development, production, distribution and maintenance of software, hardware and IT infrastructure. The core product of flatexDEGIRO AG is the flatex Core Banking System (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 regulatory, security and availability. The hosting and operation of FTX:CBS takes place in flatexDEGIRO AG's own data centres, which guarantee secure and redundant operation. The combination of software and IT infrastructure has created a scalable system that allows flatexDEGIRO AG to process a growing number of transactions with its own systems. In 2022, flatexDEGIRO AG was able to reliably process the 67 million transactions of 2.4 million customer accounts.

In addition to FTX:CBS, the Limit Order System (L.O.X. for short) is able to monitor the limit orders and request for quote orders of more than 20 European brokers against the price feed of connected issuers with more than 600,000 products. Products from the area of corporate payments round off the portfolio. These range from individual authorisation procedures via distributed electronic signatures and multi-bank capability.


## 1.7 Employees and locations

As at the reporting date, flatexDEGIRO AG has business operations at ten locations in Germany and one site each in the Netherlands, Austria and Bulgaria. As of the reporting date, 1,293 employees (previous year: 1,132) were employed by the flatexDEGIRO Group, of which 363 (previous year: 331) were employed by the parent company flatexDEGIRO AG. The following chart shows the locations of the flatexDEGIRO Group.



Modern conferencing software allows flatexDEGIRO AG employees to work on the mobile basis, thus reducing the strain that travelling to work every day places on both our employees and the environment. For this purpose, flatexDEGIRO AG generally offers all employees hybrid working models. In addition, flatexDEGIRO AG avoids domestic flights as far as possible and is constantly pushing ahead with measures to promote e-mobility. The first fully electric vehicles are in use throughout Europe.

Continuous learning and further development of our colleagues are of crucial importance for our sustainable entrepreneurial success. To this end, flatexDEGIRO has established and expanded a range of targeted development and training opportunities for career starters, middle management employees and experienced managers. In view of the COVID-19 pandemic and general health care, flatexDEGIRO promotes the possibility of appropriate preventive vaccinations among its employees.



**Join Europe's leading  
retail online broker!**

**Now hiring in:**

GERMANY

BULGARIA

THE NETHERLANDS

flatexDEGIRO | More than just a job

By using SAP SuccessFactors® as a professional HCM solution in 2021, flatexDEGIRO AG accompanies its employees during each phase of the employee lifecycle and simplifies the global collaboration of employees in their daily work. In the past financial year, the system was expanded to include a digital employee assessment and an international recruiting platform.



The attractiveness of flatexDEGIRO AG as an employer was confirmed both in a Group-wide employee survey and by a number of external awards such as the "Top Employer" seal in 2022. It is also reflected in the best rating of all online brokers on the German employer rating platform kununu.

## 1.8 Products and services

With flatex, DEGIRO and ViTrade, three established and successful online broker brands belong to flatexDEGIRO AG. All online broker brands specialise in the non-advised securities business, targeting traders and investors who trade under their own responsibility. With the successful growth, an increasingly broad customer base is being addressed. The trading offering covers all types of securities with trading opportunities on German and numerous international stock exchanges as well as off-exchange direct trading. As pure online brokers, the brands do not maintain branches, but provide various trading platforms and access options for trading securities products. These are further developed in a user-oriented manner in order to reach additional customer groups. For example, flatex in Germany has been offering its customers an optimised user interface (flatex-next) since the end of November 2020. With 4.5 stars in the Apple App Store, flatex-next is currently one of the best-rated online brokerage apps in Germany. A roll-out of flatex-next for desktop apps is planned for 2023.

The Group's brokerage business has received recognition in numerous publications throughout Europe in the past financial year. For example, flatex was named "Best Online Broker" in Germany in the "Brokerwahl" customer vote. In addition, flatex took the top spot in this vote both as the best "ETF & Funds Broker" as well as the best "Daytrade Broker" among particularly trading-active customers. flatex is thus the only provider in this vote to cover the entire range of online brokerage in outstanding form. Surveys by BrokerVergleich also saw flatex again as the "Best Fund and ETF Broker". In 2021, flatex was already convincing in this category. Also for the second year in a row, the Deutsche Gesellschaft für Verbraucherstudien mbH awarded the seal "App-Award Online-Broker" to flatex. In addition, flatex again received the "Highest Recommendation 2022" award from Focus-Money in the direct bank category. DEGIRO was again awarded in several international comparisons – among others as "Best Discount Broker" and "Best Broker for Stock Trading" by BrokerChooser. Rankia, one of the world's leading financial communities with more than 600,000 registered users, named DEGIRO "Best Stock Broker 2021" in Spain, Portugal and Italy. In Spain, the top position was achieved for the sixth time in a row, and in Portugal for the third time. In addition, DEGIRO received the title of "Best ETF Broker" from Rankia in Portugal. In Italy, DEGIRO was awarded "Best Online Broker" and "Best Broker for ETFs and Investment Funds" by QualeBroker. The Gesellschaft für Verbraucherstudien (Society for Consumer Studies) named flatex the test winner in the "Online Broker" category in Austria.



QualeBroker 2022 (Italy)  
Best Online Broker



QualeBroker 2022 (Italy)  
Best Broker for ETFs and  
Investment Funds



Broker Chooser 2022 (UK)  
Best Discount Broker

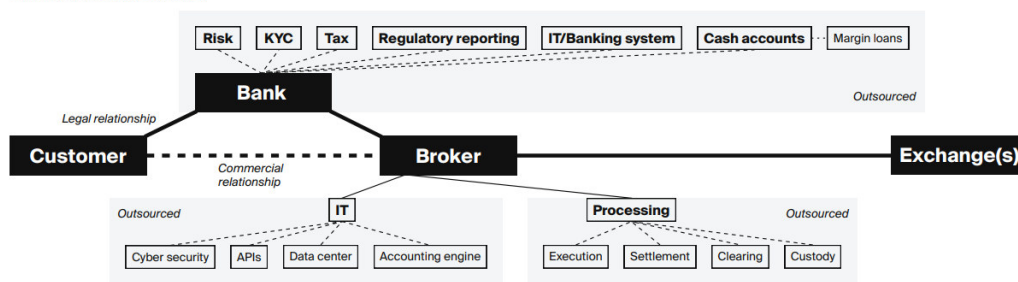


Broker Chooser 2022 (UK)  
Best Broker for Stock Trading

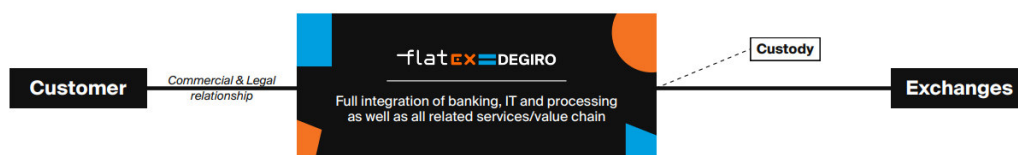


The flatexDEGIRO core banking system FTX:CBS is a scalable IT standard platform for the technological mapping of business processes for full banking operations. It combines the technical support of all bank and brokerage-specific business processes in one system:

#### Standard online broker



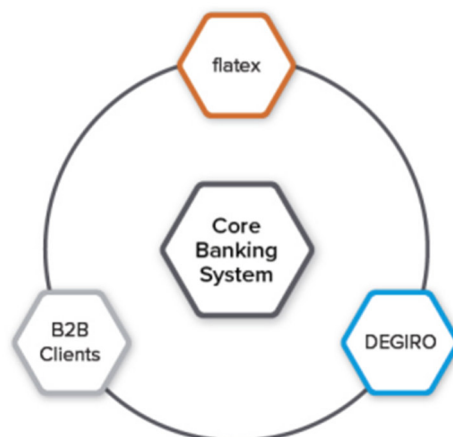
#### flatexDEGIRO integrated platform



The IT of the core banking system already meets the requirements of the international security standard ISO:27001 and is certified accordingly. The maintenance of information security is supported by training and awareness measures.

## 1.9 Target markets and customers

In the core business area, flatexDEGIRO AG offers its products to the group brands flatex, DEGIRO and ViTrade to enable their B2C end customers to settle securities transactions using the FTX:CBS technology platform.



## 1.10 Goals 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.

flatexDEGIRO AG has set itself the goal of establishing itself as a leading, independent European "financial supermarket", and as such seeks, either itself or via partnership models to offer financial products on its platform that go beyond today's product offering. This could include, for example, a digital asset management offering or access to insurance. The main focus here is on the further development and expansion of the online brokerage business. In doing so, the Group is primarily aiming for sustainable, above-average growth as well as rapid market penetration, in particular in order to further increase awareness of its own brands flatex and DEGIRO in European countries. Furthermore, maintaining a technologically leading position is critical to success. By exploiting economies of scale and an efficient centralised business organisation, flatexDEGIRO AG also aims to achieve a further increase in profitability and value creation for its shareholders through this growth.

In the brokerage business, "digital proximity" to the customer is crucial. In addition to transparent communication and fast provision of relevant information, this includes a stable brokerage platform with "state of the art" functions, innovative products and processes. The added value for the customer arises from the interaction of product, platform and price. In addition to an attractive price-performance ratio with an extensive, innovative and constantly growing product portfolio, continuous investment in the platform is an essential component to ensure continuous availability even on particularly busy trading days.

Within the online brokerage market, there is a broad spectrum of customers, some of whom pursue different investment goals. On the one hand, clients use the online brokerage service to save in savings plans that serve as long-term investments. On the other hand, there are customers who use the brokerage service for active trading, resulting in portfolios with a more short-term orientation. flatexDEGIRO AG will continue to expand the flatex and DEGIRO brands in both directions.

With flatex-next, a user interface was introduced in Germany at the end of 2020 that is easier to understand than the interface that existed until then and is therefore also more user-friendly for less experienced customers. In this way, flatexDEGIRO AG wants to give everyone easy access to the capital market. A broad section of the population is given the opportunity to buy securities with just a few clicks and thus make a contribution to their personal retirement provision.

Sustainable investments can be interesting both from a yield perspective and in terms of their contribution to environmental protection and a more socially just society. By promoting this form of investment, a contribution can be made to a more sustainable economic development. It is therefore the goal of flatexDEGIRO AG to make ESG products visible, for example shares of companies that pay attention to the environment, society and good corporate governance. For this purpose, there is already the category "flatex green" in the stock, ETF and fund search.

The Group is also pursuing marketing strategies aimed at expanding awareness of both brands in Europe. Digital marketing with a clear focus on financial market education and information is at the forefront here. An extensive information and training offering on basic economic and financial knowledge, introductions to the flatexDEGIRO AG online platforms and product training help flatexDEGIRO AG customers to make considered and informed decisions. With videos, interactive formats and topic-based events (online and offline), a broad selection of information sources is to be offered. With "The Art of Investing", flatexDEGIRO AG launched a TV documentary in January 2022 that teaches important basics for private investors. In four episodes, renowned journalists, professors, behavioural researchers and investors challenge some of the biggest misconceptions about investing by analysing historical events and the mechanisms at work.

To complete the growth targets, acquisitions and strategic partnerships can be made if necessary. Among others, online brokers that have higher costs per transaction, higher costs in customer acquisition or inefficient product partnerships or are unable to cope with the increasing regulatory requirements could be considered for this. Processes and systems, marketing strategies, the award-winning product and service offering and the Group's experienced management team have the potential to increase profits and create value.

Expansion outside Europe is not currently planned.



## 1.10.2 Operational goals of the company

The operational objective of the company is to provide high-quality IT services for its own online brokerage business, including compliance with legal and regulatory requirements, while equally supporting efficient business operations through its stability and performance.

Technical harmonisation and a further increase in the degree of automation in internal process flows are also in focus for regulatory and risk-minimising reasons.

In addition, the ongoing technical harmonisation of existing processes and systems from the acquisition of DEGIRO is an essential element in order to exploit the synergy potential of the cooperation and to continue to optimise the utilisation of FTX:CBS.

The further expansion of FTX:CBS is oriented towards the needs of the corporate group. This includes in particular the expansion of the digital brokerage platforms and the L.O.X. OTC trading platform.

## 1.11 Financial goals of the company

The company's key financial goals include generating sustainable profits and maintaining of a good equity base. The company's financial goals also include ensuring comfortable liquidity at all times. This is intended to achieve a positive development of the central control parameters.

At the core of all financial goals is therefore a profit-oriented and sustainable corporate development with positive effects on the corporate value.

## 1.12 Strategies to achieve our goals

The management of flatexDEGIRO AG essentially places its strategic focus on the existing business models and a contemporary personnel policy.

For years, flatexDEGIRO AG has been promoting the willingness to perform, satisfaction, motivation and loyalty of its employees through the following measures:

- A High-potential and Key People Circle for executives
- A dual study programme offered in collaboration with the Frankfurt School of Finance and Management (FSOF)
- Participation in the company's success through various employee share option programmes
- Flexible working arrangements
- Full coverage of external childcare costs for very young children
- Sport and health provision, physiotherapy, and fitness programmes
- Employee discounts for the purchase of IT equipment
- Non-cash benefits card for discounted non-cash purchases
- Introduction of corporate benefits as an employee incentive initiative
- Company pension scheme with additional employer contributions
- Activities to promote occupational health and safety



Keeping employees up to date about the development of the company is a priority for the management's internal information policy.

### Further development of the corporate culture and social commitment

Adherence to regulatory requirements and laws as part of comprehensive compliance management is the basis of flatexDEGIRO AG's actions.

Responsible corporate governance that is aligned with the company's values, guidelines for action and effective management systems are the framework with which the claim is translated into daily action. The social responsibility of flatexDEGIRO AG, such as the concerns of its more than 1,200 employees, investors, customers, suppliers and other stakeholders, are taken into account in strategic decisions.

flatexDEGIRO AG aims to reduce Scope 1 and 2 emissions by at least 70 % by 2026. Scope 3 emissions are considered on a situational basis (e.g. commuter traffic) and are to be reduced by up to 30 % on an event-driven basis.

The current separate non-financial group report is available for download on the company website under Investor Relations > Reports & Financial Calendar ([www.flatexdegiro.com/en/investor-relations/reports-financial-calendar](http://www.flatexdegiro.com/en/investor-relations/reports-financial-calendar)).

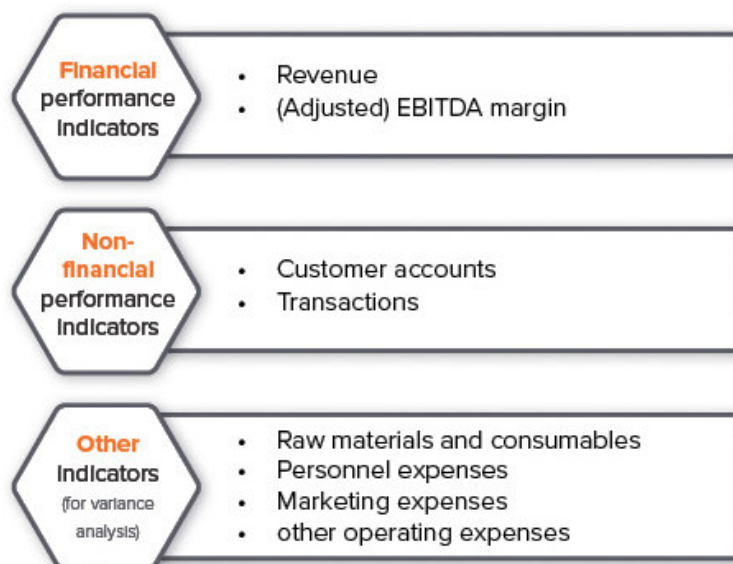
The Group engages in continuous dialogue with all relevant stakeholders. These include our customers, employees, business partners, shareholders, associations, and public authorities, and also politicians and scientists. In the course of these exchanges, we seek to gather new ideas, appreciate different standpoints, identify trends and develop partnerships. At the same time, flatexDEGIRO AG also utilises this open dialogue to discuss current challenges and to highlight important framework conditions for flatexDEGIRO AG. flatexDEGIRO AG also utilises this open dialogue to discuss current challenges and to highlight important framework conditions for flatexDEGIRO.

The Group considers responsible and resource-conserving action to be an essential business basis for successful corporate management and has also anchored this principle in the document "Code of Conduct and Ethical Principles". Handling energy as efficiently as possible and using resources sparingly are important for the economic success of flatexDEGIRO AG. Besides business travel, this represents the greatest lever for environmental performance. flatexDEGIRO AG takes its own ecological responsibility seriously and constantly pursues the goal of reducing the respective energy consumption at all locations. This goes hand in hand with reduced emissions, as these are largely determined by electricity and heat use.

In the future, the Group intends to continue to fulfil its social obligations in the sense of responsible corporate governance and to incorporate them into its value management. This also includes setting minimum standards for the energy efficiency of the technologies used and the reduction of environmental risks through the continuous adaptation of business processes.

## 1.13 A value-oriented management system

flatexDEGIRO AG is integrated into the Group-wide management system. The information that follows is therefore derived from the flatexDEGIRO Group. To achieve the overall corporate goals, the management has agreed key target figures and performance indicators (KPIs), which will contribute to increasing company value over the long term:



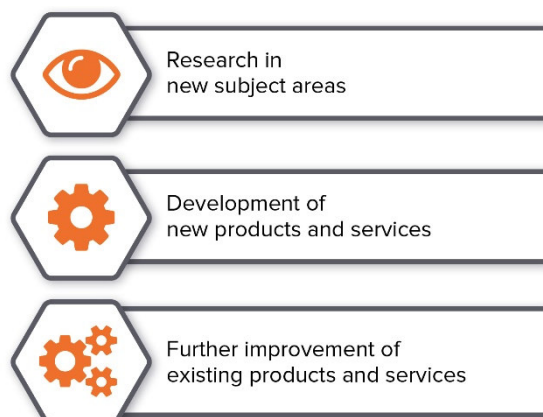
The financial and non-financial performance indicators ensure the comparability of the commercial framework data on international markets.

The financial performance indicators are consolidated at the Group level and are fed into a rolling plan for future business development alongside the financial results. Monthly reporting and more detailed analyses are central control instruments for Group controlling. By continuous monitoring performance indicators, changes in the development of our business can be promptly recognised, and countermeasures initiated in good time. The Supervisory Board, the Management Board and the management team of flatexDEGIRO AG are kept constantly updated about the development of the performance indicators via monthly risk reporting and a general system of reporting. The other indicators implicitly included in the (Adjusted) EBITDA margin are used for variance analyses and do not serve as a direct control parameter.

Corporate planning is conducted by analysing past performance and forecasting on the basis of the information obtained to date. This business planning process is carried out at least once a year, on the one hand top-down on the basis of the specifications of the management of flatexDEGIRO AG, and on the other hand bottom-up for the validation of the values determined as well as for the adjustment of important operational issues with an impact on the KPIs. The individual specialist departments make a significant contribution to this, so that their findings can be combined at the Group level and the business planning can be finalised.

## 1.14 Research and development activities

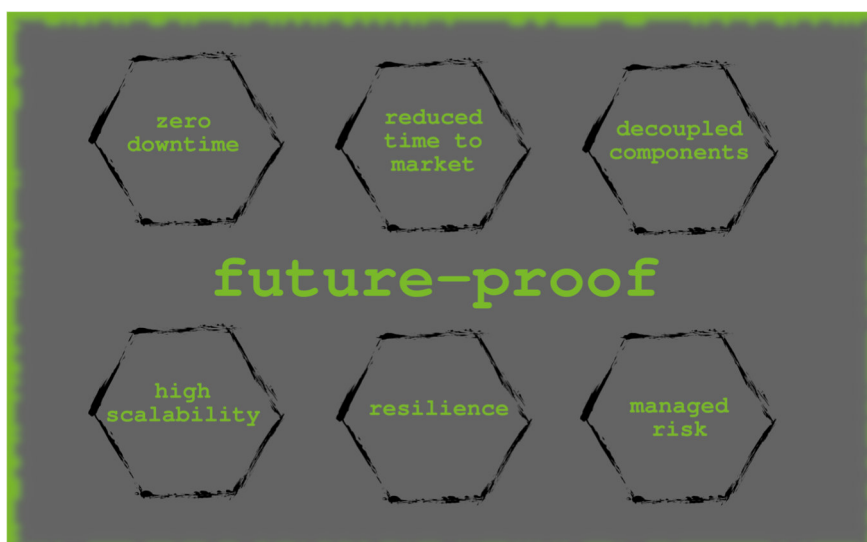
In order to supply innovative products and services, flatexDEGIRO AG needs to be especially active in the following areas:



The (further) development of products and services is mainly carried out for flatexDEGIRO Bank AG and DEGIRO, as well as for third-party customers. flatexDEGIRO AG does not, according to Section 248 of the German Commercial Code (HGB), capitalise internally generated intangible assets.

The technology-driven services of flatexDEGIRO AG enable customers and partners to benefit from the performance of FTX:CBS. As a central operational component of flatexDEGIRO AG, the customer-oriented and innovative research and development activities are a guarantee for its success and form the basis for the future growth of the Group.

The "future-proof" concept summarises the principles of our research and development work and the focus of flatexDEGIRO AG's IT activities: high system availability, short development times, scalability and risk-oriented IT services.



With their contribution, the employees of the development departments represent one of the essential pillars for the business success of flatexDEGIRO AG.

The qualifications, experience and commitment of the employees are key factors for the success of the research and development activities.

flatexDEGIRO AG strives to further develop products and solutions in line with demand and to drive the markets forward with innovations. The development activities of flatexDEGIRO AG take place in the various development units and in a modular manner. This modularisation approach enables efficient implementation and further development of the technology services to incorporate the corresponding customer or market requirements with no to minimal adjustments to the platform approach.

Based on the modular and scalable platform approach, flatexDEGIRO AG offers its customers innovative and flexibly customisable solutions along the entire financial services value chain. The efficient use of resources in a highly dynamic market environment is ensured through the use of the latest technologies and innovative software solutions, most of which are developed in-house and usefully supplemented by services from third-party providers.

In the past financial year, the focus of activities was on optimising the implementation of regulatory requirements, particularly in connection with the special audit by BaFin, the further expansion of the technical infrastructure, the ongoing optimisation of existing applications, the further development of flatex-next and the technical integration of DEGIRO into the Group. In addition, work was carried out to provide flatexDEGIRO AG customers with access to digital asset management in partnership with Whitebox and to evaluate direct access to trading in cryptocurrencies in partnership with the Stuttgart Stock Exchange Group.

Approximately 0.45 % (previous year: 0.47 %) of personnel expenses (excluding expenses for long-term, variable remuneration) were invested in the area of research. As of the reporting date, 148 employees (previous year: 144) work exclusively in software development and performed tasks in the areas of Product Management, Development and Quality Assurance.

## 1.15 Accounting-related internal control system

The flatexDEGIRO AG internal control system (ICS) is established on the internationally recognised framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Internal Control – Integrated Framework, COSO I, as amended on 14 May 2013).

The Audit Committee of the Supervisory Board of flatexDEGIRO AG monitors the effectiveness of the ICS – as required by Section 107 (3) sentence 2 AktG. The scope and design of the ICS are at the discretion and responsibility of the Management Board. The internal audit department is responsible for independently auditing the functionality and effectiveness of the ICS in the Group and at flatexDEGIRO AG. In order to carry out these activities, the internal audit department has comprehensive information, audit and inspection rights.

The accounting-related ICS of flatexDEGIRO AG includes the principles, procedures and measures to ensure the correctness of accounting. It is continuously being developed and aims to achieve the following: the consolidated financial statements of flatexDEGIRO AG should be prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union and the additional applicable requirements of German commercial law pursuant to Section 315e (1) HGB. In addition, the accounting-related ICS aims to ensure that the annual financial statements of flatexDEGIRO AG and the management report are prepared in accordance with the provisions of commercial law.

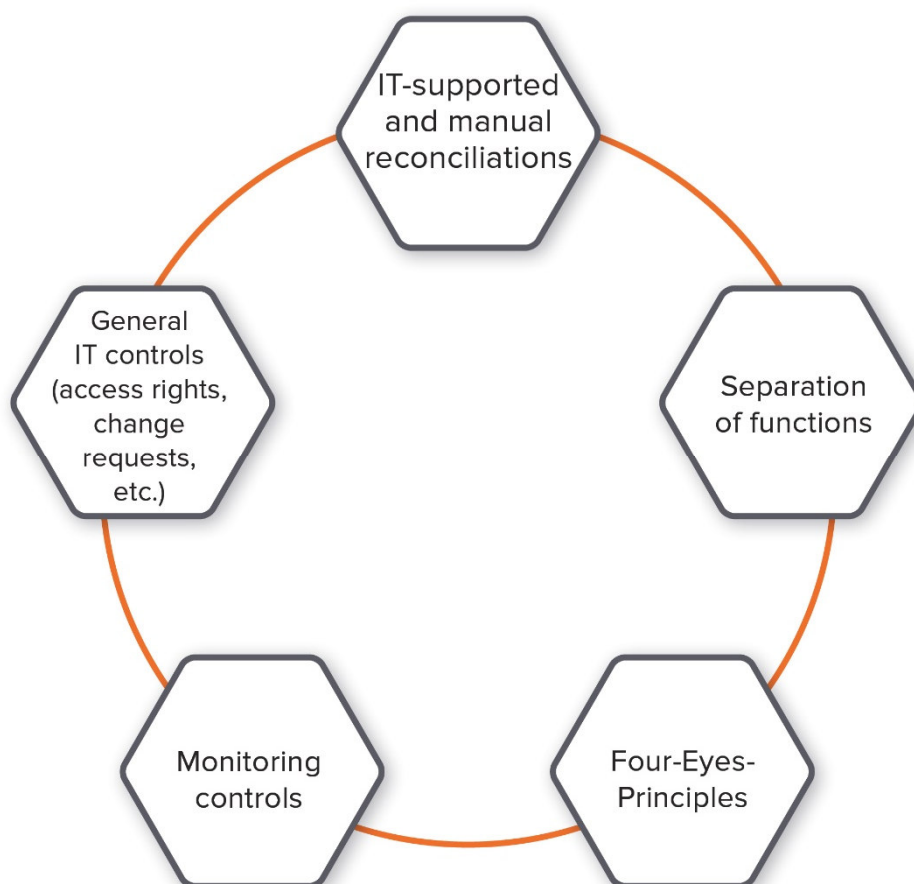
In basic principle for any ICS is that, regardless of how it is specifically designed, there is no absolute certainty that it will achieve its objective. So, with regard to the accounting-related ICS, there can only be relative, but no absolute, certainty that material misstatements in the financial statements will be avoided or detected.

The Group Finance & Administration are controls the processess for consolidated accounting and the creation of the management report. Laws, accounting standards and other

pronouncements are continuously analysed to determine whether and to what extent they are relevant and how they affect accounting. Relevant requirements are recorded and communicated, for example, in the Group accounting guideline and, together with the Group-wide financial statement calendar, form the basis for the financial statement preparation process. In addition, supplementary procedural instructions such as the Group accounting guideline, the intercompany guideline, IT systems and IT-supported reporting and consolidation processes support the process of uniform and proper Group accounting. If necessary, we also use external service providers, e.g. for the valuation of SARs or pension obligations. Group Finance & Administration ensures that the requirements are uniformly complied with throughout the Group. Employees involved in the accounting process receive regular training. flatexDEGIRO AG and the Group companies are responsible for ensuring that they comply with the policies and procedures applicable throughout the Group. The respective group companies ensure the proper and timely execution of their accounting-related processes and systems; Group Finance & Administration supports and monitors them in this regard.

The implementation of the operative accounting processes is provided by operative units (service centres). Harmonising the processes increases the efficiency and quality of the processes and thus also the reliability of the internal control system. The ICS secures both the internal process quality of the service centres and the interfaces to the Group companies through suitable controls and an internal certification process.

Internal controls defined under risk aspects are embedded in the accounting process. The accounting-related ICS comprises both preventive and detective controls; these include:



The effectiveness of the accounting-related ICS is monitored throughout the Group. This procedure is consistently oriented towards the risks of possible misreporting in the

consolidated financial statements: at the beginning of the year, accounting positions and accounting-related process steps are defined under risk aspects, which are regularly and additionally randomly checked for effectiveness during the course of the year. If control weaknesses are identified, they are analysed and evaluated, particularly with regard to their impact on the consolidated financial statements and the group management report. Significant control weaknesses, their remedial action plans and the current progress of work are reported to the Management Board and additionally to the Audit Committee of the Supervisory Board of flatexDEGIRO AG. To ensure the high quality of this accounting-related ICS, the internal audit department is closely involved throughout all stages of the process.

## 2 Economic Report

### 2.1 Macro-economic and sector-specific parameters

#### *Global economy*

In addition to the continuing consequences of the COVID-19 pandemic, the war in Ukraine since February 2022 has had a particularly severe impact on the global economy. The significant increase in raw material and energy prices due to the war, the resulting rise in inflation rates, and the interruption of global supply chains due to a Covid-related closure of the People's Republic of China have had a considerable impact on global economic growth.

The sanctions imposed by Western countries on Russia as a result of the war in Ukraine led to high geopolitical tensions. In turn, Russia, which is the world's largest exporter of natural gas<sup>1</sup> and second-largest exporter of oil<sup>2</sup> in terms of net sales in 2021, reacted to the sanctions with tightening on the energy market. The trade strategy measures resulted in historic highs in the prices of natural gas, crude oil and other energy sources in mid-2022.

The dependence on fossil energy sources will continue to preoccupy the global economy in the future, as a switch to alternative energy sources and supply source realignment are slow. Climatic changes around the globe continue to influence the economic downturn. Increasing droughts, particularly in Europe and Central and South-East Asia, are driving further increases in food prices. A combination of geopolitical events and climate change has ultimately led to a significant increase in consumer prices in many countries. For example, inflation rates peaked at 10.6 %<sup>3</sup> in the eurozone in October and at 9.1 % in the US in June<sup>4</sup>. The central banks reacted to the inflation with significant increases in key interest rates, which could slow down the growth dynamic even further. Most recently, the expected annual inflation rates as of December were 9.2 %<sup>5</sup> for the eurozone and 6.5 % for the USA.<sup>6</sup> Central banks adopted appropriate monetary policy measures in 2022 in response to the price increases in order to curb general price inflation.<sup>7</sup>

In the US, growth is expected to decline from 1.9 % in 2022 to 0.9 % in 2023. The decline in real disposable income continues to impact consumer demand and rising interest rates are holding back investment. Business surveys point to even more slowdown in industrial activity, which is expected to have an increasingly negative impact on equipment investment, while construction investment (especially in housing) has already been declining for some time. A similar trend is reportedly emerging in China. The lifting of strict legal restrictions imposed to curb the spread of COVID-19 infections will have a positive impact on the economy over the forecast period.

<sup>1</sup> <https://energiestatistik.enerdata.net/erdgas/bilanz-handel-welt-data.html>.

<sup>2</sup> <https://energiestatistik.enerdata.net/oelprodukte/welt-oel-bilanz-handel-data.html>.

<sup>3</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation\\_in\\_the\\_euro\\_area#Euro\\_area\\_annual\\_inflation\\_rate\\_and\\_its\\_main\\_components](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation_in_the_euro_area#Euro_area_annual_inflation_rate_and_its_main_components).

<sup>4</sup> <https://www.bls.gov/opub/ted/2022/consumer-prices-up-9-1-percent-over-the-year-ended-june-2022-largest-increase-in-40-years.htm>.

<sup>5</sup> <https://ec.europa.eu/eurostat/documents/2995521/15725146/2-06012023-AP-EN.pdf/885ac2bb-b676-0f0d-b8b1-dc78f2b34735>

<sup>6</sup> <https://www.bls.gov/opub/ted/2023/consumer-price-index-2022-in-review.htm>

<sup>7</sup> <https://www.ecb.europa.eu/press/govcdec/mopo/html/index.de.html>

Although the normalisation process will take some time, it will lead to significantly stronger growth in the overall economy in 2023.<sup>8</sup>

Nevertheless, the global economy is expected to stabilise during 2023. Global GDP is expected to increase by +2.1 % on average (average forecasts of the institutes mentioned below), while the expected growth in 2022 was still +3.0 % and in 2021 +6.1 %.

*Global GDP (real) in % compared to previous year:*

	2021 (Actual)	2022 (Forecast)	2023 (Forecast)	2024 (Forecast)
ifo Institute <sup>9</sup>	+6.2	+2.8	+1.6	+2.6
IfW Kiel <sup>10</sup>	+6.1	+3.2	+2.2	+3.2
IMK <sup>11</sup>	-	+3.0	+2.7	-
IW Cologne <sup>12</sup>	+6.0	+3.0	+2.0	-
<b>Average</b>	<b>+6.1</b>	<b>+3.0</b>	<b>+2.1</b>	<b>+2.9</b>

The cyclical trough is expected in mid-2023, after a continued weakening business cycle caused by a possible recession. Forecasts beyond this point remain conservative due to weakening international cooperation in technological innovation and lower productivity growth caused by declining mobile labour demand. Moreover, the problems of climate change must be noted. If nations continue to pursue their climate targets independently, the negative supply shock will lead to higher inflation in the medium term and a resulting downturn in growth.

## Macroeconomic framework conditions in Europe

While 2021 was still strongly marked by the COVID-19 pandemic, after many restrictions were lifted, the gross domestic product within the European Union rose again in the course of the reporting year 2022 and even exceeded the pre-crisis level (Q4/2019) by 1.8 %.

At the same time, however, the inflation rate in the entire euro area rose to 9.1 % between the beginning of 2021 and August 2022. Besides the price increase in the energy markets, the main factors for this are especially the increased prices for food, services and industrial goods (excluding energy), which, in August 2022, were 10.6 %, 3.8 % and 5 % above the previous year, respectively. In September 2022, the IfW Kiel forecast a GDP decline of 1.7 percentage points for Germany in 2022 and 1.4 percentage points for the Netherlands, while a decline of 4.8 percentage points was predicted for France and 4.6 percentage points for Spain.<sup>13</sup>

The consequences of the COVID-19 pandemic are still being felt globally, albeit to a lesser extent. The eurozone and Germany are no exception. Nevertheless, further recovery in the European

<sup>8</sup> For the full paragraph: ifo Institute (publisher): ifo Konjunkturprognose Winter 2022: Inflation and Recession. Special issue December 2022.

<sup>9</sup> Ibid.

<sup>10</sup> IfW Kiel (ed.): Kieler Konjunkturberichte: World Economy in Winter 2022. No. 97 (2022/Q4). 21 December 2022.

<sup>11</sup> IMK (ed.): IMK Report: Economic Policy Prevents Deep Recession. No. 178. December 2022.

<sup>12</sup> IW Köln (ed.): IW Economic Forecast Winter 2022: Konjunktur in der Grauzone. No. 67/2022. 14 December 2022.

<sup>13</sup> IfW Kiel (publisher): Kiel Economic Reports: Euro area in autumn 2022. No 94 (2022/Q3). 08 September 2022.



market is expected in 2023 regarding the COVID-19 situation. However, the risk of a possible recession within the European market due to the Russia-Ukraine war will continue to influence macroeconomic conditions in Europe.

The European Central Bank (ECB) published its latest economic forecast for the eurozone in December 2022. In doing so, it revised the expectations from the last publication in September. According to this forecast, economic growth in the euro area increased more strongly than expected, which can be attributed to government support measures to boost the service sector. The ECB allowed the main refinancing rate to rise in several steps to 2 % by the end of 2022. Nevertheless, the ECB also assumes a recession due to the energy crisis, which particularly affects energy-intensive industries. A drop in disposable income on the consumer side and the resulting uncertainty amplify the expected development. A milder course with more positive economic growth than in the reporting year 2022 is predicted due to current and future policy measures. In addition, a rebalancing of the energy market is expected to occur soon. As a result, economic growth is expected to recover, aided by stronger external demand and the removal of remaining supply bottlenecks, while boosting the labour market, although a rising skills shortage would also increase the risk of recession.<sup>14</sup>

### *Industry-specific conditions affecting the Financial Services sector*

Customer online brokerage activity usually shows a high correlation with the volatility of the stock market. Volatile markets naturally generate increased trading opportunities for investors. In 2022, external influences had a strong negative impact on the mood in the capital market and among private investors in particular. The resulting volatility of the stock markets, which in 2022 was generally higher than in 2021, did not translate into increased trading activity by private investors, but instead led to a significant reduction.

While the markets still showed steady growth during the previous reporting year 2021, they fell almost continuously in the reporting year 2022 until the third quarter, only to recover thereafter. While the DAX started the 2021 trading year with a closing price of 15,885 points, the end of September marked a low for the year at 11,976 points. After a year-end rally, a closing price of 13,924 (-1,961) points was finally reached on the last trading day of 2022, which corresponds to an annual performance of -12.3 %. Other German indices, such as SDAX and MDAX, were even more affected by the crisis situation in 2022. On the last trading day of 2022, the SDAX closed at 11,926 points. The year before, the closing price of the SDAX was significantly higher at 16,415 points. From year-end to year-end, the SDAX declined by 27.3 %. A similar development was also seen in the MDAX, which closed at 25,118 points at the end of 2022, a decline of 28.5 %. This development was reflected across the major indices worldwide. The European STOXX 600, which tracks about 90 % of the market capitalisation of the European market across 17 countries, fell by 12.9 %. The return of the S&P 500 fell by 19.4 %. One of the hardest hit indices was the NASDAQ 100, which lost about 33.0 % of its market capitalisation.

The US dollar performed even better in 2022 than in the previous year. At the beginning of the year under review, the euro was quoted at USD 1.14, while at the end of the year, it was quoted at USD 1.07. The US dollar was the strongest currency in the world. Between August and November, the euro slipped below the dollar parity several times. The reasons for this were a faster decision to raise key interest rates by the US Federal Reserve compared to the ECB and the general importance of the US dollar for world trade.<sup>15</sup>

<sup>14</sup> European Central Bank (publisher): Eurosystem staff macroeconomic projections for the euro area. December 2022.

<sup>15</sup> Deutsche Bank Research (publisher): Germany: Economy in a nutshell. 11 January 2023.

The Ukraine conflict and the associated trade embargoes also caused distortions in the commodity exchanges during the year. While the oil price for a barrel of Brent crude was still quoted at USD 76.08 in January 2022, prices of around USD 130.00 were recorded due to supply shocks in the spring and summer. The weakening demand since August resulted in a price of USD 80.26 at the end of 2022.<sup>16</sup>

In December 2022, the ECB Governing Council decided to raise the three key interest rates for the fourth time in 2022 in order to achieve the inflation target of 2 % again in the medium term. The first interest rate hike in July 2022 upped the deposit rate back to 0 %, the first time it was not in negative territory since 2014. The last adjustment in December 2022 raised the deposit facility to 2 %. Furthermore, it was decided to drastically reduce the holdings from the Asset Purchase Programme (APP) on a monthly basis from March 2023.<sup>17</sup>

Compared to 2021, the ten-year German government bonds rose sharply in 2022 due to monetary tightening, ending the year at 2.565 %.<sup>18</sup>

### *Industry-specific conditions affecting the Technology sector*

The German market for information technology and telecommunications (ICT) was able to achieve sales growth of around 4.0 % and total sales of around EUR 196.1 billion in 2022 despite continued declining sales in the consumer electronics sector. The information technology sector (IT hardware, software and IT services) contributed significantly to this, with sales increasing by 6.6 % or EUR 118.9 billion.<sup>19</sup>

Demand for technology products and services will not subside, partly due to the ongoing digitalisation of the financial industry. From an industry-specific perspective, existing and future technical and regulatory requirements are the main revenue drivers.

## 2.2 Business performance

Through the most extensive integration of DEGIRO into the technical infrastructure of FTX:CBS in 2022, a total of more than 67 million B2C transactions were successfully processed by over 2.4 million customer accounts of the flatex and DEGIRO brands (previous year: 91 million transactions and 2.0 million customer accounts respectively).

In the past financial year, one of the largest development projects in the FTX:CBS environment was launched. In order to prepare the technological infrastructure for the processing of customer transactions of the flatex, DEGIRO and ViTrade brands, the scalability of the IT platform to support the products, customers and processes of all three brands (DEGIRO, flatex and ViTrade) is being driven forward. The core component is the migration of the existing monolithic core banking system into a future-proof microservice-based system architecture. In addition, automated statistical, financial and transaction-based regulatory reporting for the entire group is being targeted.

In addition, we were able to invest strongly in the L.O.X. over-the-counter trading platform in the past year. The expansion of this technical infrastructure enables a significant increase in the number of transactions processed via the systems.

<sup>16</sup> Sachverständigenrat (publisher): Jahresgutachten 2022/23: Tackling the energy crisis in solidarity; shaping a new reality. December 2022.

<sup>17</sup> European Central Bank (publisher): Press release: Monetary policy decisions. 15 December 2022.

<sup>18</sup> ifo Institut (publisher): ifo Economic Forecast for Winter 2022 Inflation and Recession. Special issue December 2022.

<sup>19</sup> Bitkom, IDC: ICT market figures. January 2023



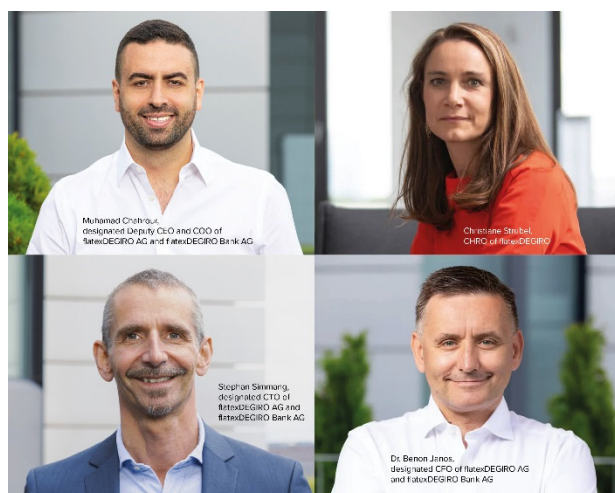
The brand awareness of flatex and DEGIRO will be increased in a targeted manner; in particular, with the sponsorship of the internationally successful Bundesliga club Borussia Mönchengladbach (UEFA Champions League participant 2020/2021), we have found a strategic partner to support us in this. After the first positive experiences as the main sponsor of Borussia Mönchengladbach, flatexDEGIRO AG has prematurely extended the sponsorship of the club until June 2027. For at least the next two seasons, flatex will be present as the main sponsor on the jersey of Borussia Mönchengladbach, and for the three subsequent years until 2027, at least a co-sponsorship has been agreed.



Furthermore, flatexDEGIRO AG is continuing its sports sponsoring strategy in order to additionally increase brand awareness on an international level. To this end, DEGIRO became the main global partner of the Spanish football club FC Sevilla in the 2022/2023 season. Even in this challenging environment, flatexDEGIRO AG continued its customer growth in 2022 and gained over 460,000 new gross customer accounts (previous year: around 800,000). As in the previous years, flatexDEGIRO's growth was significantly higher than that of comparable European companies – as far as they have published official figures. In Portugal and Italy, flatexDEGIRO exceeded the 100,000 customer account mark in the past financial year. Overall, flatexDEGIRO now has more

than 100,000 customer accounts in seven countries: the Netherlands, Germany, Spain, Austria, France, Portugal and Italy.

In the area of administrative organisation, efficiency improvements were achieved in the past business year through the expansion and standardisation of business processes in the areas of Group Finance, Human Resources, Legal and Procurement. In particular, the introduction of standardised purchasing processes and the establishment of a purchasing guideline led to an improvement in the cost structure and facilitated the establishment and expansion of value-creating supplier relationships. In addition, the human experience management solution SAP Success Factors was expanded in a targeted manner and now includes a fully digitalised performance review cycle, with which the company saves a large number of ecological resources on the one hand and has important data on personnel development available digitally on the other. Thus, flatexDEGIRO AG is equipped with state-of-the-art solutions in essential parts of the administration.



In 2022, the Federal Financial Supervisory Authority (BaFin) conducted a special audit at flatexDEGIRO Bank AG in accordance with § 44 of the German Banking Act (KWG). The audit report was submitted in November 2022. BaFin assessed in its audit report that significant deficiencies in the regularity of the business organisation had been identified. Initial measures to eliminate identified deficiencies have already been taken. In a structured process, the main focus of the Management Board is on the fast, efficient and complete processing and implementation of all necessary changes.

The Management Board aims to eliminate some material deficiencies already in the current financial year 2023, in particular those relating to the applicability of credit risk mitigation techniques for financial collateral pursuant to § 197 & 198 CRR.

In addition, the further increase in the degree of automation in internal processes and the adaptation of technical procedures are to be pursued in a focused manner.

The Supervisory Board and Management Board have also decided to capitalise flatexDEGIRO Bank AG with a further 50 million euros from its own funds. With the current CET1 of the flatexDEGIRO Group of approx. 180 million euros and the fully retained net income for 2022, the management sees all future growth efforts sufficiently financed, with solid regulatory own funds and without the need for capital measures.

## 2.3 Comparison of the forecasts reported in the previous period with the actual business development

The comparison of the forecasts made by the Management Board of the company for the current reporting period with the key figures actually achieved is shown in the following figure:

In kEUR	2022	2022e
<b>Turnover</b>	79,435	>49,720
<b>EBITDA margin (adjusted)</b>	55.2%	>-12.4%

Revenue was significantly increased compared to the previous year's level, so that the forecast moderate increase for financial year 2021 was exceeded. This increase essentially results from the increase in revenues for IT services and services in relation to the increased number of securities accounts of the flatex and DEGIRO brands as well as the increase in revenues for L.O.X. As in the previous year, the adjusted EBITDA margin is adjusted for the income from the reversal of provisions for the virtual Stock Option Plan SARs (stock appreciation rights) and the sports sponsorship of Borussia Mönchengladbach. It corresponds to the slightly increasing forecasts of the previous annual report. The EBITDA margin without corresponding adjustment amounts to 71.49% in the past financial year (including expenses for SARs) and is in line with the expected forecasts due to the business activities of the company with corresponding central functions for its subsidiaries. The annual result after taxes of mEUR 98.4 (previous year mEUR 34.4) is significantly influenced by the financial result.

## 2.4 Earnings situation

flatexDEGIRO AG generated revenues of mEUR 79.4 (previous year: mEUR 49.7). This includes revenues from affiliated companies of mEUR 70.0 (previous year: mEUR 39.3). This revenue was mainly earned from software development services, operation, licences and maintenance as well as the transfer of administrative costs as part of a Group-wide allocation of costs. The increase is mainly due to the remuneration for deposit-dependent remuneration and the increase in revenue for L.O.X. Revenues was mainly generated with customers in Germany. For a detailed breakdown of revenue, please refer to the notes to the present annual financial statement.

Other operating income amounted to mEUR 40.8 (previous year: mEUR 1.5). The increase is mainly due to the reversal of provisions for the company's stock appreciation rights plan (mEUR 38.4) and, among other things, to the significant decline in the valuation rate at the end of 2022.

The company's order situation essentially ensured high utilisation of available resources. The price conditions of customer relationships have not changed significantly.

in EUR	2022	2021
<b>Revenues</b>	<b>79,434,674</b>	<b>49,719,735</b>
thereof: revenues with affiliated companies	70,043,353	39,297,782
Other operating income	40,795,244	1,531,321
Personnel expenses	32,097,894	88,789,420
Cost of materials	13,134,282	11,778,310
Other operating expenses	18,209,346	16,849,939
Depreciation	5,786,851	4,057,098
Financial result	67,204,250	129,250,424
Interest result	410,858	-2,448,641
Tax expense	20,260,487	22,151,315
<b>Net profit for the year</b>	<b>97,763,803</b>	<b>34,428,635</b>

Personnel expenses amounted to mEUR 32.1 (previous year: mEUR 88.8). The main change results from the addition to a provision for the virtual Stock Option Plan (SARs) in the previous year as well as salary adjustments and additional expenses due to the hiring of new employees. The cost of materials increased by mEUR 1.4 to mEUR 13.1. Other operating expenses amounted to mEUR 18.2 (previous year: mEUR 16.8) and resulted mainly from rental expenses of mEUR 3.9 (previous year: mEUR 3.7), IT costs of mEUR 4.3 (previous year: mEUR 2.9), insurance, contributions and levies of mEUR 1.4 (previous year: mEUR 1.6) and other expenses of mEUR 4.6 (previous year: mEUR 4.8).

Depreciation and amortisation amounted to mEUR 5.8 (previous year: mEUR 4.1) and related to intangible assets and property, plant and equipment. The increase results from the depreciation of investments in hardware pools at various locations, network equipment and data centres.

The company's financial result amounts to mEUR 67.2 (previous year: mEUR 129.3) and consists of income from the profit transfer of flatex Finanz GmbH. The interest result is considered separately.

Net interest result was mEUR 0.4 (previous year: mEUR -2.4). Tax expenses for the current year amount to mEUR 20.3 (previous year: mEUR 22.2). flatexDEGIRO AG is the parent company for the German-based part of the Group. In this respect, the increased tax expense results in particular from the positive business results of the subsidiaries and second-tier subsidiaries of flatexDEGIRO AG.

Overall, the annual result after taxes was mEUR 97.8 (previous year: mEUR 34.4). The change in the annual result – taking into account the income from the release of provisions for SARs and sports sponsoring – corresponds to the development of the company's operating business, as expected.

## 2.5 Financial position

Ensuring solvency is a high priority of the company's financial management. Short-term liquidity amounts to mEUR 109.2 (previous year: mEUR 142.5) and consists mainly of receivables from affiliated companies of mEUR 74.2 (previous year: mEUR 130.9), bank balances due on demand of mEUR 33.3 (previous year: mEUR 10.3) and trade receivables of mEUR 1.5 (previous year: mEUR 1.1).

in EUR	2022	2021
Equity	474,537,465	376,453,912
Provisions	74,927,765	116,930,161
Liabilities	16,221,171	37,797,477
Deferred income	6,107,050	17,100,498
Short-term liquidity	109,206,395	142,514,731
Current liabilities	6,177,007	57,260,664

In contrast, there are current liabilities of mEUR 6.2 (previous year: mEUR 57.3), consisting of liabilities to affiliated companies and trade payables, advance payments received and other liabilities.

The company is involved in the Group's liquidity management. For additional information, please refer to the consolidated financial statements of flatexDEGIRO AG.

The investments are financed from ongoing business operations. Significant investments continue to be the establishment and expansion of the FTX:CBS platform for the standardisation and expansion of the Group's infrastructure as well as the modernisation of the workplace infrastructure of the respective locations.

flatexDEGIRO AG was able to meet its financial obligations at all times during the past 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 2022 was mEUR 474.5 (previous year: mEUR 376.5).

With regard to the powers of the Management Board to issue and purchase new shares, we refer to the notes to the present annual financial statements.

Provisions decreased by mEUR 42.0 and amounted to mEUR 74.9 as of 31 December 2022 (previous year: mEUR 116.9). The main change results from the reduction of the provision for SARs from mEUR 38.5 to mEUR 36.1 (previous year: mEUR 74.6). With the entry of the profit and loss transfer agreements in the commercial register – on the one hand from flatexDEGIRO Bank AG to flatex Finanz GmbH and on the other hand from flatex Finanz GmbH to flatexDEGIRO AG – flatexDEGIRO AG has become the tax group parent for the entire group of companies and thus the tax subject of the entire group of companies.

Liabilities amount to mEUR 16.2 (previous year: mEUR 37.8). Liabilities to banks amount to mEUR 0.0 (previous year: mEUR 5.2). There are no other operating long-term loans. Trade payables and liabilities to affiliated companies amount to mEUR 4.3 (previous year: mEUR 24.6).

Other liabilities and deferred income amount to mEUR 18.0 (previous year: mEUR 25.1). The change is mainly due to the decrease in deferred income from affiliated companies.



## 2.6 Assets position

The amount of assets reported on the balance sheet of flatexDEGIRO AG amounts to mEUR 571.8 as of 31 December 2022 (previous year: mEUR 548.3).

in EUR	2022	2021
Assets	571,793,451	548,282,048
Fixed assets	454,115,954	393,927,413
Current assets	109,206,395	142,514,731
Prepaid expenses and deferred charges	8,471,102	10,849,547
Asset difference from asset offsetting	0	990,357

The main item in non-current assets are the shares in affiliated companies with mEUR 431.6 (previous year: mEUR 381.4) as at 31 December 2022. flatexDEGIRO AG's investment portfolio includes the shares in flatex Finanz GmbH, which in turn holds all shares in flatexDEGIRO Bank AG.

Receivables from affiliated companies fell by mEUR 56.7 to mEUR 74.2 (previous year: mEUR 130.9). This includes the receivables from the profit transfer of flatexDEGIRO Bank AG, which will be distributed after the balance sheet of flatexDEGIRO Bank AG has been approved. Trade receivables amount to mEUR 1.5 (previous year: mEUR 1.1). Property, plant and equipment and intangible assets amount to mEUR 22.1 (previous year: mEUR 12.2). The change is mainly due to the acquisition of new IT hardware and software.

Prepaid expenses amount to mEUR 8.5 (previous year: mEUR 10.8). The reduction is mainly due to paid invoices for the sponsorship of Borussia Mönchengladbach.

The asset difference from asset offsetting amounts to mEUR 0.0 (previous year: mEUR 1.0). This item comprises the balance of pension obligations and the fair value of the reinsurance claims assigned to the beneficiaries.

## 2.7 General statement on the business development and the situation of the company

flatexDEGIRO AG successfully met the expectations of the management in the 2022 financial year. In particular, the effects of the outbreak of the Russia-Ukraine war led to uncertainty on the stock markets and also had a negative impact on customers' trading activities. Nevertheless, the company's operational goals were achieved, especially in the subsidiaries of flatexDEGIRO AG. Overall, the Management Board of flatexDEGIRO AG assesses the company's business performance for the past financial year as successful.



## 2.8 Report on events after the closing date

### Expansion of the Management Board to reflect growth and strengthen corporate governance

To accommodate the significant growth of the Company and to strengthen the corporate management, the Supervisory Board of flatexDEGIRO AG has decided to expand the Group's Management Board by two additional members and to expand the role of the Group's current CFO, Muhamad Chahrour. Muhamad Chahrour is appointed Deputy CEO and Chief Operating Officer (COO) of both flatexDEGIRO AG and flatexDEGIRO Bank AG with effect from 1 January 2023. Dr Benon Janos, Chief Financial Officer (CFO) of flatexDEGIRO Bank AG, has been appointed as Group CFO as scheduled on 1 January 2023. Likewise on 1 January 2023, Stephan Simmang will join the Management Board of flatexDEGIRO AG as Chief Technology Officer (CTO).

## 3 Forecast, opportunity and risk report

### 3.1 Forecast report

The forecast period for business performance refers to the 2022 financial year and consists of 12 months. For the purposes of the forecasts, only continuing operations are taken into account.

The strategic objective of flatexDEGIRO AG is to be additionally supported by a continuous expansion of the flatex and DEGIRO apps into easy-to-understand trading apps. The standardisation of the technical infrastructure and the technological scaling of FTX:CBS is the Group's primary objective.

Increasing the scalability of the systems must be ensured at all times. In the area of IT infrastructure, an even higher degree of virtualisation and the expansion of the bank's systems into an Active/Active solution (equivalent operation in two data centres) should result in lower recovery times, even in an emergency.

The Group also pursues efficient marketing strategies aimed at expanding awareness of both brands in Europe. Not least through the sponsorship of the internationally successful Bundesliga club Borussia Mönchengladbach, the brand awareness of the flatex brand is constantly being increased. The commitment entered into with the traditional Spanish club FC Sevilla for one season in the 2022/2023 season (with a unilateral extension option by flatexDEGIRO AG) will be used to increase the brand awareness of the DEGIRO brand in Spain and other international markets.

The outlook for the development of activities in 2023 continues to be shaped by the war in Ukraine and its direct impact on the overall economic environment. However, no significant effects are expected for flatexDEGIRO AG, as the sales revenues are almost completely contracted.

flatexDEGIRO AG expects that all firmly contracted revenues and new business expected at the time of planning will be realised on the basis of empirical values and taking into account price and economic developments. Overall, it can be assumed that the positive development of the previous business year will continue. As in previous years, the result of flatexDEGIRO AG is dependent on the earning power of flatexDEGIRO Bank AG.

The company's financial performance indicators are expected to continue to develop positively as a result of the aforementioned effects:

in kEUR	2023e	2022
Revenue	slightly increasing	79,435
EBITDA margin (adjusted)	moderately increasing	55.2%

Legend	
moderate	+/- 0.1 to 5.0%
slightly	+/- 5.1 to 10.0%
clearly	+/- 10.1 to 20.0%
strongly	+/- 20.1%

## 3.2 Opportunities Report

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

The demographic development in Europe, the need for private retirement provision and the positively developing financial competence of the younger generation in particular create an attractive market environment for the online brokerage business. By increasing the brand awareness of flatex and DEGIRO, especially through the extended sponsorship of the internationally successful Bundesliga club Borussia Mönchengladbach, but also through the partnership with FC Sevilla, there is an opportunity through the further expansion of customer accounts, especially in the two largest markets of Germany and Spain.

The Management Board of flatexDEGIRO AG expects an uncertain economic environment in 2023. In the equity markets, the Management Board expects reduced volatility in the securities markets in 2023 compared to 2022. A possible statement by the European Central Bank in 2023 on ending the cycle of rising interest rates in the eurozone would lead to a friendlier equity investment climate. Overall, positive customer development is expected. This, in turn, will lead to increased transaction figures for the group with simultaneous risk diversification in the various European countries in which the flatex and DEGIRO brands are active.

In addition, there is the opportunity to further expand the Europe-wide brand awareness of flatex and DEGIRO through targeted marketing campaigns.

## 3.3 Risk report

### Risk management system

flatexDEGIRO AG conducts its online brokerage and banking business in a regulated market. As such, in addition to dealing with constant changes in the business environment of the Group, adapting to changes in legal and regulatory frameworks is essential to the Company's success. Current developments are constantly being monitored and carefully analysed. Since the start of the military conflict in Ukraine in February 2022, all of the Group's business areas / portfolios have been continuously monitored in this context as part of monthly risk reporting and any necessary control measures have been implemented. The Management Board incorporates the emerging opportunities and potential threats into its business and risk strategy and adjusts it accordingly as necessary. Monitoring and managing the risks of the Group is a central component of the Company's management tools at flatexDEGIRO AG.

In principle flatexDEGIRO AG promotes a risk culture that ensures compliance with high ethical standards and a pronounced awareness of risks in all relevant business processes, both among management and other employees of the flatexDEGIRO Group. Beyond this, the limitation of risks is one of the key performance targets for all flatexDEGIRO Group managers within their respective areas of responsibility. In this context, each manager should develop effective, task-specific control processes and ensure their ongoing application.

In accordance with Section 2f (1) of the German Banking Act (KWG), flatexDEGIRO AG has been the superordinate institution of the Group since 2022. It is responsible for the Group-wide tasks of risk controlling in accordance with the "Minimum Requirements for Risk Management" (MaRisk) AT 4.4.1. It thereby contributes significantly to the cross-departmental and Group-wide tasks anchored in risk management and risk controlling processes i.e. identification, assessment, management, monitoring and communication of risks. A group-wide risk strategy is intended to

ensure uniform risk management procedures and methods for all group companies. In this sense, the look-through procedure is applied in the risk-bearing capacity calculation in order to look through to the level of the individual companies.

The head of the Risk Management department is involved in all important risk policy decisions of the Management Board. In the event of a change in the leadership of the Risk Management department, the Supervisory Board of flatexDEGIRO AG will be informed immediately.

### *Risk identification and risk assessment*

flatexDEGIRO AG conducts a risk inventory on a regular basis, and may also update it on the basis of current events; this identifies the following key types of risks: Counterparty default, market price [including interest rate, credit spread, real estate price, FX] liquidity, operational and other risks.

In the risk inventory process of flatexDEGIRO AG, the risk assessments of all corporate divisions assessed as significant are carried out in a consistent manner. This involves estimates of damage/loss probabilities and damage/loss amounts, which are condensed into a risk-oriented overall assessment. The assessments serve particularly to identify emerging risk concentrations in good time, so that appropriate countermeasures can be initiated in a timely fashion.

The management and the supervisory body of flatexDEGIRO AG are regularly informed about the development of the main risk types as part of the ongoing risk reporting.

### *Risk management*

As of 31 December 2022, the previous going-concern perspective of risk-bearing capacity was supplemented by the normative perspective in the sense of the new RBC guidelines (Risk-Bearing Capacity Guidelines). The normative perspective is based on the capital ratios of Pillar I and takes into account a period of at least three years on the basis of strategic business planning. In this context, the Group's previous going-concern approach was also changed to the economic perspective with a rolling annual risk horizon and a confidence level of 99.9%. Interactions from and with the economic perspective were also included in the process.

The objective of the normative risk-bearing capacity is to ensure compliance with regulatory minimum capital requirements and regulatory structural capital/liquidity requirements of flatexDEGIRO AG to ensure the continuation of the Company ("going concern" concept), both in the consideration of the basic planning as well as in deviating adverse scenarios.

flatexDEGIRO AG carries out scenario-based risk capacity calculations (including stress tests) on a regular basis, taking into account possible concentration risks and potential extreme developments in the (market) environment of the Group, to ensure adequate net equity levels of the Group even under unfavourable conditions.

The findings from these risk capacity analyses are used by flatexDEGIRO AG to install risk control and risk management requirements for the Group's operating businesses by way of an adequate risk limitation system. Adjustments to the risk limitation system are made in close coordination between the Group's management and the Risk Management department.

Ongoing monitoring measures and a comprehensively implemented risk communication system (risk reporting) should ensure that the risks taken by flatexDEGIRO AG remain within the strategic specifications and its risk capacity. In addition, they enable rapid reaction to emerging risk control needs. The monitoring and control instruments used in this process, in the form of daily and monthly reports, are presented in more detail below.

### *Risk monitoring and risk communication*

Management is supplied with current figures pertaining to the risk and earnings position at flatexDEGIRO AG by means of daily reports. Such reports also ensure continuous ad-hoc reporting: as a central (risk) management tool, the daily risk cockpit reporting provides daily information on the performance indicators, risk ratios and limit utilisation levels required for management as well as on the development of relevant early warning indicators. It also contains

comments on control-relevant issues and, where appropriate, recommendations for necessary adjustments. In addition, for each business area that is significant from a risk perspective, it includes monthly and annual target achievement levels as well as comparisons with the previous year's P&L.

The cockpit described above is complemented by the Monthly Risk Report (MRR), which contains a month-based detailed presentation and commentary on the Group's risk and earnings position and supplementary additional analyses of the Group's opportunity and risk situation. The MRR is also submitted to the Supervisory Board, among other parties, and discussed in detail with the management team and Supervisory Board in regular finalisation meetings.

### *Risk report, including risk reporting on the use of financial instruments*

The following section describes the key risks flatexDEGIRO AG is exposed to as a result of its operating activities. The probability of occurrence and the degree of risk is categorised according to the following increments:

Probability of occurrence	Description
< 5%	Very low
≥ 5 to 25 %	Low
> 25 to 50 %	Medium
> 50 %	High

Risk exposure	Description
Low	Limited negative impact on business activities, net assets, financial position and earnings, reputation, <EUR 0.25 million EBITDA individual risk
Medium	Negative impact on business activities, net assets, financial position and earnings, reputation, ≥ EUR 0.25 million EBITDA individual risk
High	Significant impact on business activities, net assets, financial position and earnings, reputation, ≥ EUR 1 million EBITDA individual risk
Very high	Damaging negative impact on business activities, net assets, financial position and earnings, reputation, ≥ EUR 15 million EBITDA individual risk

## Managing and limiting counterparty default risks

The counterparty default risk is defined as the risk of losses or missed profits due to unexpected payment default of or unforeseeable deterioration in the creditworthiness of business partners.

Counterparty risks in flatexDEGIRO AG result in the Treasury division on the one hand from security-oriented selected financial investments (including interbank investments, government and German state bonds, bank bonds, covered bonds) and on the other hand from investments in special funds, which supplement the sector diversification of the Group's overall portfolio, such as through infrastructure financing and residential real estate investments in the Financial Services division. The investment/lending strategy and the limits based on it are intended to ensure a wide diversification of individual positions, so that concentration risks remain limited. Along with risk-averse selection of business partners, risks are also limited by means of ongoing monitoring of credit ratings on the basis of publicly available data. Currently, counterparty risks of the treasury portfolio are monitored on a daily basis using CDS prices and rating changes and are communicated daily to the relevant decision-makers. The total amount of counterparty default risks as of 31 December 2022 was kEUR 12,195 (previous year: kEUR 2,254). The increase compared to the previous year results from the conversion of the risk-bearing capacity concept from going concern to the economic perspective with a 99.9 % confidence level at the end of 2022.

The distribution of counterparty default risk at flatexDEGIRO AG has the following structure:

Total	kEUR 12,195
Loans secured by securities	kEUR 1,264
Loans not secured by securities	kEUR 6,441
Banks	kEUR 3,080
Bonds	kEUR 57
Fund	kEUR 1,354

To validate the recoverability, especially in the event of a crisis (such as the current one in Ukraine), several possible scenarios and their probability of occurrence are simulated. The scenarios and probabilities are based on assessments, empirical values and publicly available information. In the process, both customer-specific and macroeconomic situations as well as the industry environment are considered with a view to the future. The simulated scenarios include the potential damage to creditworthiness if the rating is downgraded by one or two rating grades. A downgrading of the credit rating by one rating grade would lead to an increase in the counterparty default risk of up to approx. kEUR 661, and a reduction by two rating grades would lead to an increase in the counterparty default risk of up to approx. kEUR 4,797.

flatexDEGIRO AG estimates the degree of the resulting risk amount as very high, but the associated probability of occurrence as very low.

flatexDEGIRO AG is also exposed to counterparty default risk from its lending business. It pursues a strategy of fully collateralised lending in this area.

a) By issuing security-backed loans (Lombard & flatex-flex loans) via the flatex and ViTrade brands and (margin loans) via the DEGIRO brand in the Financial Services segment, flatexDEGIRO AG is exposed to counterparty default risk. Through appropriate requirements pertaining to the security type, credit rating, volatility and liquidity of the securities accepted as security, as well as conservative collateralisation rates and ongoing monitoring of credit lines and securities, the Group ensures that the security-based loans taken up by customers are also sufficiently covered by deposited securities even when prices are falling. Scenario analyses of the collateralised security holdings are carried out monthly on the basis of a VaR simulation (99.9 % confidence level and 40-day holding period) and form part of the risk capacity calculation.

In the context of the Ukraine crisis and the exclusion of all Russian securities from international trading venues, as well as the subsequent global decline in value on all world

financial markets (MSCI World -17.7 % in 2022)<sup>20</sup>, the bank has not experienced any significant defaults on its securities-backed loans due to its conservatively set loan-to-value ratios. flatexDEGIRO AG does not have any active business relationships with the Russian and Ukrainian markets, neither with Russian or Ukrainian companies or banks, nor with any European subsidiaries of them.

In addition, the securities-backed loan portfolio is also monitored on an ongoing basis in relation to the Ukraine crisis. There are not concentrations from individual Russian securities to consider, nor is the securities portfolio from Russian securities noteworthy. Since the beginning of the Ukraine crisis, flatexDEGIRO Bank AG has discontinued loan financing with collateralisation on Russian securities. Furthermore, stress tests with significant market distortions are carried out on an ongoing basis to ensure sufficient securities collateralisation.

The bank still rates the probability of the remaining risks occurring as very low and the possible degree of loss as high.

b) In the year under review, the Bank implemented its risk structure as part of the credit strategy streamlined in the previous year by completely reducing loan portfolios that were no longer strategic (football financing, factoring, other asset-based) by a total of mEUR 143.5. Moreover, the credit strategy was fleshed out further in 2022 and the decision was made to reduce the real estate loan portfolio (collateralized by real assets); the portfolio was reduced by 42.2 % to mEUR 35 compared to the previous year, and the remaining portfolio will be reduced as planned in the course of 2023. Only the portfolios already in liquidation can be reduced with the final liquidation/realisation.

In the future, the credit strategy will focus on the fundamentally lower-risk securities-backed lending business, which should be further promoted.

For the calculation of counterparty risks, the Group has adjusted its risk measurement as part of the changeover of the risk-bearing capacity concept (ICAAP) from going concern to economic and normative perspective. It uses the IRB formula with a uniform confidence level of 99.9 % for a one-year observation horizon. The VaR calculated in this way is taken into account as an unexpected loss ("UL") in the economic perspective. The expected loss (EL) is calculated by multiplying the probability of default (PD) of the rating grade with the corresponding exposures at default (EAD) and a loss given default (LGD). Historical PDs and LGDs are used for all items with unsecured portions. Furthermore, no diversification effects are applied to reduce risk.

The investment strategy pursued by the Group currently mandates diversification of counterparty-risk-bearing positions (primarily by geographic spread, publicly available ratings, and the maturity of the investments) and thereby effectively limits concentration risks.

The bank's total counterparty default risk amounted to mEUR 12.2 as of 31 December 2022. The expected loss (EL), which is also used in internal management, of a total of mEUR 0.19<sup>21</sup> was applied for the risk provisioning (PWB) of the business affected by credit risks.

## *Managing and limiting market price risks*

Market price risks are understood by flatexDEGIRO AG as loss risks due to changes in market prices (share prices, exchange rates, real estate prices, interest rates) and due to price-influencing parameters (e.g. volatilities, credit spreads).

Similarly to the counterparty default risk, the market price risk is controlled with the Value at Risk. The VaR model does not represent the maximum possible loss potential that can occur in extreme market situations but is based on a historical period. For the economic perspective of risk-bearing capacity, a holding period of one year with a confidence level of 99.9 % is also

<sup>20</sup> <https://www.msci.com/documents/10199/178e6643-6ae6-47b9-82be-e1fc565ededb>.

<sup>21</sup> IFRS9 Stage 1 & 2.

assumed for the sake of consistency. When limits are exceeded, countermeasures are initiated immediately.

The Group only takes limited market risks, focusing in particular on generating stable earnings that contribute to a diversification of the earnings profile and therefore to a reduction of earnings concentrations. None of the companies belonging to the Group operates a trading book.

The following existing sub-risk types are considered here:

### Interest rate risk

In the Financial Services segment, flatexDEGIRO AG has had stable and sizeable customer deposits over the course of time (flatexDEGIRO Bank AG). Due to these funds not being invested at the exact same time on the market, and the resulting limited term transformation, flatexDEGIRO AG is exposed to additional market risks in the form of interest risks. The Group handles these risks through fundamentally conservative asset/liability management. An ongoing calculation of interest rate risks on the basis of a VaR calculation (99.9 % confidence level; **one-year observation horizon**) ensures that negative developments in interest rate risk are recognised early on and countermeasures can be initiated. Furthermore, flatexDEGIRO AG has expanded its stress tests in the area of interest rate risk in the context of the interest rate turnaround in Q4 2022 to include additional scenarios.

flatexDEGIRO AG rates the probability of occurrence of corresponding losses as very low, but calculates a high degree of risk. The loss estimate based on value at risk is in the magnitude of kEUR 8,737 (previous year: kEUR 868). The increase compared to the previous year is mainly due to the methodical changeover to a higher confidence level (uniformly 99.9 %) as well as the interest rate increase in the last 12 months on the capital market.

Generally, flatexDEGIRO AG counters the interest rate risk by making short- to medium-term investments in the banking book in the treasury and by being able to adjust interest rates in the lending business (especially securities-backed) at short notice; customer deposits are generally not subject to positive interest rates. This creates additional earnings opportunities for flatexDEGIRO AG.

flatexDEGIRO Bank AG also determines possible interest rate risks for the banking book in accordance with BaFin requirements (Circular 06/2019). This is subject to the proviso that, as a result of a sudden and unexpected change in interest rates, the cumulative change in present value is less than 20 % of the Group's liable equity capital.

The ratio as of 31 December 2022 for a parallel shift in the yield curve of:

+/- 200 base points was +/- 3.12 %.

The ratio was maintained throughout the year.

### Credit spread risk

The Group is vulnerable to losses due to an increase in credit spreads through investments in bonds in the treasury. The investment is limited to German government and federal state bonds, USD and CHF treasuries. The risk is accepted from a strategic point of view, especially due to the excellent credit rating and short-term duration of these investments. The Bank uses a VaR approach (99.9 % confidence level; one-year observation horizon) for measuring the credit spread risk.

The loss estimate made on the basis of the value at risk for the interest rate risk is in the order of mEUR 2.76 for the first-time introduction as of the reporting date of 31 December 2022.

### Property price risk

The Group is invested in a diversified German residential property portfolio through two special fund constructions. The focus is on residential properties in the medium rental price segment, with investments in economically strong, regional German cities and their respective metropolitan areas. This involves a risk of loss due to changes in property market



prices. The Group uses a VaR approach (99.9 % confidence level; one-year observation horizon) for measuring property price risk.

The loss estimate for property price risk based on value at risk is in the order of mEUR 11.1 as of 31 December 2022, when it was first introduced.

#### FX risk

Within the scope of financial commission business in brokerage, FX risks arise from peak regulations (corporate actions, maturities, income) in clearing and settlement in securities processing; corresponding positions arising from peaks are closed on the following day. The Group uses a VaR approach (99.9 % confidence level; one-year observation horizon) for measuring FX risk.

The loss estimate for the FX risk made on the basis of the value at risk is in the order of mEUR 1.3 for the first-time introduction on 31 December 2022.

The Group cockpit is updated on a daily basis with control-relevant information concerning flatexDEGIRO AG's market price risks, meaning that the Group's management team receives this information daily. The market price risks are also reflected in the MRR of the Group, in such a way that detailed presentations and comments on the current risk situation are ensured and, if necessary, adjustments may be initiated.

flatexDEGIRO AG estimates the degree of the resulting risk amount as very high, but the associated probability of occurrence as low.

### *Managing and limiting liquidity risks*

flatexDEGIRO AG defines its liquidity risk as the risk that it cannot fully and/or in a timely manner meet its current or future payment obligations from the available financial resources. As a consequence, refinancing resources may need to be raised at higher interest rates, or existing assets may need to be liquidated at a discount to provide additional (temporary) financial resources. Additionally, flatexDEGIRO AG generally subsumes the refinancing risk and the market liquidity risk under the term liquidity risk.

Just like with the other risk types, the liquidity risk is simulated on the basis of a liquidity VaR approach (99 % confidence level; one-year observation horizon) for potential outflow rates. In liquidity risk management, more than 50 % of the assets are due daily and are immediately available. Consequently, no refinancing costs are applied. The liquidity VaR was kEUR 0 (previous year: kEUR 0) as of 31 December 2022. Both types of liquidity risk specified above only play a subordinate role in the current business model of flatexDEGIRO AG and are therefore assigned to the lowest risk categories used, both with regard to the probability of occurrence ("very low") and the possible extent of losses ("low").

In order to initiate countermeasures immediately, daily liquidity forecasts are used to identify liquidity gaps at an early stage; these can arise from cash outflows on the customer side or from the securities business, among other things.

Efficient management of the liquidity reserves to be held and successive diversification of the available refinancing sources are pursued as part of liquidity planning.

To limit the remaining liquidity risk (liquidity risk in the narrower sense), flatexDEGIRO AG pursues a conservative investment strategy in which client deposits with daily maturities are reinvested predominantly in short-term instruments, and where there are substantial investments in ECB-eligible securities which may be pledged for short-term funding through the central bank when needed. In addition to very conservative short-term minimum liquidity buffers/limits (daily, weekly, monthly liquidity bands) which must be maintained, management is also conducted by means of ongoing duration measurement across all relevant investments of flatexDEGIRO AG, which are within the average target corridor of less than 24 months.

Finally, flatexDEGIRO Bank AG carries out ongoing liquidity monitoring and appropriate financial planning / liquidity planning in the Group's financial accounting department. The measures

implemented, in combination with a “liquidity business continuity plan”, ensure a comfortable liquidity level with adequate reserves for the Group’s payment obligations, also and particularly in the case of unforeseen events such as unfavourable market developments or payment deferrals and client defaults.

In light of the comfortable liquidity level on the reporting date (approximately 53 % (previous year 44 %) of assets with daily maturities, average capital commitment of 54 days) (previous year: 55 days) and the measures implemented to limit risk, flatexDEGIRO AG classifies the probability of occurrence of its remaining liquidity risks (in the narrower sense) as being very low and also assesses the associated degree of loss as low.

### *Control and limitation of operational and other risks*

flatexDEGIRO AG defines operational risk as the risk of loss due to human error, the inadequacy of internal processes and systems, and external events. Legal and reputational risks are also included in this category.

flatexDEGIRO AG uses a multi-year time series of actually incurred losses for its operational risk inventory. These losses are categorised according to the type of damage, the cause of the loss, the time of occurrence, etc., and documented in a database. The operational risks are internally managed by assigning each loss case to a risk strategy (avoidance, reduction, transfer, etc.) and implementing defined measures. In addition to the standard approach for Pillar I, an internal assessment approach from the loss history using a Monte Carlo simulation (99.9 % confidence level; one-year observation horizon) for Pillar 2 is used internally to determine an amount for the regulatory capital to be held from operational risks. In addition to the identification of operational risks from historical data, flatexDEGIRO AG uses expert assessments to identify potential losses as part of risk assessments with all specialist departments of flatexDEGIRO AG, in order to map quantifiable risks where a sufficient loss data history is not available. The value for operational risks simulated on the basis of the approach explained above amounts to kEUR 33,386 as at 31 December 2022 (previous year: kEUR 8,776).

### **Dependency on software and other EDP risks**

For flatexDEGIRO AG, operational risk arises particularly from the dependency on IT infrastructure and associated services which is typical for banking operations. This also includes dependency on the flawless provision of services which have been outsourced to external service providers. The operational risks in IT can be divided into hardware, software and process risks. There are comprehensive EDP and Internet-based systems used Group-wide, which are essential for the proper conduct of business. The Group is highly dependent on these systems working without issues. Despite comprehensive measures for data backup and the bridging of system disruptions, malfunctions and/or complete failures of EDP and internet systems may not be precluded. Deficiencies in data availability, errors or functional problems in the software used and/or server failures due to hardware or software flaws, accident, sabotage, phishing or other reasons, could also have a significant negative impact on the Group’s reputation or market position, or lead to possible obligations to pay damages.

Significant Group-wide EDP and IT investments are made to ensure, on the one hand, that the significantly expanded business volume can be executed accordingly and on the other hand, that sufficient safeguarding against disruptions is provided. The probability of software and other EDP risks is rated to be very low, and the possible degree of loss is rated to be low.

### **Personnel risks**

The comprehensive restructuring of flatexDEGIRO AG, which was completed in 2018, resulted in changes to the organisational structure and processes, including communication processes, which may initially lead to an increased potential for error and loss. flatexDEGIRO AG has established monitoring and communications processes to limit these risks, which are primarily HR-related. Nevertheless, individual employee mistakes or errors can never be completely ruled out. We estimate the probability of occurrence of a loss event arising from personnel risks to be very low, and the possible degree of loss from such an event to be low.

## Legal risks

The flatexDEGIRO Group acts as a regulated provider of financial services in an environment with rapidly changing (regulatory/) legal framework conditions. Legal violations can result in fines or litigation risks. flatexDEGIRO AG contains these legal risks by permanently monitoring the legal environment, keeping legal expertise available internally, and by consulting legal expertise externally where needed.

## Outsourced processes

Outsourcing within the meaning of Section 25b (1) of the German Banking Act (KWG) and MaRisk (AT 9) occurs when a non-Group company is entrusted with such activities and processes, in connection with the provision of financial services or other institution-specific services, that would otherwise be performed by flatexDEGIRO AG itself.

Increased regulatory requirements apply in such cases. The Group has outsourced various activities from its operations to external companies.

flatexDEGIRO AG has set up outsourcing controlling, which aims to take stock of all relevant outsourcing contracts and initiates management activities as needed. All outsourcing contracts are taken into account in the Group's risk management system. Non-material outsourcing contracts are subject to lesser control intensity requirement than material outsourcing contracts.

Service level agreements (SLAs) have been agreed as part of the concluded outsourcing contracts for all material outsourcing. Moreover, liability rules which allow a transfer of damages have also been agreed.

## Reputational risks

The reputational risk for flatexDEGIRO AG is the risk of negative economic effects that arise from the Company's reputation being damaged.

In principle the Group companies strive to ensure a high level of customer loyalty by having a good reputation, in order to gain a competitive advantage over their competitors. In addition to immediate financial implications, many of the risks discussed above pose a risk that the Group's reputation may be damaged, and that a decline in customer loyalty may result in financially adverse consequences for the Group. flatexDEGIRO AG puts particular emphasis on reputational risk in its strategic guidelines and continually uses its risk-controlling processes to monitor the relevant environment. Associated risk estimates are made as part of the estimates for the Group's operational risks.

In order to limit its operational risks, flatexDEGIRO AG fundamentally promotes a risk culture which ensures that both the management and the other employees of flatexDEGIRO AG observe high ethical standards and a pronounced risk awareness in all relevant business processes. Beyond this, the limitation of risk is one of the key performance targets for all flatexDEGIRO AG managers within their respective areas of responsibility. In this context, each manager develops task-specific control processes and should ensure their ongoing application. In addition, flatexDEGIRO AG conducts a risk inventory on a regular basis, and may also update it on the basis of current events – in particular to ensure an ongoing analysis and assessment of the operational risk in existing business processes.

flatexDEGIRO AG assigns a low probability of occurrence to the operational risks outlined above and cautiously estimates a very high level of risk.

## Other risks

flatexDEGIRO AG currently includes general business risks in other risks.

General business risk exists due to the dependence on technical developments and customer behaviour. General business risks arise from changes in the framework conditions. These include, for example, the market environment, customer behaviour, and technological progress.

Technological developments and changing customer behaviour can significantly influence the market conditions for financial services. They may open up opportunities for flatexDEGIRO AG's

financial products, but they may also negatively impact demand for the Group's products and services and so reduce its financial success.

flatexDEGIRO AG pays particular attention to changes in the legal and regulatory environment, as well as to changes in customer behaviour and technological progress, and reviews the resulting strategic implications on an ongoing basis. The Group considers the probability of occurrence of a loss event due to dependencies on technical developments and customer behaviour to be low, and the potential loss impact to be high.

With regard to business operations, functioning Business Continuity Management (BCM) means that no restrictions have arisen. Extensive measures have been implemented to protect employees (working from home, avoidance of business trips, use of digital infrastructure for meetings, etc.). Measures were also implemented for those areas of responsibility that do not permit working from home (physical separation, shift work, avoidance of group formation and establishment of emergency workstations), via which the risk of infection was minimised as much as possible.

Furthermore the economic effects of the military conflict in Ukraine in spring 2022 are difficult to estimate. As well as associated risks, the situation may also result in opportunities for the economic environment.

## Overall risk position of the financial holding group

As already mentioned, at the end of 2022 flatexDEGIRO AG changed its risk-bearing capacity concept from the going-concern approach to the two new perspectives "normative perspective" and "economic perspective" (with a uniform confidence level of 99.9 %) in accordance with BaFin's RBC Guideline of 24 May 2018.

This dual control approach is based on both complementary control circles. The new ICAAP framework is designed to ensure that the Group's capital adequacy is sufficient at all times: i.e. compliance at all times with all Pillar 1 regulatory capital requirements and ancillary conditions in the normative perspective from the perspective of a 3-year planning horizon, and ensuring risk-bearing capacity at all times in the economic, present-value perspective from the perspective of a rolling 1-year horizon.

flatexDEGIRO Bank AG assesses its economic risk-bearing capacity on the basis of a comparison of loss/risk potential (in particular due to counterparty default risks, market risks [interest rate risks, real estate price risks, FX risks, credit spread risks], liquidity risks, operational risks) and the risk coverage potential: "Common Equity Tier 1 capital (CET1) minus hidden charges", which – despite comprehensive risk management – is needed as a buffer (free risk cover) against unforeseeable capital burdens.

For the bank, compliance with the requirements is a strict secondary condition for the implemented risk management processes. Compliance with the free risk coverage capital (ICAAP ratio: Ratio RP/RDP < 90 %) is set as a strict secondary condition for further utilisation as part of the allocated limits of the main risk types.

The allocation of the risk coverage funds and the amount of the limits as well as the upstream early warning thresholds of the individual risk types and the ICAAP as a whole define the risk appetite of the Group. The risk appetite is determined on the basis of the business strategy, the strategic business planning and the risk inventory and is intended to ensure the consistency of the risk and income targets as well as appropriate capital and liquidity within the framework of the overall bank management.

The free risk coverage capital amounts to kEUR 111,521 as of 31 December 2022 with an ICAAP ratio of 38.40 %.

No immediate risks that could jeopardise the continued existence of the Company, including with respect to potential concentration risks, were discernible at the time of preparation of this risk report. In addition, flatexDEGIRO Bank AG has prepared a restructuring plan according to simplified specifications. This is updated at regular intervals and as required.

The total capital ratio (before approval of the consolidated financial statements) as of 31 December 2022 is 14.83 % with liable equity of kEUR 184,187.

In the internal management (going concern or economic perspective), the risk-bearing capacity was assured during the financial year with the following exception. Due to the regulatory measures taken in November 2022, the regulatory overall capital requirement of 15.57 % (incl. all-capital buffer) was retroactively undercut for the reporting dates 30 September and 31 December 2022. Nevertheless, the minimum capital requirement of 13 % (Total SREP Capital Requirement) was met. The group has already initiated corresponding action requirements, ensuring full compliance with the Total SREP Capital Requirement as of 31 December 2022 after approval of the consolidated financial statements. The total capital ratio after approval of the consolidated financial statements will amount to approx. 19.9 %.

The disclosure statement of flatexDEGIRO AG pursuant to Section 26a KWG in conjunction with Part 8 CRR provides detailed documentation of the risk positions of the banking group.

With effect from 24 May 2022, flatexDEGIRO AG is classified as the parent financial holding company of the flatexDEGIRO Group in accordance with Section 2f (1) KWG. This means that the role of the parent company under supervisory law is transferred from flatexDEGIRO Bank AG to flatexDEGIRO AG. The holding company is therefore responsible for monitoring and complying with risks at group level.

### *Management Board assessment of the overall risk situation*

The Group views the assessment of the overall risk situation in the form of a consolidated analysis of all material risk categories and individual risks. The overall risk has increased in the 2022 financial year compared to the previous year due to the war in Ukraine and the subsequent global decline in value on all world financial markets. However all relevant material risks have been mitigated as far as possible through appropriate measures. flatexDEGIRO AG is convinced that, at the balance sheet date and also at the time of preparation of the consolidated financial statements, neither any of the above-stated individual risks, nor the consolidated risks, pose a threat to the Group as a going concern.

Furthermore, flatexDEGIRO AG is confident that it will be able to continue to seize opportunities that arise in the future without having to expose itself to disproportionately high risks. Overall, the aim is to strike a healthy balance between risks and opportunities.

## 4 Collateralisation of the legal representatives (responsibility statement)

We hereby affirm that, in accordance with the applicable accounting principles, the financial statements of flatexDEGIRO AG give a true and fair view of the asset position, financial position, and financial performance 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, 14 March 2023

flatexDEGIRO AG

Frank Niehage  
CEO, Chairman of the Management Board

Muhamad Said Chahrour  
Deputy CEO and COO, Member of the  
Management Board

Dr Benon Janos  
CFO, Member of the Management Board

Stephan Simmang  
CTO, Member of the Management Board

# REPLICATION OF THE INDEPENDENT AUDITOR'S REPORT

To the Fehler! Verweisquelle konnte nicht gefunden werden., Fehler! Verweisquelle konnte nicht gefunden werden.

## 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 2022, the statement of profit and loss for the financial year from 1 January 2022 to 31 December 2022 and notes to the financial statements, including the presentation of the recognition and measurement policies presented therein.

In addition, we have audited the management report of flatexDEGIRO AG for the financial year from 1 January 2022 to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of the parts of the management re-port listed in section "OTHER INFORMATION".

In our opinion, based on 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 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying management re-port 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 those parts of the management report listed in section "OTHER INFORMATION".

Pursuant to § 322 (3) sentence 1 HGB, 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 OPINIONS

We conducted our audit of the annual financial statements and of the management re-port in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and 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 section "AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT" of our auditor's re-port. 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 2022 to 31 December 2022. 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 opinion on these matters.

We have identified the following matters as key audit matters:

1. Valuation of Shares in Affiliated Companies
2. Valuation of the Stock Appreciation Rights Plan (SARs-Plan 2020)

### 1. VALUATION OF SHARES IN AFFILIATED COMPANIES

#### Matter

In the annual financial statements of flatexDEGIRO AG, shares in affiliated companies amounting to € 431,6 million, corresponding to 85,2% of total assets, are recognized under the balance sheet item "Financial assets". Shares in affiliated companies mainly comprise the shares of flatex Finanz GmbH, which holds 100% of the shares of flatexDEGIRO Bank AG.

Shares in affiliated companies are carried at cost or, in the event of a probable permanent impairment, at the lower fair value. The assessment of an impairment that is expected to be permanent is subject to discretionary decisions. The fair value is measured using a valuation model based on the dis-counted cash flow method.

The assessment of the recoverability of shares in affiliated companies is complex and requires numerous estimates and judgments by the legal representatives, particularly with regard to the amount of future cash surpluses, the growth rate for forecasting cash flows beyond the detailed planning period and the discount rate to be used.

Due to the significance of the shares in affiliated companies for the annual financial statements of flatexDEGIRO AG in terms of amount, as well as the high level of discretionary decisions, a key audit matter applies.

The disclosures by flatexDEGIRO AG on shares in affiliated companies are included in the sections "Notes to the balance sheet" in the subsection "Shares in affiliated companies" of the notes and "2.6 Net assets" of the management report.

#### Auditor's Response

As part of our audit procedures on the internal control system, we obtained an under-standing of the valuation process and the significant assumptions made by the legal representatives in the planning for the valuation of the shares in affiliated companies.

Based on this, we assessed the effectiveness of selected relevant controls relating to the identification of impairment needs and the performance of the relevant valuations for the shares in affiliated companies.

In addition, we assessed the appropriateness of the significant assumptions and discretionary parameters as well as the calculation method used in the valuation of shares in affiliated companies. We reconciled the forecast of future cash surpluses in the detailed planning period with the multi-year plan ap-proved by the Board of Management and satisfied ourselves of the Company's adherence to planning based on an analysis of deviations from plan in the past and in the finan-cial year 2022. We verified the assumptions underlying the planning and the growth rates assumed in forecasting the cash flows be-yond the detailed planning period by comparing



them with past developments and current industry-specific market expectations. In addition, we critically examined the discount rate used based on the average cost of capital of a peer group. We also performed our own sensitivity analyses with regard to the effects of possible changes in the cost of capital and the assumed growth rates. In addition, we satisfied ourselves of the mathematical accuracy of the valuation model used.

For the audit of the valuation of shares in affiliated companies, we have called in internal specialists who have particular expertise in the field of business valuations.

## 2. VALUATION OF THE STOCK APPRECIATION RIGHTS PLAN (SARS-PLAN 2020)

### Matter

In the annual financial statements of flatexDEGIRO AG, other provisions for long-term variable remuneration in the amount of € 36,1 million are recognized under the balance sheet item "Provisions". Due to valuation results at the reporting date, the provision was partially reversed and recognized in the income statement under other operating income in the amount of EUR 38.4 million.

For the SARs Plan 2020, a provision is recognized as an expense in the amount of the settlement amount required according to prudent business judgment over the vesting period. The expense is recognized in personnel expense. The provision is measured using an option pricing model (Black-Scholes Formula). The valuation of the stock appreciation rights is complex and requires numerous estimates and judgments by the legal representatives, in particular in addition to the development of the share price and earnings per share (EPS) over the expected term until the option is exercised and the discount rate to be used.

Due to the significance of the SARs Plan 2020 for the annual financial statements of flatexDEGIRO AG in terms of amount and the high level of discretionary decisions, a key audit matter applies.

The disclosures by flatexDEGIRO AG on the valuation of the SARs Plan 2020 are included in the sections "Notes to the balance sheet" in the subsection "Other provisions" and "Notes to the income statement" in the subsection "Personnel expenses" of the notes.

### Auditor's Response

As part of our audit procedures on the internal control system, we obtained an understanding of the processes in place to determine the valuation of the SARs Plan 2020 and the significant assumptions made by the legal representatives in the planning. Based on this, we assessed the design of the related controls with regard to the valuation of the SARs Plan 2020 and tested their effectiveness.

In addition, we assessed the appropriateness of the key assumptions and discretionary parameters as well as the calculation method for the valuation of the SARs Plan 2020. For the valuation of the SARs Plan 2020, the company regularly commissions an external expert opinion covering relevant valuation parameters. We validated the forecast of expected EPS at the expected exercise date with the multi-year plan approved by the Executive Board and external analyst opinions. We have reconstructed the share price development assumed in the valuation, which was modeled using the Black-Scholes method. We verified the assumption of the term until the option is exercised based on historical information. In addition, we critically reviewed the discount rates used based on the calculated cost of equity. To verify the calculation model, we recalculated the valuation of the provision and the calculation of the expense.

For the audit of the valuation of the SARs Plan 2020, we called in internal specialists who have expertise in the field of valuation.

## OTHER INFORMATION

The executive directors or the supervisory board are responsible for the other information. The other information comprises:

- the non-financial statement provided in section 1.12 of the management report
- the statement on corporate governance provided in section 1.3 of the management report
- the assurance given by the legal representatives (balance sheet oath) in section 4 of the management report
- the other parts of the annual report, except for the audited financial statements and management report as well as our auditor's report

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

In connection with our audit, our responsibility is to read the other information and thereby acknowledge whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 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 based on these annual financial statements and this management report.

We exercise professional judgment 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 ASSURANCE ON THE ELECTRONIC RENDERING OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT, PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 (3A) HGB*

#### **Assurance Opinion**

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file „FDAG-Jahresabschluss\_fnal\_v3\_13032023\_2100\_ESEF.zip“ and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year 1 January 2022 to 31 December 2022 contained in the "Report on the audit of the annual financial statements and of the management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

#### **Basis for the Assurance Opinion**

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the file identified above in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with §

317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described in the “Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

### **Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents**

The executive directors of the company are responsible for the preparation of the ESEF documents with the electronic renderings of the annual financial statements and the management report in accordance with § 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or un-intentional non-compliance with the requirements of § 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial re-reporting process.

### **Auditor’s Responsibilities for the Assurance Work on the ESEF documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file.
- evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to 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 17 May 2022. We were engaged by the supervisory board on 14 October 2022. 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 (long-form audit report).

In addition to the financial statement audit, we have provided to group entities the following services that are not disclosed in the consolidated financial statements or in the group management report:

- Audit of investment service providers in accordance with § 89 of the German Securities Trading Act for flatexDEGIRO Bank AG 2020
- Examination of the remuneration report pursuant to Section 162 (3) of the German Stock Corporation Act (AktG) of flatexDEGIRO AG
- Regulatory review of flatexDEGIRO Bank AG (Austria)

## OTHER MATTER — USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format — including the versions to be published in the Federal Gazette — are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents provided in electronic form.

## GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Marvin Gruchott.

The audit partners responsible for the audit are

- Mr. Lukas Rist and
- Mr. Marvin Gruchott (auditor in charge).

We have audited the above report on the audit of the annual financial statements and the management report for the financial year from 1 January 2022 to 31 December 2022 of flatexDEGIRO AG, Frankfurt am Main, have been prepared in accordance with the EU-APrVO, the statutory provisions and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf (IDW PS 450 n.F. (10.2021)).

The auditor's report we issued is reproduced in section B. of this audit report.

Frankfurt am Main, March 15th, 2023

BDO AG

Wirtschaftsprüfungsgesellschaft

Rist

Wirtschaftsprüfer

Gruchott

Wirtschaftsprüfer