# 2021

ANNUAL REPORT

flatex DEGIRO

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# Highlights

# Highlights 2021/2022

## 02/23/2021

With over 830,000 settled transactions, the flatexDEGIRO Group marks another **record trading day**, driven by consistently high customer growth and extraordinarily strong trading activity.

## 04/01/2021

flatex makes its entire **ETF and fund savings plan offering, comprising over 3,000 products, available permanently free of charge**. In addition, the custodian fee for all ETF and fund products ceases to apply. New and existing customers benefit equally from this offer, which is unique in Germany. Reduction of the minimum savings rate to €25 enables an even more extensive customer segment to take their financial future planning into their own hands.

## 05/11/2021

flatexDEGIRO completes the legal **merger of DeGiro B.V. and flatexDEGIRO Bank AG** and strengthens the DEGIRO management team. In addition to his existing role as Group CFO, Muhamad Chahrour joins the Management Board of the Amsterdam branch and becomes CEO of DEGIRO. Stephan Simmang, existing Co-Head IT of DEGIRO, and Frans Kuijlaars, existing Country Manager in the Netherlands, are appointed as additional Branch Managers.

## 05/25/2021

flatexDEGIRO announces its **five-year Vision 2026**: 7 to 8 million customers and 250 to 350 million transactions, expected to result in an accumulated operating cash flow in excess of EUR 1.5 billion.

## 07/02/2021

Successful **private placement of 650,000 shares** by DEGIRO founders, with renowned, global institutional investors (5 times oversubscribed).

## 08/06/2021

With the connection of **Tradegate**, operator of the largest trading exchange for private investors, all DEGIRO customers throughout Europe benefit from its broad offering. This includes a comprehensive product range, narrow spreads, and a significant expansion of trading hours, including **early and late trading from 8 a.m. to 10 p.m.**

## 09/01/2021

flatexDEGIRO AG executes a **stock split, at a ratio of 1:4**, to further increase liquidity in the share. At the same time, shareholding is made even easier for investors to access, particularly private customers. The price of flatexDEGIRO shares is correspondingly divided by four, without influencing the value of the overall share capital or diluting the shareholding.

## 09/17/2021

flatexDEGIRO's trading platform receives the **special prize** in the **"Champions of the Digital Transformation 2021"** study. The panel is particularly impressed by the high innovative strength and significant development progress, particularly in light of the challenges posed by COVID-19 in the previous months. The study has been conducted by the strategy and management consultancy firm Infront Consulting, with support from its media partner, CAPITAL business magazine.

# Highlights 2021/2022

### 10/01/2021

flatexDEGIRO successfully launches a trading platform experiment on board a European Space Agency (ESA) satellite. This constitutes the **first-ever stock trade in space** – completed on the existing, in-house-developed trading system. The results are intended to make flatexDEGIRO's innovative cloud computing solutions even more user-friendly and efficient.

### 10/11/2021

With **"flatex-next 3.0"**, flatexDEGIRO embarks on the next evolutionary stage of its online brokerage app. This app, first introduced at flatex in Germany, uses crowd knowledge and behaviour to provide individual customers with more relevant and more targeted information so that they can make better-informed investment decisions.

### 11/04/2021

flatexDEGIRO starts an initiative to indirectly invest **in cryptocurrencies via trackers**. This encompasses, in particular, the largest currently listed exchange-traded funds (ETFs), exchange-traded products (ETPs) and exchange-traded notes (ETNs). flatexDEGIRO offers several crypto trackers that follow the underlying performance of digital currencies such as Bitcoin and Ethereum. There is no need to set up a crypto wallet or use a cryptocurrency exchange.

### 11/18/2021

Offering **commission-free trading on top American and European stock markets**, DEGIRO further opens up capital market access to European retail investors. DEGIRO customers throughout Europe are now able to trade over 5,000 US shares directly on the leading US exchanges NASDAQ and NYSE, without any commission. In addition, they can trade all ETFs and shares on the respective local tier-1 stock markets commission-free, in the most important growth markets France, Spain, Portugal and Italy, as well as in Sweden and Denmark.

### 12/07/2021

flatexDEGIRO expands its unique derivatives offering for DEGIRO customers in important markets such as Germany, the Netherlands and France. Strong **product partnerships with leading global investment banks BNP Paribas and Société Générale** enable customers to trade thousands of products for just €0.50, in an example of flatexDEGIRO making use of its technological edge and high efficiency to constantly improve the offering for its customers.

### 01/01/2022

**Aygül Özkan** (50), expert in economic and social affairs, adds her expertise to the **Supervisory Board of flatexDEGIRO Bank AG**. Aygül Özkan combines outstanding political experience as the former Minister for Social Affairs, Women, Family, Health, Construction and Integration for the State of Lower Saxony with a successful career in multi-national financial services and telecommunications companies. With this outstanding appointment, the Supervisory Board considers itself well-positioned to further support the rapid growth and claim to leadership of flatexDEGIRO in Europe in the long term.

# Group Key Performance Indicators

# Key figures for the Group

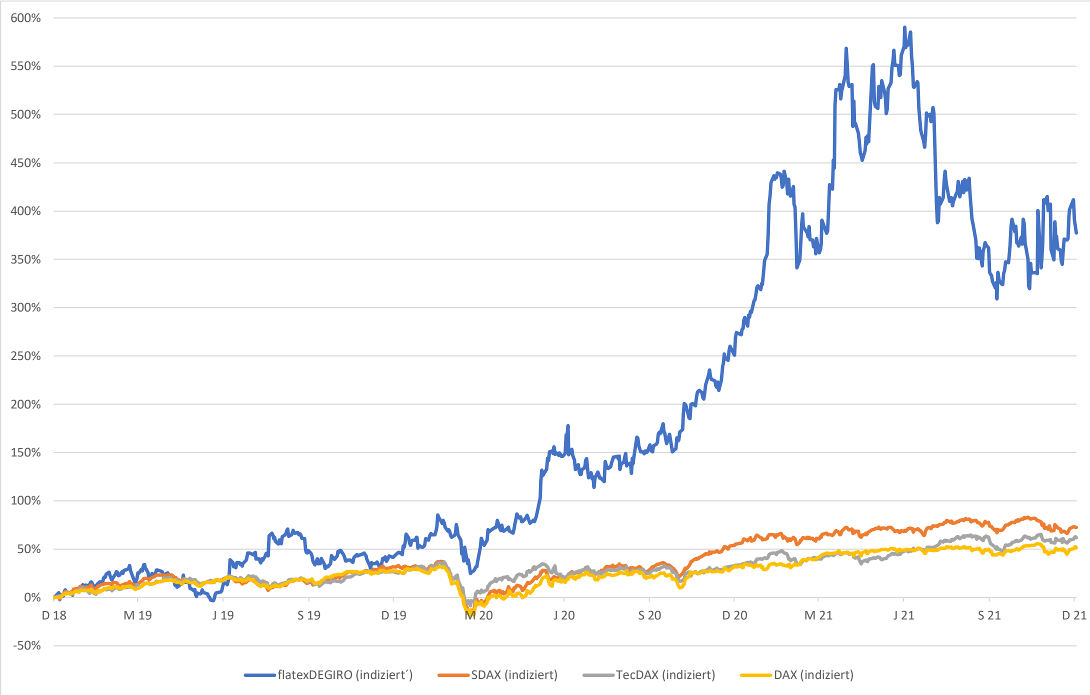
| | | 2021 | 2020 | Change in % |
|---|---|---|---|---|
| **Brokerage key figures** | | | | |
| Transactions executed | number | 91,015,832 | 75,024,392[1] | +21.3 |
| Customer accounts as of 12/31 | number | 2,062,164 | 1,330,971[1] | +54.9 |
| Customer accounts as a yearly average | number | 1,696,568 | 1,101,473[1] | +54.0 |
| Transactions per customer account/year | number | 54 | 68 | -21.2 |
| Customers assets under custody | mEUR | 43,863 | 31,765 | +38.1 |
| thereof: custody volume | mEUR | 41,038 | 29,694 | +38.2 |
| thereof: deposit volume | mEUR | 2,825 | 2,071 | +36.4 |
| Employees (average) | number | 1,050 | 716 | +46.6 |
| **Financials** | | | | |
| Revenues | kEUR | 417,581 | 261,490 | +59.7 |
| Adjusted EBITDA before marketing and advertising expenses* | kEUR | 223,143 | 138,234 | +61.4 |
| Adjusted EBITDA margin before marketing and advertising expenses* | in % | 53.4 | 52.9 | +1.1 |
| Adjusted EBITDA* | kEUR | 177,073 | 113,953 | +55.4 |
| Adjusted EBIT* | kEUR | 145,246 | 89,314 | +62.6 |
| Adjusted consolidated net profit* | kEUR | 96,542[2] | 65,452[2] | +47.5 |
| Adjusted earnings per share (undiluted)* | EUR | 0.88[2] | 0.58[2] | +51.7 |
| Adjusted cost-income ratio* | in % | 49.9 | 46.3 | +7.8 |
| Adjusted profit margin* | in % | 23.0 | 25.0 | -8.0 |
| **Balance sheet and cash flow statement** | | | | |
| Equity | kEUR | 499,385 | 445,834 | +12.0 |
| Total assets | kEUR | 3,690,589 | 2,818,178 | +31.0 |
| Equity ratio | in % | 13.5 | 15.8 | -14.5 |
| Operating cash flow | kEUR | 125,028 | 141,452 | -11.6 |
| Adjusted return on tangible equity (ROTE)* | in % | 60.9 | 67.7 | -10.0 |
| **Segments** | | | | |
| | Revenues kEUR | 406,417 | 247,341 | +64.3 |
| Financial Services (FIN) | Adj. EBITDA kEUR | 164,864 | 110,537 | +49.1 |
| | Revenues kEUR | 68,525 | 38,855 | +76.4 |
| Technologies (TECH) | Adj. EBITDA kEUR | 12,209 | 3,416 | +257.4 |
| | Revenues kEUR | -57,361 | -24,707 | -132.2 |
| Consolidation | Adj. EBITDA kEUR | - | - | - |

* The disclosures on Adjusted EBITDA before marketing and advertising expenses / EBITDA margin before marketing and advertising expenses / EBITDA / EBIT / consolidated net profit / earnings per share /cost-income ratio /profit margin / ROTE are shown reduced by the personnel expenses for long-term variable compensation components (see also Note 35) as well as marketing and advertising expenses (see also Note 26) and expenses in the personnel area in connection with business combinations (see also Note 25) For better comparability of the key figures for the period using the Adjusted EBITDA / EBIT / EBT, we refer to the Group Management Report, Section 2.6 Earnings Position.

[1] The pro forma financial information is based on assumptions and represents the hypothetical situation of the full inclusion of DeGiro B.V. in the flatexDEGIRO Group for the 2020 financial year. It is intended to be used for illustrative purposes only and does not necessarily reflect the actual financial position, cash flows, and financial performance of the flatexDEGIRO Group.

[2] The amounts are recorded with the 20% tax rate assumed by the company. The non-GAAP-compliant financial key figures should not be considered in isolation or as a replacement for the GAAP financial key figures that can be most directly compared.
The figure for earnings per share in 2020 was nominally adjusted in accordance with the stock split that took place in August 2021, at a ratio of 1:4.

# The flatexDEGIRO AG share




| | | 2021 | 2020* | Change in % |
|---|---|---|---|---|
| Number of shares outstanding as of 12/31 | number | 109,792,548 | 109,092,548 | +0.6 |
| Number of shares outstanding - year average | number | 109,565,710 | 92,329,832 | +18.7 |
| Share capital as of 12/31 | kEUR | 109,793 | 27,273 | +302.6 |
| Market capitalisation as of 12/31 | mEUR | 2,324 | 1,732 | +34.2 |
| Annual closing price as of 12/31 | EUR | 21.22 | 15.88 | +33.6 |
| Annual highest rate | EUR | 29.28 | 15.88 | +84.4 |
| Annual lowest rate | EUR | 15.78 | 5.29 | +198.3 |
| Earnings per share (undiluted) | EUR | 0.47 | 0.55 | -14.5 |
| Adjusted earnings per share** | EUR | 0.88 | 0.58 | +51.7 |
| Carrying amount per share (undiluted) | EUR | 4.59 | 4.09 | +12.2 |
| Dividend per share | EUR | - | - | - |

* Adjusted for the stock split that took place in August 2021, in a ratio of 1 : 4.

** The amounts are recorded with the 20% tax rate assumed by the company. The non-GAAP-compliant financial key figures should not be considered in isolation or as a replacement for the GAAP financial key figures that can be most directly compared (see section 2.6).

# The flatexDEGIRO Group

# flatexDEGIRO, Europe‘s largest retail online broker

## 2.06 million

**> 2.06 million customer accounts** in 18 countries currently trust our independent and unique offer.

## 91 million

**> 91 million transactions** settled for our customers at more than 50 trading venues worldwide over the past 12 months.

## 350 billion

**> EUR 350 billion transaction volume** settled for our customers without ever taking on a risk position in trading.

## 500 million

**EUR 500 million in equity** form the foundation of our daily work and is testament to our sustainable solvency.

## 60%

**> 60% return on tangible equity** makes us one of Europe‘s most effective and efficient financial service providers.

## 1,100

**> 1,100 staff members** are dedicated to providing our customers with the best platform available, every day.


# A reliable partner when it counts the most

### What sets us apart?

Absolutely everything we do is done in-house. Our user-friendly and intuitive app makes mobile trading on the go easy for everyone. No matter whether you are a saver, an investor or an active trader. At the same time, we offer the security and reliability of a bank, a fully integrated IT with > 99.9% up-time and EUR 500 million in Group equity. We are confident that this combination makes us a partner second to none in Europe to our customers.

flatex

DEGIRO

VITRADE.

# Outstanding success in growth markets

## Our long-term growth benefits from strong trends

### New generation of investors

who accumulate and invest their wealth (Generation Y) has not experienced the negative effects of previous stock-market crashes (“What is the dot.com bubble?”)

### Progressing digitalization

increases the acceptance of online banking and online brokerage (“I can use my mobile phone to invest and manage my finances.”)

### Negative interest environment

drives people to invest in alternative value-retaining products like shares (“Savings accounts do not generate any capital gains.”)

### Problems of public pension schemes

force people to implement long-term measures, and governments to establish investment schemes with tax incentives (“Will public pension schemes survive the next 30 years?”)

### Simplified access

to a wide-range of iconic brands drives interest in capital market trading (“I can easily invest in companies and brands that I like and use myself.”)

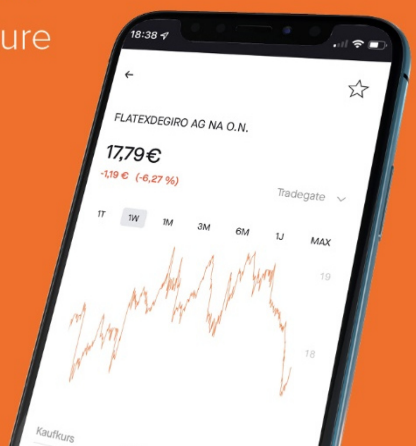
# For all those who invest in themselves.

Intuitive access to relevant information is crucial for any investment decision. With the current flood of news and data, it is more important than ever to intelligently filter out the unimportant and concentrate on what is really significant for personal investment decisions.

The new functionalities of the flatex App are the first on the market to offer our customers exactly that. At flatexDEGIRO, we feel responsible for making trading easier, more informed and safer for our customers and for inspiring them to take control of their financial future themselves.

flatex

Invest in yourself



# True Stories of Investing

Our goal is to provide access to investing for everyone who wants to shape their financial future intelligently and responsibly. We do this with a high-quality, user-friendly and cost-efficient investment platform, but also with education.
In our documentary „True Stories of Investing“, journalists, professors, behavioural scientists, former ministers and investors refute the biggest misconceptions about investing. And they explain some important lessons that every investor should know. Speakers include behavioural scientists and pioneers such as **Hersh Shefrin** (professor at Santa Clara University and bestselling author of Beyond Greed and Fear) and **Wendy De La Rosa** (TED speaker and PhD student at Stanford University), Vanguard managing director **Sean Hagerty**, impact investor **Mark van Baal** and former F1 world champion **Nico Rosberg**, as well as BBC journalist **Rory Cellan-Jones.**

# Letter from the Management Board

# Letter from the Management Board

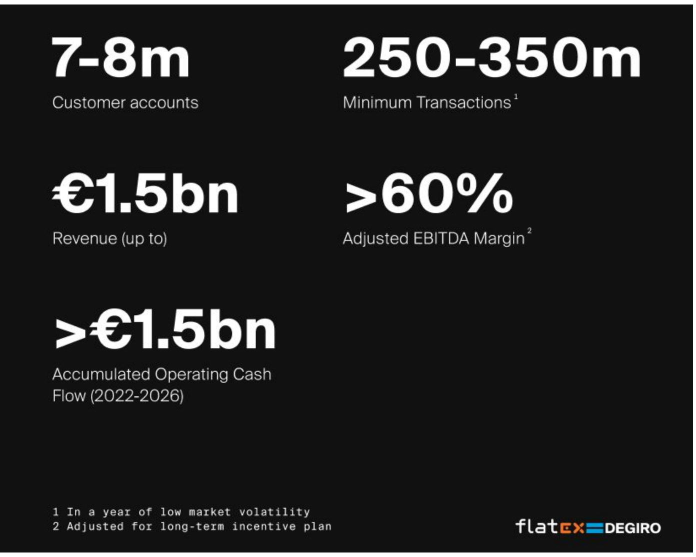
## Dear Shareholders and Friends of flatexDEGIRO AG,

2021 was another successful year for flatexDEGIRO, a record year. In fact, the seventh year in a row already. Motivated by our wonderful customers and driven by the impressive performance of our 1,129 employees we have succeeded in further securing and expanding our leading position in Europe. In just one year we have grown our customer base by 55%, our revenue by 60% and our Adjusted EBITDA also by 55%. However, we are really still only at the beginning of our growth in Europe.

*Frank Niehage, CEO, Muhamad Said Chahrour, CFO*

## As Europe's leading online broker, we are pursuing a clear vision

We aim to continue growing significantly faster than any of our competitors – faster than several of them put together, in fact. We want to almost quadruple our customer base, from the current 2 million customer accounts to 7 or 8 million customer accounts, by 2026. That means an average annual customer growth rate of around 30%. We will achieve this through an unsurpassed combination of first-class platforms, products, and prices. Long-term trends are prompting a constantly growing range of potential customers to deeply engage with the opportunities presented by simple, long-term capital investment on the stock market, particularly in continental Europe – and as such in our most important core and growth markets. Operationally and strategically, we are ideally positioned to disproportionately benefit when a growing number of these approximately 250 million people begin to independently explore online brokerage. This will be supported to a significant extent by increased digitalisation in Europe driven by the European Recovery Plan, specifically the Digital Europe programme which forms part of it and is worth some EUR 7.5 billion.




Even with cautious assumptions about the individual trading activities of our customers, we aim to conduct 250 to 350 million transactions per year with this broad customer base; that is a good three times our current record.

At the upper end of the range, this would equate to potential annual revenues of up to EUR 1.5 billion. The strong operational lever presented by our highly scalable business model will enable us to achieve an Adjusted EBITDA margin on these revenues of over 60%.

Over the next five years, we therefore plan to generate cumulative operating cash flow in excess of EUR 1.5 billion – this alone corresponds to around three quarters of our current market capitalisation.

Thanks to this financial strength, we are in a position to continuously invest in our outstanding customer offering, as well as to further optimise our platform, products and pricing structure and to bolster our highly profitable growth with effective marketing campaigns.

## Our exponential growth is based on unique structures

This exponential growth is not something to be taken for granted, nor is it an end in itself. We have achieved it with an outstanding customer offering, which we have developed over the course of many years. We integrated the entire online brokerage value chain into our company from an early stage. As a result, we now have an eminently advanced IT landscape, featuring in-house datacentres in Germany, a highly scalable, extremely robust trading platform, and the unique technical expertise of hundreds of IT employees. These experts have also been involved in the programming and development of all of our systems – from our core banking system and trading app through to securities settlement.

Our customers experience this technical advancement in the form of fast innovation cycles, product characteristics that are unique to us, and an outstanding user experience. It is no fluke that the flatex and the DEGIRO apps both consistently achieve top App Store ratings.

As the only online broker operating throughout all of Europe, we have a full German bank licence and offer our customers additional security on the basis of our Group equity totalling around half a billion euros.

Our ability to function as a one-stop shop for all necessary services – online brokerage, all IT processes including development and hosting, banking services from KYC checks to the issuing of securities loans and even clearing and settlement – facilitates a unique cost efficiency which we pass on to more than 2 million customers in 18 European countries in the form of very attractive prices. This is what enables us to offer our customers commission free trading of important products such as ETF and fund savings plans (flatex Germany), the entire US trading (DEGIRO) and even local stock trading in selected markets (DEGIRO) – while still enjoying highly profitable growth and without compromising on quality, service, or execution.

Our many awards, which include “Best Broker for Stocks” in Italy, Spain, and Portugal – three of our most important growth markets – “Best Fund and ETF Broker” in Germany, and “Best Discount Broker” and “Best Broker for Stock Trading” in Europe, are testament to our outstanding competitive position.

## We further expanded our competitive position in 2021

With the merger of DEGIRO and flatexDEGIRO Bank AG and the introduction of a number of key synergy measures, the past financial year saw the most successful acquisitions in our company history. And as a united entity we have already taken a number of important steps to make our company even more attractive to our existing and future customers. We have invested heavily in IT so that we can offer maximum stability and security on our platform. At the same time, the introduction of “next 3.0” has improved the user-friendliness and relevance of our trading app. We have expanded trading opportunities for our DEGIRO customers by opening up early and late trading via Tradegate and have extended our unique product partnerships with leading investment banks BNP Paribas and Société Générale.

We have made it our mission to make the capital markets accessible for a broad range of the population, and to empower private individuals to invest independently and sustainably. As Europe’s leading online broker, we feel we have a responsibility to make trading simpler, better-informed and more secure for our customers. We are also making great strides in the area of financial education, thanks to our innovative “True Stories of Investing” documentary which we launched in January 2022.

However, though these successes over the past few months and years are important milestones on our path to future greatness, they are ultimately still just the first steps. We are now fully focused on seizing the immense opportunities ahead of us and make our clear vision a reality.

As members of the Management Board, as well as major shareholders in flatexDEGIRO, we are confident about this vision and about the steps we have already undertaken, together with our outstanding teams. It is this combination of excellent employees, a unique organisational structure, a comprehensively impressive customer offering and structurally growing markets that makes us very confident about continuing the success story of our company for the benefit of all of our stakeholders.

And so we are left - as last year - to conclude with the conviction:

2021 was one of the most outstanding years in our company's history;
but it certainly will not be our record year for long!

Yours sincerely,

| | |
|---|---|
| Frank Niehage, LL.M. | Muhamad Said Chahrour |
| CEO, Chairman of the Management Board | CFO, Member of the Management Board |

# Report of the Supervisory Board

# Report of the Supervisory Board

## Dear Shareholders,

The 2021 financial year was extremely successful for flatexDEGIRO Group. Despite the continuing COVID-19 pandemic and associated restrictions in many areas of economic life, 2021 was another record financial year for the flatexDEGIRO Group, which saw an increase of around 21 % in the number of financial transactions processed and growth of 55 % in our customer base, as measured by the number of customer accounts. We acquired some 500,000 new customers in the first six months alone. This outstanding business development is in particular a result of the the consistent continuation of the growth and internationalisation strategy we have adopted, which has had a decisive impact on the year under review. This was reflected in the integration of DeGiro B.V. into the Group following its merger with flatexDEGIRO Bank AG, and in the related realisation of additional synergies. Another notable development was the 1:4 stock split, which further increased our attractiveness to investors, and retail investors in particular. Significant operational steps included the new “DEGIRO goes zero” pricing policy and the launch of the new version of the “flatex-next” app.

### Cooperation with Management Board

In the 2021 financial year, the flatexDEGIRO AG Supervisory Board performed the control and advisory duties incumbent upon it under law and the Articles of Association with great care. It advised and supervised the Management Board in its management of the Company on an ongoing basis and provided support on strategically important issues relating to the Company’s further development. The yardsticks for this monitoring were, in particular, the legality and regularity, fitness for purpose, strategic importance, sustainability, and efficiency of the management team and Group leadership. The Supervisory Board was directly involved at an early stage in all decisions of material importance to the Company’s business development.

The written and oral reports of the Management Board formed the main basis for the fulfilment of the statutory monitoring task. The Management Board informed the Supervisory Board regularly, promptly and comprehensively about the strategy, liquidity development and corporate planning, the course of business during the year and the position of the Group, the risk situation and risk management, all matters and issues relevant to the Company in the areas of legal affairs, human resources, internal audit and compliance, the focal points for innovation, and any deviations in the business development from the original planning, as well as other important events. In the year under review, there were exclusively positive deviations between actual and planned developments, largely as a result of the pandemic-related increase in capital market volatility during the first few months of the reporting period and the correspondingly higher trading activity on the part of online brokerage customers, which were explained to the Supervisory Board in detail, including the reasons for these deviations. As a result of these positive deviations, the Management Board was in fact able to increase its forecast for the 2021 financial year two times. The members of the Supervisory Board always had sufficient opportunity to critically examine the reports and proposed resolutions of the Management Board and to contribute their own suggestions and proposals for guidance. All significant business transactions of flatexDEGIRO AG and its major shareholdings and the further development of the company in the reporting period were coordinated with the Supervisory Board. The Management Board provided supplementary information and details to the Supervisory Board in addition to the standard reports. The Supervisory Board performed plausibility checks and critical reviews of the reports and other information distributed by the Management Board, and questioned these where appropriate.

The Chairman of the Supervisory Board also maintained a close and regular exchange of information and ideas with the Management Board outside of the Supervisory Board meetings in order to discuss topics relating to development, strategy, planning, the risk situation, risk management, regulation, compliance and current business transactions and significant events within the company and the flatexDEGIRO Group. The Chairman of the Supervisory Board reported on significant findings and important events at the following Supervisory Board meeting, if not before.

## Meetings of the Supervisory Board and focal points of its activities

In the course of the 2021 financial year, the Supervisory Board held a total of eleven meetings (four ordinary and seven extraordinary) at which it discussed the company's current business performance, important individual business transactions, and Management Board measures requiring its approval. The regular meetings were held in March, May, September and December and the extraordinary sessions took place in January, April, May, June, August, November, and December 2021. Supervisory Board member attendance at the meetings of the Supervisory Board was 100%. The Supervisory Board met regularly, at least at times, without the Management Board. In view of the pandemic-related situation, the meetings of the Supervisory Board and those of the audit committee were largely held virtually via video conference. Resolutions were also adopted outside of meetings by means of written votes cast by circular resolution. In and outside of the individual meetings, the Supervisory Board granted the necessary approvals in each case after thorough examination and detailed discussion with the Management Board.

A particular focus of the Supervisory Board's activities in the past financial year following the acquisition of DeGiro B.V., completed at the end of July 2020, was the implementation of the focused growth and internationalization strategy through the merging of DeGiro B.V. with flatexDEGIRO Bank AG while maintaining the two core brands: "flatex" and "DEGIRO". Subsequently, the Supervisory Board closely monitored the leveraging of synergies associated with the merger. Other focal points included a review and decision-making process concerning the 1:4 split of the flatexDEGIRO shares as well as a number of corporate governance topics and measures, such as determining the proportion of women on the Management Board and the Supervisory Board, the diversity concept for the Management Board and the Supervisory Board, the rules of procedure for the Management Board and the Supervisory Board, the compensation systems for the members of the flatexDEGIRO AG Management Board, and the formation of an audit committee. With regard to the operational topics, the Supervisory Board supported and advised the Management Board on the implementation of the new "DEGIRO goes zero" pricing policy. The Supervisory Board was also closely involved with the launch of the new version of the "flatex-next" app, with its innovative crowd-based information access and further improvements in user-friendliness.

The strategy, development of sales and earnings, and current business development of flatexDEGIRO AG and the major Group companies were the subject of regular consultations in the meetings of the Supervisory Board. This included, in particular, the financial situation, written reports of the Management Board on the risk situation, Group audit, and key developments in the areas of participations, co-operations, operational customer business and trading.

In the meetings of the past financial year, the following main topics were discussed and the following resolutions were passed:

In the meeting held by telephone on 29 January 2021, the Supervisory Board decided on the target for the proportion of women on the Management Board and on the Supervisory Board in accordance with Section 111 (5) German Stock Corporation Act (AktG) and set these each at 0 %. This target is effective for five years as of 26 October 2020. In the same meeting, the Supervisory Board adopted the diversity concept for the Management Board and the Supervisory Board, approved an amendment to the rules of procedure for the Management Board, and passed a resolution on the rules of procedure for the Supervisory Board.

At the balance sheet meeting on 30 March 2021, the Supervisory Board had the Management Board explain in detail the annual and consolidated financial statements as of 31 December 2020, together with the management report and the Group management report. Subsequently, the auditors participating in the relevant agenda items reported in detail on the course and results of their respective audits and were also available to provide additional information during the subsequent detailed discussion of the documents. The Supervisory Board again confirmed the impartiality of the company auditing the financial statements and consolidated financial statements, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg (hereinafter referred to as "BDO" or "auditor"). The audit of the financial statements, together with the management report and the consolidated financial statements, as well as with the Group management report by the auditor did not give rise to any objections, nor did the final review by the Supervisory Board, which took into account the auditor's audit reports. Similarly, the inspection of the consolidated corporate governance statement for flatexDEGIRO AG and the Group for the 2020 financial year did not give rise to any objections, including insofar as it does not require auditing by the auditor. After a detailed discussion, the Supervisory Board approved the financial statements and consolidated financial statements, and the consolidated corporate governance statement compiled by the Management Board. The financial statements as at 31 December 2020 and the consolidated corporate governance statement were therefore adopted. There were also no objections following the examination of the separate 2020 non-financial Group management report; this report was also adopted. The report of the Supervisory Board concerning the 2020 financial year was then examined and approved. Due to the health threats posed by the COVID-19 pandemic, the Supervisory Board adopted the resolutions necessary to hold a virtual General Meeting on 29 June 2021 on the basis of Article 2 of the Law on the Mitigation of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law of 27 March 2020, as amended on 22 December 2020.

In the meeting held via video conference on 29 April 2021, the Supervisory Board addressed the recommendations of the German Corporate Governance Code as amended on 16 December 2019 (the "German Corporate Governance Code") in detail, reviewed compliance with these recommendations in depth, and finally approved the submission and publication of the joint statement of the Management Board and Supervisory Board pursuant to Section 161 AktG on the German Corporate Governance Code, with the justified exceptions listed therein.

In order to prepare the planned stock split in a ratio of 1 : 4, a Supervisory Board meeting held via video conference on 6 May 2021 gave approval to offset the existing loss carry forward at flatexDEGIRO AG with other retained earnings, which had been approved by the Management Board, as well as consent to prepare and audit an interim balance sheet showing this. The background to the planned stock split was that after considerable price increases in the first half of 2021, the flatexDEGIRO AG share was one of the ten assets on the SDAX with the highest price per share, and therefore appeared to be one of the most expensive securities. The stock market price for individual flatexDEGIRO shares was to be adjusted accordingly without affecting the real value of the shareholders' investments.

The initial subject matter of the Supervisory Board meeting held via video conference on 14 May 2021 was the resolution on the compensation system for flatexDEGIRO AG Management Board members. The system's aim is to create a compensation structure which focuses on the right areas for motivation, is based on sustainability, and also take "soft" components such as ESG criteria into account. These main points were also taken into consideration in variable compensation, namely in the Stock Appreciation Rights Plan 2020 (*"SARs Plan 2020"*). An updated statement of compliance was adopted against the background of changing the compensation system for Management Board members. The Supervisory Board then reviewed the auditor's independence in preparation for the ordinary Annual General Meeting on 29 June 2021. After careful consideration, the proposed resolutions to the Annual General Meeting were adopted as set out in the invitation to the meeting, whereupon the Management Board reported on the status of the cross-border merger of DeGiro B.V. with flatexDEGIRO Bank AG, progress made with the integration of DEGIRO relating in particular to personnel changes, developments regarding the IT and cloud strategy, and existing relocation plans within the Frankfurt site. Finally, the Group audit report and quarterly reports for Q4 2020 and Q1 2021 were examined.

Immediately following the company's ordinary Annual General Meeting, the Supervisory Board held a constituting meeting by phone conference on 29 June 2021 in which Mr Martin Korbmacher was elected Chairman of the Supervisory Board and Mr Stefan Müller as Deputy-Chairman. The Supervisory Board also resolved to clearly define the capital increase from company resources approved by the ordinary Annual General Meeting by the issuing of new shares. This definition was necessary as the company's share capital may change at any time due to ongoing vested share options, and the amount of the existing share capital at that time had to be specified for registration of elements including the capital increase.

The subject matter of the Supervisory Board meeting held via video conference on 2 August 2021 was investment in IT equipment supplied to flatexDEGIRO Bank AG, which the Supervisory Board approved after careful consideration.

At the Supervisory Board meeting of 27 September 2021 the Supervisory Board addressed the quarterly Group audit report for Q2 2021, and held an internal training session on the requirements and impact of the Financial Market Strengthening Integrity Act (Gesetz zur Stärkung der Finanzmarktintegrität *"FISG"*) The Supervisory Board advised the Management Board on implementation of the new "DEGIRO goes zero" price policy, and on the market launch of the new version of the "flatex-next" app with its innovative crowd-based information access and even further enhanced user-friendliness. The Supervisory Board also approved the change to the Management Board rules of procedure in several operational aspects, with particular regard to limiting the number of transactions that require approval. In concluding the meeting, the Supervisory Board addressed changes to the existing service guidelines, including those arising from sustainability aspects.

The subject matter of the Supervisory Board held via video conference on 18 November 2021 was the change to the company Management Board's business allocation plan effective as of 1 December 2021, and other organisational matters on the part of the management team. The Supervisory Board approved each of these after careful consideration.

The subject matter of the Supervisory Board held via video conference on 9 December 2021 initially centred on the resolution to create an audit committee, the resolution on approval to sell company shares to financial.service.plus GmbH, and the resolution to issue an updated statement regarding the German Corporate Governance Code. Towards the end of the meeting, the Supervisory Board discussed key marketing strategies for the future, and the status regarding the specific implementation of the new "DEGIRO goes zero" price policy, as well as the market launch of the new version of the "flatex-next" app. Before closing the meeting, it addressed the Group audit reports for Q1 and Q2 of the 2021 financial year.

In its meeting of 14 December 2021, the Supervisory Board conducted a self-assessment of its performance efficiency with the aid of an externally prepared assessment sheet. The Supervisory Board determined its efficiency following detailed discussion in the committee. With regard to the audit committee that was set up a just a few days previously (on 9 December 2021), an assessment will be made over time as the audit committee's work progresses.

## Organisation of the Supervisory Board's work

Around the end of the reporting period, the Supervisory Board formed an audit committee at its meeting of 9 December 2021, in compliance with the legal provisions relating to shares. However, in view of the number of members, the three-member Supervisory Board did not form any other committees during the reporting period.

The audit committee consists of Mr Herbert Seuling (Chairman), Mr Martin Korbmacher, and Mr Stefan Müller. For more information on audit committee membership, please go to the flatexDEGIRO AG website at https://flatexdegiro.com/en/investor-relations/corporate-governance and the corporate governance statement for the 2021 financial year.

In addition to its constituting meeting on 9 December 2021, the audit committee also met on two further occasions (one of which was during the reporting period) before this report was adopted. Audit committee member attendance was 100% at these meetings.

The committee's work focused mainly on audit planning and auditing of the 2021 annual and consolidated financial statements together with the related management and Group management report, the consolidated statement of the Management Board and Supervisory Board on corporate governance regarding the statements issued by the Management Board, and the separate non-financial Group report, the Group report, the reports of the financial statements auditor, and preparation of the Supervisory Board resolution on these points. With regard to the annual and consolidated financial statements, the audit committee focused in particular on the *key audit matters* set out in the respective auditor's report, including the audit actions performed.

From the time of its establishment, the committee also monitored the independence, qualification, rotation, and efficiency of the auditor, the additional services rendered by the auditor, and the quality of the financial statement audit. No concerns were raised regarding the auditor's independence or the quality of the financial statement audit based on the outcome of the committee's review.

In addition, the audit committee also looked closely at the effectiveness of the internal control system and risk management system, the effectiveness and findings of Internal Audit, and the work of the company's compliance organisation. It was informed of the key financial statement audit results and about other audit matters by the auditor.

The audit committee reported the outcome of its audits to the Supervisory Board and recommended that it should approve the annual and consolidated financial statements as at 31 December 2021, together with the management and Group management report for the 2021 financial year, as well as the consolidated corporate governance statement, and also to adopt the separate non-financial Group report. Representatives of the auditor also took part in the committee meetings on audit-related matters. The heads of the relevant departments were also available in the committee meetings to address individual agenda items and answer questions on the reports. There are additionally regular discussions between the chairman of the audit committee and the auditor outside of the meetings. The chairman of the audit committee reports on the committee's work to the Supervisory Board in Supervisory Board meetings on a regular basis.

As the audit committee was only set up around the end of the reporting period, various monitoring activities, which will be the responsibility of the audit committee in future, were carried out in the Supervisory Board plenary sessions.

## Supervisory Board and Management Board membership

According to the Articles of Association of flatexDEGIRO AG, the Supervisory Board consists of three members. The current members of the Supervisory Board were re-elected as Supervisory Board members by the ordinary Annual General Meeting of 29 June 2021 for the period until the end of the ordinary Annual General Meeting for 2025. Throughout the entire reporting period, the Supervisory Board was comprised of, as now, Mr Martin Korbmacher (Chairman), Mr Stefan Müller (Deputy-Chairman), and Mr Herbert Seuling.

There were no personnel changes on the Management Board in the reporting year. Throughout the reporting period, the Management Board consisted of Mr Frank Niehage as Chairman of the Management Board and Mr Muhamad Said Chahrour as Chief Financial Officer.

## Corporate Governance

The Supervisory Board and Management Board are conscious of the fact that good corporate governance is crucial to the success of the company and Group.

Corporate governance of flatexDEGIRO AG and the Group is explained in full in the consolidated corporate governance statement for the 2021 financial year, in accordance with principle 22 of the German Corporate Governance Code; this will be available to access on the flatexDEGIRO AG website at https://flatexdegiro.com/en/investor-relations/corporate-governance.

The current compliance statement as defined by Section 161 AktG based on the German Corporate Governance Code is made publicly accessible by the Management Board and Supervisory Board on the flatexDEGIRO AG website at https://flatexdegiro.com/en/investor-relations/corporate-governance, where it will remain available for at least five years.

The Supervisory Board regularly assesses how effectively it as a whole and the Audit Committee fulfil their duties (self-assessment in accordance with recommendation D.13 of the German Corporate Governance Code). This covers the organisational abilities, personal skills, and expertise of the relevant committee, the structure of and collaborative processes within the committee, and the supply of information, in particular from the Management Board. Overall, the work of the Supervisory Board was considered to be efficient and was assessed as positive. The results also confirmed that meetings are organised and conducted efficiently, and that there is an adequate supply of information, with no fundamental need for change being identified. The last self-assessment was conducted on 14 December 2021 through the use of externally prepared questionnaires. As the audit committee was only formed on 9 December 2021, the scheduled performance efficiency assessment was postponed to a later date.

The Chairman of the Supervisory Board attended investor meetings in the 2021 financial year, and remains ready, to a reasonable extent, to hold meetings with investors on matters specific to the Supervisory Board.

### Basic and further training programmes

During the reporting year, the members of the Supervisory Board and audit committee autonomously attended the basic and further training programmes required for the fulfilment of their duties; the company provided an appropriate degree of support to them for this. The further training programmes designed to maintain and expand the required expertise included external modular advanced training courses, as well as internal briefings and training sessions. The subject matter of the external training focused on balancing and accounting, monitoring of financial reports, the auditor, and corporate governance systems, compensation of the Management Board and Supervisory Board, banking supervision requirements and regulation. Internal training and briefings on new legal provisions were also held, with particular regard to the impact of the FISG, as well as on the duties of an audit committee and best practices for efficient monitoring by it.

There was no onboarding process for new Supervisory Board members who are unfamiliar with the company during the reporting year, as only the previous Supervisory Board members were re-elected for another term on 29 June 2021.

### No conflicts of interest

During the reporting year, no conflicts of interest arose on the part of Supervisory Board and Management Board members which must be disclosed to the Chairman of the Supervisory Board without undue delay, and of which the Annual General Meeting must be informed.

### Annual and consolidated financial statement audit for 2021, consolidated corporate governance statement for the 2021 financial year, and separate 2021 non-financial Group report

The Supervisory Board has reviewed whether the annual and consolidated financial statements, as well as other financial reports, meet the applicable requirements with regard in particular to legality, regularity, and fitness for purpose. This also involved an audit of the consolidated corporate governance report for flatexDEGIRO AG and the flatexDEGIRO Group, and of the separate non-financial report as at 31 December 2021.

BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg (BDO) has audited the annual and consolidated financial statements as at 31 December 2021, and the management report and Group management report for the 2021 financial year, incorporating the accounts, and has provided an unqualified auditor’s report on each. The annual financial statements of flatexDEGIRO AG, in addition to the management report and Group management report were prepared in compliance with the German legal provisions. The consolidated financial statements were prepared on the basis of the International Financial Reporting Standards (*“IFRS”*), as adopted by the European Union, and the German legal provisions to be applied pursuant to Section 315e(1) Commercial Code (Handelsgesetzbuch, *“HGB”*).

BDO was engaged for the first time as auditor by flatexDEGIRO AG and by the flatexDEGIRO Group for the 2015 financial statements. Signatories of the relevant auditor’s report for the 2021 financial year audit were Public Auditor Lukas Rist, and Public Auditor Marvin Gruchott as the lead public auditor. Both individuals signed off the auditor’s report for the first time with the 2021 financial year audit.

Before and after the resolution by the Annual General Meeting to nominate BDO as the financial statements and consolidated financial statements auditor for the 2021 financial year, and as auditor for any audit review of intra-year financial reports in 2021 and 2022 until the next ordinary Annual General Meeting, the Supervisory Board, as well as the audit committee, reviewed the necessary independence of BDO on a regular basis. This was done most recently during the balance sheet review meeting, where BDO satisfied the Supervisory Board of its independence with additional reference to any non-financial services.

The Chairman of the Supervisory Board engaged BDO for the audit after the 2021 Annual General Meeting, following its nomination by the Supervisory Board. In the meeting on 17 December 2021, BDO set out its audit plan to the audit committee with discussion of the main audit points.

The specified accounting records, together with the consolidated corporate governance statement for flatexDEGIRO AG and the flatexDEGIRO Group and the separate non-financial report as at 31 December 2021, were sent in advance to all audit committee and Supervisory Board members. The same applies to the written BDO audit reports. The audit committee and Supervisory Board had already received drafts of the preliminary documents in advance. The Supervisory Board reviewed the annual and consolidated financial statements, as well as the management report and Group management report in detail with respect to legality, regularity, and fitness for purpose, and noted the BDO audit reports and the reports and recommendations of the audit committee as a result of its review. During its review, the Supervisory Board paid close attention to the key audit matters contained within the auditor's reports, to the financial statements risk arising from them, to the described audit procedures, and to the respective conclusions of BDO.

With respect to the relevant agenda items, alongside the Management Board, the auditor attended the Supervisory Board financial statement meeting on 24 March 2022, and reported on its audits and their key results. All the main issues relating to the financial statements and audits, including the key audit matters set out in the auditor's reports, as well as the auditor's audit actions and conclusions, were discussed in full with the auditor. The auditor has confirmed that the early risk detection systems set up by the Management Board is suitable for the early detection of developments that could endanger the continued existence of the company.The auditor did not identify any significant weaknesses in the accounting-related internal control system. Supplementary questions raised by the Supervisory Board were answered in full by the auditor. The Supervisory Board approved the audit results presented by BDO. The Supervisory Board raised no objections based on the final result of the audit by the audit committee and its own review; this also relates to the consolidated corporate governance statement, even if it does not need to be audited by the auditor. Following an explanation by the Management Board, the separate non-financial report as at 31 December 2021, which was prepared by the flatexDEGIRO Group for the 2021 financial year, was also discussed in detail. Like the audit committee, the Supervisory Board had no objections based on its review of the separate non-financial report for the 2021 financial year. As a result, the Supervisory Board approved the annual financial statements prepared by the Management Board and the consolidated financial statements of the flatexDEGIRO Group; the annual financial statements were therefore adopted. The Supervisory Board agrees with the Management Board in its assessment of the company and Group position set out in its Management Report. The consolidated corporate governance statement and the separate non-financial Group report for the 2021 financial year were adopted. The Supervisory Board's report was adopted following a detailed review.

## Compensation Report pursuant to Section 162 AktG

The compensation report for the 2021 financial year was prepared by the Management Board and Supervisory Board pursuant to Section 162(1) sentence 1 AktG. The auditor has audited the compensation report separately for the existence of disclosures pursuant to Section 162(1) and (2) AktG, and has issued an unqualified audit certificate.

## A word of thanks

The outstanding results achieved in the 2021 financial year demonstrate how well the flatexDEGIRO Group's processes function, and the strength of flatexDEGIRO's market position.

The Supervisory Board expresses its appreciation and special thanks to the members of the Management Board, to all flatexDEGIRO AG employees, and to all Group companies who have helped us to achieve such positive results in these exceptionally challenging times through their personal commitment and dedication.

Frankfurt, 24 March 2022

On behalf of the Supervisory Board

Martin Korbmacher
Chairman of the Supervisory Board

# Group Management Report

# Basis of presentation

This Group Management Report of flatexDEGIRO AG (hereinafter referred as “flatexDEGIRO”, “Group” or “Group of companies”) was prepared in accordance with Sections 315 and 315a German Commercial Code (HGB) and the German Accounting Standards (DRS) 20. All report content and details are based on the reporting date of 31 December 2021 or the financial year ending on this reporting date.

The personal pronouns “we”, “us” and “our” used in this Group Management Report refer to flatexDEGIRO AG together with its subsidiaries.

# Forward-looking statements

This Management Report may contain forward-looking statements and information, which may be identified by formulations using terms such as “expects”, “aims”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “shall” or similar terms. Such forward-looking statements are based on our current expectations and certain assumptions, which may be subject to a variety of risks and uncertainties. The results actually achieved by flatexDEGIRO AG may differ substantially from these forward-looking statements. flatexDEGIRO AG assumes no obligation to update these forward-looking statements or to correct them in the event of developments which differ from those anticipated.

# 1 Fundamentals of the Group

## 1.1 Business model of the Group

### The flatexDEGIRO Group at a glance

In the area of financial services and financial technologies, flatexDEGIRO AG and its subsidiaries offer online brokerage and IT solutions with high standards of security, performance and quality. The focus of our business activities is online brokerage. The pro forma financial information shown for the same period in the previous year is based on assumptions and represents the hypothetical situation of the full inclusion of DeGiro B.V. in the flatexDEGIRO Group for the periods presented. It is for illustrative purposes only and does not necessarily reflect the flatexDEGIRO Group's actual financial position, cash flows, and financial performance. flatexDEGIRO sees itself as the largest retail online broker in Europe in terms of the number of transactions settled.

The Group's parent company is flatexDEGIRO AG, a European provider of financial technologies. Its business activities consist of the development, supply and operation of future-proof and efficient IT solutions for the processing of securities and payment transactions for European banks and financial services providers. In particular this includes the supply and operation of the IT infrastructure for private customers of the flatexDEGIRO Group, which warrants the processing of customer transactions in 18 European countries.

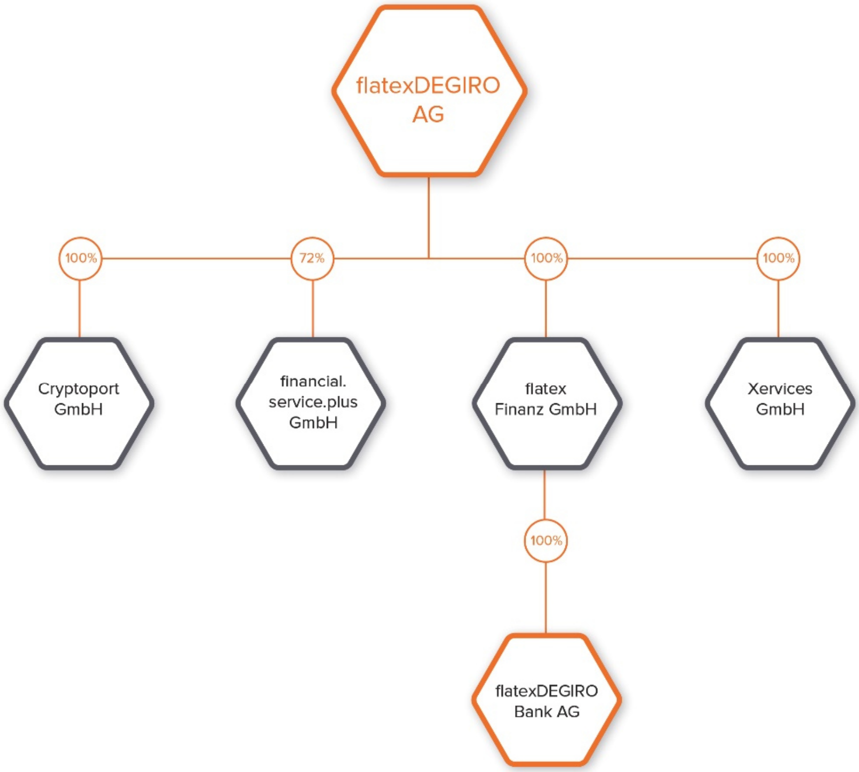
The consolidated financial statements presented here are those of flatexDEGIRO AG and its subsidiaries.

flatexDEGIRO AG is a German company with registered offices at Rotfeder-Ring 7, 60327 Frankfurt, Germany. It is listed on the regulated market of the Frankfurt Stock Exchange, with additional post-admission duties (Prime Standard) (S-DAX, WKN: FTG111, ISIN: DE000FTG1111 / ticker symbol FTK.GR).

flatexDEGIRO AG holds a direct 100% stake in Cryptoport GmbH, Xervices GmbH, and flatex Finanz GmbH, as well as 72% in financial.service.plus GmbH.

flatexDEGIRO AG also holds, via flatex Finanz GmbH, an indirect 100% stake in flatexDEGIRO Bank AG, Frankfurt. The subsidiary flatexDEGIRO Bank AG, Frankfurt, which is included in the consolidated financial statements, operates a branch office in the Netherlands under the name flatexDEGIRO Bank Dutch Branch, which has its registered office in Amsterdam, and a branch office in Austria under the name flatexDEGIRO Bank AG, which has its registered office in Vienna.

The corporate structure of flatexDEGIRO AG and its subsidiaries and second-tier subsidiaries is illustrated below:




The following changes to our Group's corporate structure took place in the 2021 financial year:

- Upon entry into the commercial register on 8 April 2021, flatex Bank AG was renamed flatexDEGIRO Bank AG.
- In addition, upon entry into the trade register on 7 May 2021 with retroactive effect from 1 January 2021, DeGiro B.V. was merged into flatexDEGIRO Bank AG.
- Upon entry into the commercial register on 1 December 2021, Brokerport Finance GmbH was renamed Cryptoport GmbH.

## 1.2 Management of the Group

The management of flatexDEGIRO AG is the responsibility of the Management Board, which consisted of the following members as at 31 December 2021:

**Frank Niehage, LL.M.**

CEO

**Muhamad Said Chahrour**

CFO

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

**Jörn Engelmann**
Chief Risk Officer

**Stephan Simmang**
Chief Technology Officer

**Steffen Jentsch**
Chief Information Officer

**Christiane Strubel**
Chief HR Officer

**Giscard Monod de Froideville**
Chief Marketing Officer

As at 31 December 2021, the Supervisory Board of flatexDEGIRO AG consisted of the following members:

Martin Korbmacher
(Chairman)

Stefan Müller
(Deputy Chairman)

Herbert Seuling
(Supervisory Board member)

The current declaration on corporate governance pursuant to Sections 289f and 315d HGB can be downloaded from the flatexDEGIRO AG website at www.flatexdegiro.com/en/investor-relations/corporate-governance.

A Declaration of Conformity within the meaning of Section 161 of the German Stock Corporation Act (AktG), issued on the basis of the German Corporate Governance Code in its version from 16 December 2019, will be published on the flatexDEGIRO AG website at www.flatexdegiro.com/en/investor-relations/corporate-governance by the Supervisory Board and Management Board after it has been issued and within four months of the reporting period ending.

## 1.3 Compensation system of the Management Board and Supervisory Board

The members of the Management Board of flatexDEGIRO AG receive fixed and variable compentation components as well as share-based payment. There are no compensation commitments to members of the Management Board for the time after the end of their respective terms of employment with the company. The members of the Supervisory Board of flatexDEGIRO AG only receive a fixed compensation component.

For further disclosures, we refer to Note 33.

## 1.4 Disclosures pursuant to Sections 289a and 315a HGB

1. Composition of the subscribed capital

   The subscribed capital (share capital) of flatexDEGIRO AG on the balance sheet date was EUR 109,792,548.00 and is divided into 109,792,548 no-par-value registered shares with full voting rights. Each share grants equal associated rights, and one vote each in the Annual General Meeting.

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

   The Management Board is not aware of any agreements with shareholders of flatexDEGIRO AG on the balance sheet date that contain restrictions affecting voting rights or share transfers. There are statutory restrictions on voting rights which apply, e.g., pursuant to Section 44 (1) of the Securities Trading Act (WpHG) (violation of notification obligations), Section 71b AktG (rights from treasury shares), and Section 136 (1) AktG (exclusion of voting rights in certain conflicts of interest).

3. Equity participations of more than 10%

   At the balance sheet date (31 December 2021), 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 28 October 2020 that his voting right share in flatexDEGIRO AG on 23 October 2020, held directly or indirectly, was 5,351,845 voting rights or 19.62%. At this point in time, the total number of voting rights in accordance with Section 41 WpHG was 27,273,137, with 396,607 voting rights or 1.45% of voting rights held directly by Mr. Förtsch; 4,955,238 voting rights or 18.17% of voting rights were attributed to Mr. Förtsch via his equity participations in GfBk Gesellschaft für Börsenkommunikation mbH ("GfBk"), Kulmbach, and Heliad Equity Partners GmbH & Co. KGaA, Frankfurt. At that point, GfBk held a direct stake of 12.93% in the share capital of flatexDEGIRO AG. At that point in time, BFF Holding GmbH ("BFF"), as a 100%-owned parent company of GfBk, indirectly held 12.93% of the share capital of flatexDEGIRO AG via its equity participation in GfBk. Up to the balance sheet date, the Management Board had not been informed by GfBk, BFF or Mr. Förtsch of any further instances of thresholds being met as defined by Section 33 Paragraph 1 WpHG.

- In the 2021 financial year, Morgan Stanley, Wilmington, Delaware, USA, informed us most recently on 21 December 2021 that its voting interest in flatexDEGIRO AG on 15 December 2021, held directly or indirectly, amounted to 11,917,910 voting rights or 10.86% of the voting rights of flatexDEGIRO AG. The majority of this was attributable to instruments in the context of collar structures. The total number of voting rights in accordance with Section 41 WpHG was 109,784,548 at that time.

The equity participations reported to us and in place as at 31 December 2021 are shown in the annex to the Annual Financial Statement for flatexDEGIRO AG, under disclosures in accordance with Section 160 (1) No. 8 AktG.

4. Shares with special rights

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

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

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

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

   The provisions relevant to the appointment and dismissal of members of the Management Board can be found in Sections 84 and 85 AktG, as well as in Section 6 of the Articles of Association. The Articles of Association of flatexDEGIRO AG do not contain any provisions which deviate from the statutory regulations in this respect.

   Amendments to the Articles of Association following the provisions of Sections 179 et seqq., Section 133 AktG, and Section 4 (3-8) (here in each case in the last sentence) and Section 18 (2) of the Articles of Association. In as far as amendments affect only the wording, the Supervisory Board can also resolve upon this in the cases regulated in Section 4 (3-8) of the Articles of Association. Section 18 (2) of the Articles of Association, in accordance with Section 179 (2) sentence 2 AktG, sets out that resolutions of the Annual General Meeting shall be passed with a simple majority of the submitted votes and, if the law specifies a capital majority in addition to the voting majority, with a simple majority of the vote-entitled capital which is represented at the time the resolution is voted on, subject to mandatory statutory specifications or provisions to the contrary.

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

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

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

   In addition, the company has the following conditional capital which, subject to approval by the Supervisory Board, the Management Board may use to create and issue new shares:

   - Conditional Capital 2014 pursuant to Section 4 (4) of the Articles of Association: Issue of up to 1,292,000 shares (2014 share options programme);
   - Conditional Capital 2015 pursuant to Section 4 (5) of the Articles of Association: Issue of up to 430,000 shares (2015 share options programme);

- Conditional Capital 2018/I (2017) pursuant to Section 4 (6) of the Articles of Association: Issue of up to 14,000,000 shares (in context of the issue of debt capital instruments in the form of convertible bonds and/or bonds with warrants);
- Conditional capital 2018/II pursuant to Section 4 (7) of the Articles of Association: Issue of up to 14,400,000 shares (in context of the issue of debt capital instruments, e.g., convertible bonds and/or warrant bonds).

At the balance sheet date, there was no authorisation on the part of the Management Board to acquire treasury shares.

8. Agreements providing for a change of control resulting from an acquisition offer, and the company's compensation agreements made with members of the Management Board or employees in respect of takeover offers

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

At the level of flatexDEGIRO Bank AG, there are contracts which contain change-of-control clauses that permit the respective parties and/or contract partner to terminate their cooperation with flatexDEGIRO Bank AG in the event of a change of control at flatexDEGIRO AG. Under these contracts, a "change of control at flatexDEGIRO AG" occurs when (i) a third-party acquires the majority of shares of flatexDEGIRO AG or the majority of voting rights of flatexDEGIRO AG or essentially all assets of flatexDEGIRO AG, or (ii) a third-party gain a controlling influence over flatexDEGIRO AG in another way within the meaning of Section 17 AktG.

The employment contract for the Chairman of the Management Board of flatexDEGIRO AG includes a clause relating to a change of control. This is intended to financially safeguard the Chairman of the Management Board in the event of a change of control, in order that they can maintain independence in a takeover situation.

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

The adjustment payments specified under 1. and 2. are in each case calculated pro-rata until the expiry of the currently valid contractual term.

Together, the compensation payments may amount to a maximum of two total annual compensation amounts (compensation cap). The total compensation for the expired financial year is taken as a basis for calculating the cap.

If the total compensation for the expired financial year is expected to be significantly higher or lower, this must be used as the basis.

9. Indemnity agreements pertaining to takeover offers

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

# 1.5 Business activities of the Group

## SEGMENTS OF THE GROUP

flatexDEGIRO AG is divided into the FIN (Financial Services) and TECH (Technologies) business segments. flatexDEGIRO Bank AG, with its full banking licence, covers business in the FIN segment, while the TECH segment represents the operational IT business of flatexDEGIRO AG.

The combination of FIN and TECH enables flatexDEGIRO AG to, most significantly, provide a full-service solution for online brokerage. In addition, and with lesser importance, it offers solutions for white-label banking services and business process outsourcing.

### Financial Services segment

The Financial Services segment mainly comprises the activities of flatexDEGIRO Bank AG, which can be divided into the Online Brokerage, Non-Brokerage, and Credit & Treasury operating divisions.

The Online Brokerage core segment encompasses products and banking services for the flatex, DEGIRO, and ViTrade proprietary brands integrated into the Group. In addition, services in the area of securities settlement and technically fully automated transaction processing (General Clearing Member, GCM) are offered as outsourcing solutions.

In the framework of Business Process Outsourcing (BPO), flatexDEGIRO Bank AG performs processes in the areas of employee participation and cash management for already-existing business partners.

The Credit & Treasury business area reflects investment business as well as the credit business, which is operated conservatively and on a fundamentally collateralised basis.

### Technologies segment

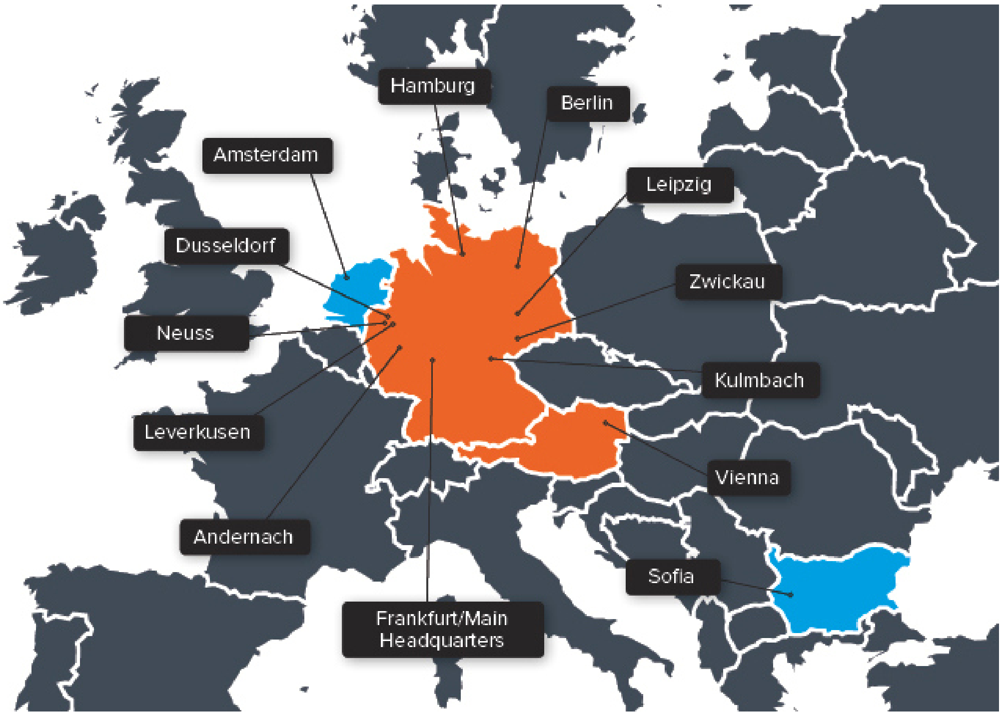
The business activities of flatexDEGIRO AG include the development, production, distribution, and maintenance of software, hardware, and IT infrastructures. The core product of flatexDEGIRO AG is the flatex Core Banking System (abbreviated to FTX:CBS).

FTX:CBS is designed as a standard platform for the technological mapping of business processes for full bank operations, and it meets current regulatory, security and availability requirements. FTX:CBS is hosted and operated in the in-house high-performance datacentres of flatexDEGIRO AG, which guarantee secure and redundant operations. The combination of software and IT infrastructure has created a scalable system that allows flatexDEGIRO AG to process a high number of transactions using its own systems. This means flatexDEGIRO was able to reliably process the 91 million transactions for 2.06 million customers in 2021.

Alongside FTX:CBS, the company's proprietary Limit Order System (abbreviated to: L.O.X.) can monitor the limit orders placed by approximately 20 European brokers against the price feed of connected issuers with more than 600,000 products. The portfolio is complemented by products from the area of corporate payments. These range from individual authorisation procedures via distributed electronic signatures to multi-client capability.

## 1.6 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. Group-wide, a total of 1,129 employees (previous year: 971) were employed by flatexDEGIRO Group at the reporting date.




Advanced conferencing software enables employees of flatexDEGIRO to work on a mobile basis, which means we are reducing the strain daily commuting places on our employees as well as on the environment. In addition, flatexDEGIRO AG avoids flights within Germany where possible, and is driving forward measures to promote e-mobility. The first completely electrically powered vehicles are in use Europe-wide.

To increase visibility of the flatexDEGIRO employer brand, recruitment has been standardised across national borders under the umbrella brand. In addition, due to the current COVID-19 pandemic, recruitment processes have been adjusted to protect applicants and our employees to the best possible extent. As such, it is preferred that interviews are conducted remotely.

Through the introduction of SAP SuccessFactors® as a professional HCM solution, flatexDEGIRO AG supports its employees through each phase of the employee lifecycle and promotes global collaboration between employees in their daily work.

## 1.7 Products and services

The flatexDEGIRO Group offers full service from a single source: from the development and operation of innovative IT technology to efficient securities settlement and payment transactions processing and end-customer business in the field of online brokerage. As an innovative company in the financial sector which has its own in-house IT and full banking licence, flatexDEGIRO AG is distinguished by an exceptionally high level of vertical integration and is only dependent on external service providers to a minor extent.

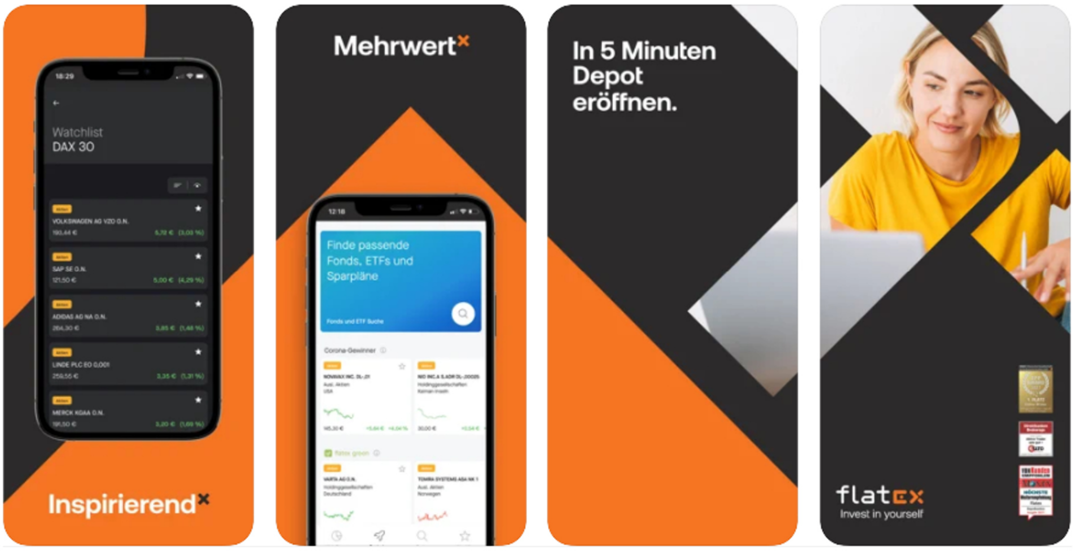
The products and services of flatexDEGIRO AG are based on an ecosystem which has two dimensions: Software as a Service (SaaS) and Banking as a Service (BaaS).

SaaS forms the technological foundation and is provided by the Technologies segment. BaaS is responsible for the banking services of flatexDEGIRO Bank AG and is part of the Financial Services segment. This means that flatexDEGIRO Group can cover the entire product portfolio of a technology provider as well as a full bank.

# FINANCIAL SERVICES SEGMENT (FIN)

## Core business online brokerage

flatexDEGIRO has three established and successful online broker brands: flatex, DEGIRO and ViTrade. All online broker brands specialise in the execution-only securities business and target traders and investors who trade autonomously. The company's successful growth means that an increasingly broad customer base is targeted. Trading services are available for all types of securities with access to all German and many international stock markets, as well as over-the-counter direct trading. Our brands are pure online brokers without physical branches. They provide customers with a number of different trading platforms and access options for trading in securities products. These access options are continuously improved with the aim of offering an excellent customer experience and reaching additional groups of customers. At the end of November 2020, flatex made an optimised user interface (flatex-next) available to its customers in Germany. With 4.5 stars in the Apple App Store, flatex-next is currently one of the best-rated online brokerage apps in Germany.




Customers can trade stocks, ETFs, ETPs and many other products online, both on exchanges and over the counter. The Group also cooperates with numerous direct trading partners. In addition to one-off investments in securities, customers can also sign up to savings plans for investment funds and ETFs. Since 2021, flatex has offered over 4,000 savings plans for ETFs and funds in Germany on a permanent basis without trading commission, and also does not collect any custody fees for ETFs and funds.

An average of 54 transactions per customer account in 2021 attests to the active customer base of flatexDEGIRO. The success of the online brokerage business was further advanced by the Group's transparent pricing model, which focuses on cost-effective conditions, the comprehensive and independent product portfolio, and the transparent, convenient, and customer-focused platforms.

The Group's brokerage business has received accolades in numerous publications in the past financial year. Euro am Sonntag awarded flatex the title of best choice for active traders in 2021. WirtschaftsWoche recognised flatex in the area of sustainable funds. Surveys by Brokervergleich declared flatex the "Best Fund and ETF Broker 2021" and one of the best online brokers overall. Finanzaward honoured flatex as the "Best custodian bank for ETF savings plans". Deutsche Gesellschaft für Verbraucherstudien mbH awarded flatex with the "Best Online Broker" seal due to its flatex-next optimised user interface. In addition, flatex once again received the "Highest Recommendation 2021" in the direct banks category, from Focus-Money. DEGIRO was again recognised in several international comparisons, including "Best Discount Broker" and "Best

Broker for Stock Trading" by Broker Chooser. Rankia in Portugal awarded DEGIRO the "Best Stockbroker" for the third time in a row.

The Group's self-developed, standardised core banking system (FTX:CBS) incorporating a fully automated infrastructure for securities orders and settlements which requires limited human supervision, forms the basis for sustainable cost-leadership in the online brokerage business. This proprietary infrastructure was developed completely internally and contributes to the Group's targeted growth in terms of the number of transactions settled without requiring significant additional capital expenditure. Due to its significant scalability and leverage potential, each additional transaction reduces the Group's internal costs per transaction. By increasing the number of transactions in 2021, the Group successfully further reduced its internal costs per trade. This allows the Group to further develop the attractiveness of its pricing models, for example through offering commission-free trading in key markets and product groups, and at the same time to increase the profit margins per additional trade. Additionally, the FTX:CBS platform enables potential synergies between flatexDEGIRO and potential acquisition targets, such as in the case of DEGIRO.

## The flatex brand

Online brokerage is the main business segment of the flatexDEGIRO Group. Under the flatex brand, the Group offers execution-only securities transactions in Germany and Austria. In the Netherlands, the existing flatex offering will be transferred to the much stronger sister brand DEGIRO in the coming months. The offering targets independent traders and investors – those who make decisions for themselves. flatex offers all types of securities and provides access to all German and many international exchanges, as well as over-the-counter direct trading, mainly of shares, ETPs and ETFs. Our services focus on a transparent pricing model as well as a bank-independent product range and customer-focused service.

flatex customers benefit from the many direct trading partners available to them. The fees model that has been in place since 2006 dispenses with the volume-dependent charges that are familiar in securities trading, in favour of a fixed price of EUR 5.90 in German stock market dealing plus any stock market fees incurred. In addition, over 4,000 ETF and fund savings plan products can be used for saving on a commission-free basis. The marketing strategy for premium partners in the ETP sector in Germany and Austria is optimised by means of a three-level tariff model (Platinum partners: EUR 0.00 per transaction; Gold partners: EUR 1.90 per transaction; Silver partners: EUR 3.90 per transaction).

## The DEGIRO brand

DEGIRO was established in the Netherlands in 2007 as a fund manager. The company extended its range of services in 2013 by adding an online brokerage solution for private customers. DEGIRO has been part of the flatexDEGIRO Group since mid-2020. The merger with flatexDEGIRO Bank AG took place in spring 2021, with retroactive effect from 1 January 2021. Today DEGIRO is represented in 18 European countries. In Austria, the existing DEGIRO offering will be transferred to the much stronger sister brand flatex in the coming months.

The DEGIRO brand allows customers to access almost 50 European and non-European stock markets, including the USA, Australia, Japan, and Hong Kong, using our proprietary, user-friendly trading platforms. The complete range of products includes shares, bonds, futures, options, stock-exchange-traded products, and stock-exchange-traded funds. A cost-efficient pricing model has enabled DEGIRO to achieve a significant market position in many European countries. A fundamental adjustment of the prices and services directory in December 2021 should contribute to further expanding the market position. First and foremost, this includes the introduction of commission-free trading on US stock markets; as well as, for customers in France, Spain, Portugal, and Italy commission-free trading on key local trading venues such as Euronext Paris, Borsa Italiana, and Bolsa de Madrid.

## The ViTrade brand

The ViTrade trading boutique offers services for professional traders that are distinguished by special conditions dependent on the trading volume and product, professional trading platforms, and individual customer service. Customers are also given the opportunity to engage in covered short selling of selected shares and bonds traded in Germany. In addition, ViTrade offers "trading lines", which enable customers to use capital even more effectively. ViTrade has a standard pricing model that consists of a percentage commission rate of 0.09% of the quoted price (plus exchange fees).

### General Clearing Member (GCM)

flatexDEGIRO Bank AG is a GCM (Eurex Clearing AG) for stock and other security transactions. This gives brokers and securities trading banks access to securities settlements processing.

## Existing business non-brokerage

Within the non-brokerage business area, flatexDEGIRO Bank AG offers its partners the entire product range of a full bank as an outsourcing solution. The bank does not take on a role externally but performs all processes in the name of the respective partner. Services in the employee participation and cash management areas are offered in the framework of a BPO.

The profitable services for existing business customers are continued in an expense-optimised manner. A targeted expansion with respect to the strategic focal points in the online brokerage business only takes place in those areas where there is a direct link to the securities business, in order to further reduce internal costs per securities transaction in the Group.

## Credit & Treasury (C&T)

The Group holds almost EUR 3 billion in customer funds, as a by-product of the online brokerage business. Even in the current interest environment, the investment of some of these customer funds allows for a risk-averse optimisation of the interest earnings.

### Lending business

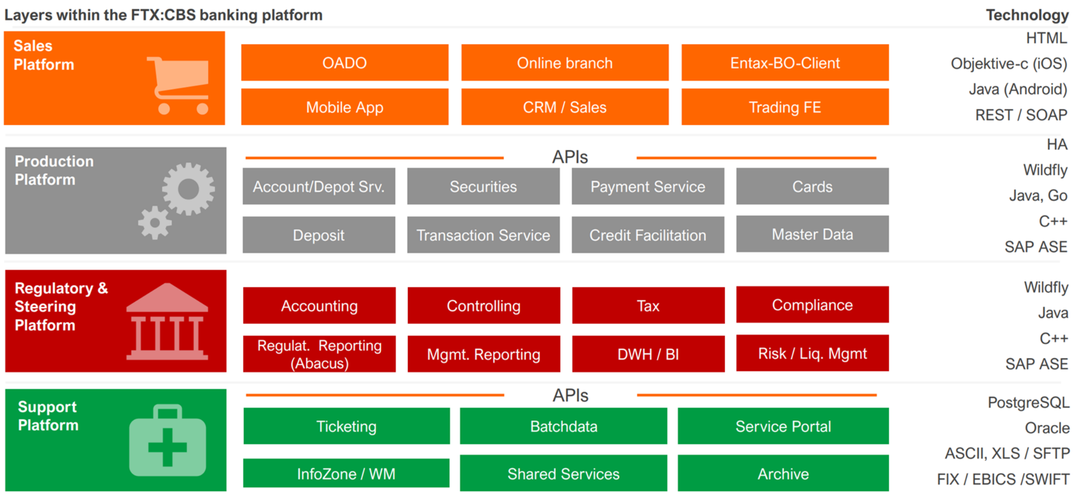
In the reporting year, flatexDEGIRO Bank AG fundamentally revised its lending strategy and in future will focus on low-risk securities-backed lending business with a limited supplement in the form of real estate financing as treasury replacement. The remaining lending portfolio will be gradually cut back through repayment or redemption. This also includes the factoring portfolio, which is allocated to the newly founded FACTORING-LAB cash-generating unit.

### Treasury

The Treasury unit pursues a broad diversification of investments, including in overnight money/fixed-term deposits, bank and government bonds, cash loans, debentures as well as UCITS and alternative investment funds (AIFs). A special focus in this area is the management of suitable counterparty default risks and reasonable holding periods.

## TECHNOLOGIES SEGMENT (TECH)

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




The sales platform forms the basis for customer contact points with components from the online account and custody opening (client check-in, CCI), Customer Relationship Management (CRM), online banking front-end, trading front-end, support and call centre as well as (marketing) campaign management areas. Technical support is provided by means of the Banking Suite's modular software solutions, such as ENTAX or CRM tools.

The production platform encompasses all production processes for account and custody management, cash deposit, securities settlement, payments, money market and foreign exchange transactions, loans, and ready cash (ATM) logistics. Software solutions such as WebFiliale and WinFiliale, but also solutions such as corporate payments, tools for professional trading and market data & low latency services are integrated into this platform.

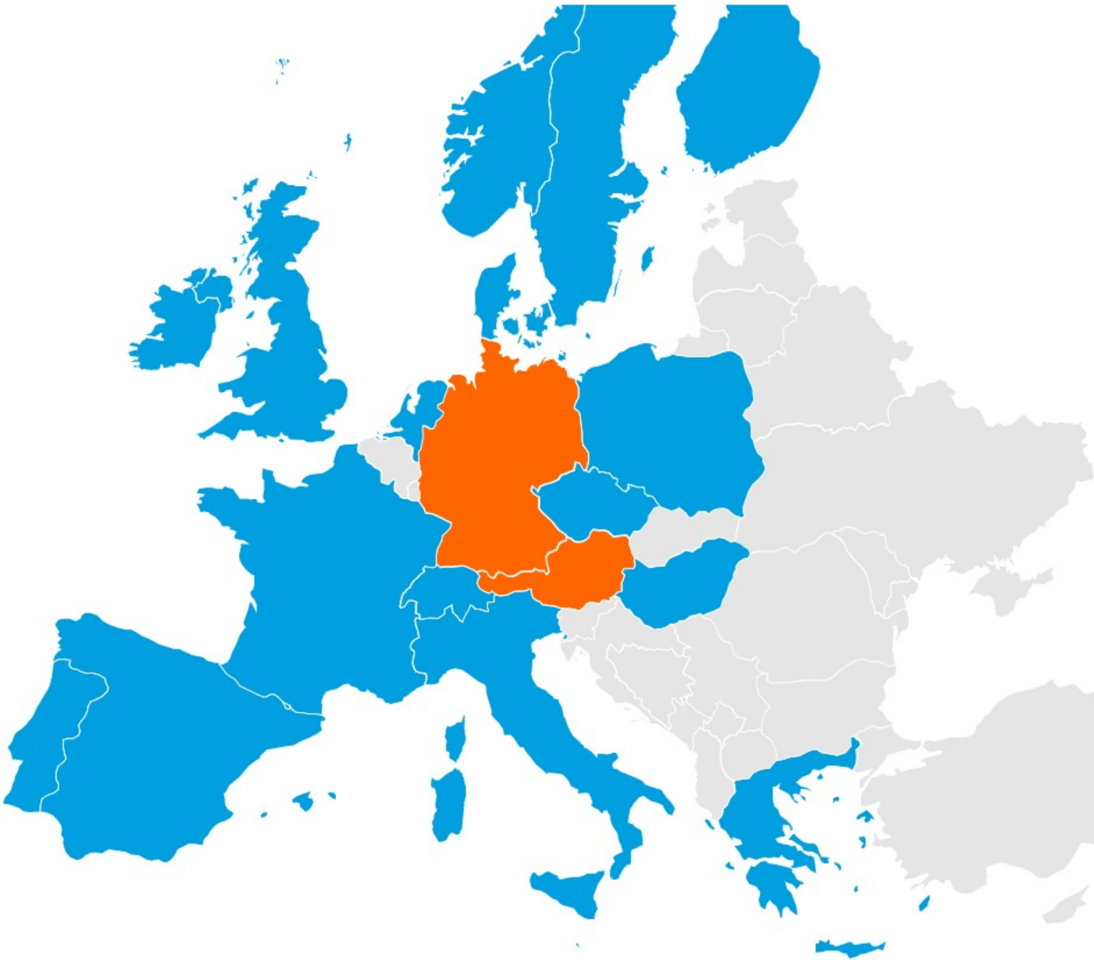
The control platform (regulatory and steering platform) covers business processes in accounting, regulatory reporting, management reporting and risk management. Software support is provided in various ways including through connection of a Cloud ERP-General Ledger (SAP Business byDesign©) based on S/4 Hana technology. It also includes business intelligence and management reporting tools.

The support platform assists the other three platforms with archiving, release management, fulfilment, and authentication processes.

## 1.8 Target markets and clients

The primary focus of flatexDEGIRO is online brokerage, which is part of B2C and falls within the Financial Services segment. The DEGIRO, flatex and ViTrade brands represent the Group in a total of 18 European countries, covering all important European markets.

In Germany and Austria, flatexDEGIRO is focusing on expanding the flatex brand, while only the DEGIRO brand is actively positioned in all other countries.



## 1.9 Goals and strategies

flatexDEGIRO AG has set itself the target of becoming a leading, independent European "financial supermarket" by no later than 2026, and as such seeks, either itself or via partnership models, to offer financial products on its platform that go beyond today's product offering. These could include, for example, an offering for the trading of crypto currencies or access to insurance policies. The main focus is on the continued development and expansion of the online brokerage business. Sustainable, above-average growth and rapid market penetration are the main targets of the company, predominantly with the aim of further increasing recognition of its proprietary flatex and DEGIRO brands in European countries. Defending its position as a technology leader is also critical to the company's success.

The targets for the operating segments are derived from these overarching goals, as explained below.

# 1.9.1 Targets in the Financial Services segment

## Organic growth

flatexDEGIRO strives to increase its customer base to seven to eight million customer accountss by 2026 at the latest, through dynamic expansion, innovative and easy-to-understand trading applications, and an increased media presence. At the same time, in this period the number of processed securities transactions should grow to at least 250 million to 350 million transactions per year. This is not only to increase revenues, but also to achieve other scale effects, resulting in significantly reduced costs per transaction and improved profit margins. Market trends that give reason to expect growth in the online brokerage market in all countries in Europe will have a fundamentally positive effect in the long term. Not least among these trends is the low-interest environment, increasing affinity with online activities, easier access to capital market products, and systemic problems in a high number of governmental pension systems.

Following the acquisition of DEGIRO in July 2020, the Group intends to achieve organic growth with its online brokerage brands in its current markets (currently active in 18 European countries) by attracting new customers with its cost-effective pricing model, a comprehensive and independent product range, as well as transparent, convenient, and customer-focused platforms. International growth will focus on DEGIRO; growth in Germany and Austria will focus on flatex.

In brokerage business, “digital proximity” to the customer is key. Alongside transparent communication and rapid provision of relevant information, this includes a stable brokerage platform with state-of-the-art functions, and innovative products and processes. The added value for the customer arises from the interaction of the product, platform, and price. In addition to an attractive price-performance ratio with an extensive, innovative, and constantly growing product portfolio, constant investment in the platform is an important part of ensuring consistent availability even on days with a particularly high level of trading.

There is a broad spectrum of customers within the online brokerage market, and they pursue different investment objectives. On the one side there are customers who use the online brokerage service to invest in savings plans that serve as long-term investments. Meanwhile we also have customers who use the brokerage service for active trading, resulting in portfolios with a more short-term orientation. flatexDEGIRO will further expand the strong flatex and DEGIRO brands in both directions.

The launch of flatex-next introduced an innovative, user-friendly, and easily understandable user interface, which flatexDEGIRO wants to use to allow anyone easy access to capital markets. It is now possible for a broad group among the general population to purchase securities in only a few clicks, and in doing so to contribute to their personal retirement provision.

Sustainable cash investments can be interesting both in terms of returns and with respect to their contribution to environmental protection and a socially fairer society. Promoting this form of investment can contribute to more sustainable economic development. The goal of flatexDEGIRO is therefore to make ESG products visible, for example shares in companies that specifically engage with the environment, society, and good corporate management. There is already a “flatex green” category in the share, ETF, and fund search for this purpose. The flatex-next filter function for sustainable products will be further expanded over the coming years.

The Group is also pursuing efficient marketing strategies that are geared towards increasing the recognition of both brands across Europe. Digital marketing with a clear focus on financial market education and information is in the foreground here. An extensive information and education offering in relation to fundamental economic and financial knowledge, introductions into the flatexDEGIRO online platforms and product training help flatexDEGIRO customers make considered and well-founded decisions. A wide selection of information sources will be offered, in the form of videos, interactive formats, and topic-led events (online and offline). With “True Stories of Investing”, flatexDEGIRO launched a TV documentary in January 2022 which conveys important foundational knowledge for private investors. In four episodes, renowned journalists, professors, behavioural scientists, and investors question some of the biggest misunderstandings about investment by analysing historical results and the mechanisms at work.

Attaining growth targets may happen through acquisitions as well as strategic partnerships. Targets here could include online brokers with higher costs per transaction, higher customer acquisition costs, inefficient product partnerships, or those that do not meet rising regulatory requirements, wherein the Group's processes and systems, marketing strategies, award-winning product and service portfolio and experienced management team have the potential to increase profits and create added value.

The Group has no current plans to expand outside Europe.

### Growth of the secured loan book extended by using free liquidity

With its "flatex flex" line of credit, flatexDEGIRO offers flatex customers a fully secured loan with a conservative collateralisation of the customer's custody holdings. The "flatex flex" line of credit can be used at the borrower's discretion, and not only for trading-related expenditure. In the interim, the Group has increasingly focused its loan book on securities-backed loans. This is supplemented in some instances by loans that are in principle collateralised by liquidatable securities and which have a short duration.

The acquisition of DEGIRO led to flatexDEGIRO Bank AG also taking over the financing of fully secured securities loans to DEGIRO customers from another bank in the fourth quarter of 2020 and expanded this further in the 2021 financial year.

## 1.9.2 Goals in the Technologies segment

The operational goal in the Technology segment is the provision of high-quality IT services for in-house online brokerage business. These services meet both the legal and regulatory requirements and equally support efficient business operations with their stability and performance.

In addition, the ongoing technical harmonisation of existing processes and systems from the takeover of DEGIRO is a key element in utilising the synergetic potentials of the collaboration and continuing to optimise the capacity utilisation of FTX:CBS.

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

## 1.10 Financial goals of the Group

The Group's key financial goals include the generation of sustainable profits and the maintenance of a solid equity base. The company's financial goals also include ensuring comfortable liquidity levels at all times. This should help to achieve a positive development in central control parameters.

Profit-oriented and sustainable corporate development that positively impacts the company's value is therefore at the heart of all our financial targets.

# 1.11 Strategies to achieve our goals

The management of flatexDEGIRO AG places its strategic focus primarily on existing business models, an up-to-date human resources policy and investor relations.

flatexDEGIRO AG has spent many years promoting the commitment, 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
- Options for childcare, emergency care, parent & child offices, and holiday clubs at all sites in Germany
- 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
- Vouchers for discounted meals
- 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.

## Continuous strengthening of our corporate culture and social commitment

The business of flatexDEGIRO AG is built on compliance with regulatory requirements and legislation within the framework of our comprehensive approach to compliance management.

This principle is put into practice every day in our work, by means of responsible corporate governance which is aligned with the company's values, operational guidelines, and effective management systems. In all strategic decisions flatexDEGIRO AG considers its social responsibility, as well as the interests of over 1,100 employees, its investors, clients, suppliers, and other stakeholders. For the 2021 financial year an ESG (Environmental, Social, Governance) report is being prepared which is based on established reporting standards (GRI – Global Reporting Initiative) and intends to offer a qualitative assessment of our process optimisations and measures – both those already implemented and those planned for the future.

flatexDEGIRO aims to reduce Scope 1 and 2 emissions by at least 70% by the year 2026. Scope 3 emissions are considered in their situational context (e.g., commuting), and we intend to reduce these by up to 30% where warranted.

The separate annual non-financial Group report is available to download from the company's website under Investor Relations > Reports & Financial Calendar (www.flatexdegiro.com/en/investor-relations/reports-financial-calendar).

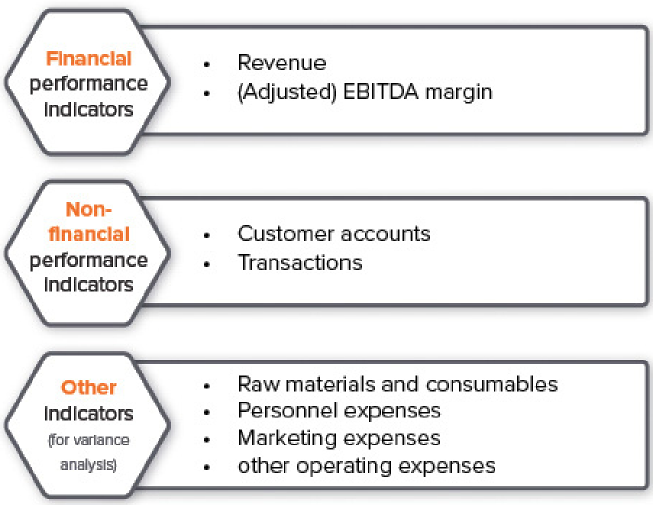
The Group engages in continuous dialogue with all relevant stakeholders. These include our customers, employees, business partners, shareholders, associations, and public authorities, and also politicians and scientists. In the course of these exchanges, we seek to gather new ideas, appreciate different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

The Group considers responsible, resource-sparing business conduct to be an essential foundation of successful corporate governance and has also set out this principle in its “Code of Conduct and Ethical Principles”. Using energy and resources as efficiently and carefully as possible is important for the commercial success of flatexDEGIRO. This area, alongside reducing business travel, is where we have the most significant leverage to reduce our environmental footprint. flatexDEGIRO takes its own environmental responsibility very seriously and is constantly striving to reduce energy consumption at all its sites. This coincides with our objective of reducing emissions, given that these are largely determined by our consumption of electricity and heat.

The Group is committed to continuing its responsible corporate governance in the future and will continue to meet its social obligations and incorporate these into its value management. This includes setting minimum standards for the energy efficiency of our technologies, and also reducing environmental risks through the continuous optimisation of business processes.

## 1.12 A value-oriented management system

flatexDEGIRO AG is integrated in the Group-wide controlling 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 = Key Performance Indicators), which will contribute to increasing company value over the long term:



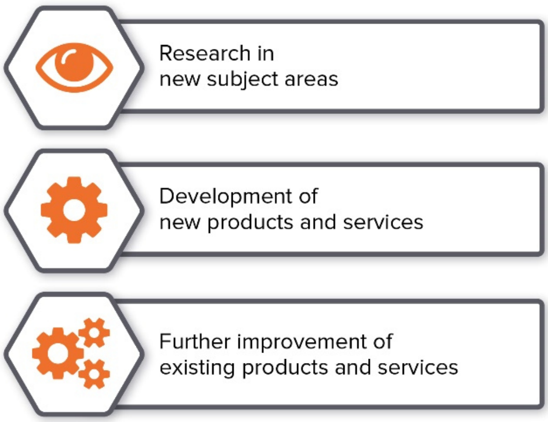

The financial and non-financial performance indicators ensure the comparability of commercial framework data in international markets.

The financial performance indicators are consolidated at 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 instruments for Group controlling. By constantly 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 analysis and do not serve as direct control parameters.

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 with a top-down approach, on the basis of specifications set out by the flatexDEGIRO AG management, as well as with a bottom-up approach to validate the determined figures and to adjust these to key operational issues affecting the KPIs. The individual specialist departments make a significant contribution to this, so findings can be brought together at Group level and business planning can be finalised.

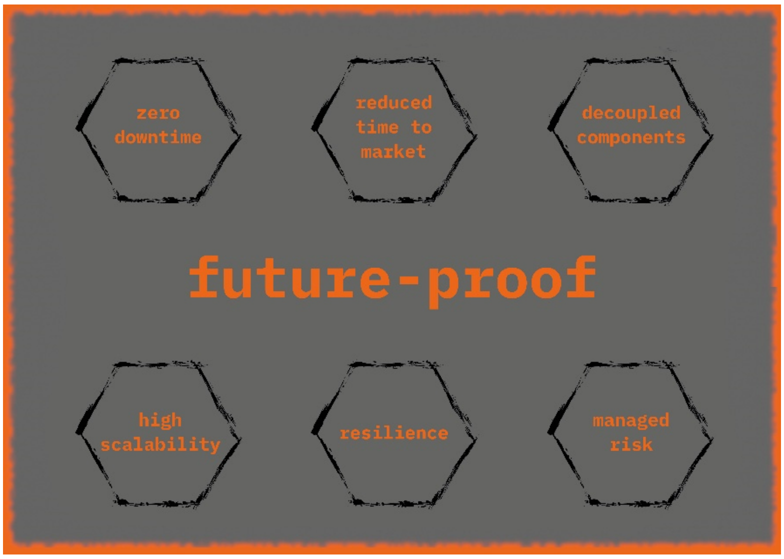
## 1.13 Research and development activities

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




The technology-driven services provided by flatexDEGIRO AG enable our customers and partners to benefit from the performance of FTX:CBS. Customer-oriented, innovative research and development activities are a key operational task for flatexDEGIRO AG, as they guarantee the company's success and create the basis for the Group's future growth.

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




The contribution made by the staff of the R&D departments is an essential pillar of the commercial success of flatexDEGIRO AG. On the reporting date, there were 363 employees in the technological development areas of Product and Project Management, Systems Architecture, Development and Quality Assurance (previous year: 260 employees). This represented a proportion of 32% of total employees on the reporting date (previous year: 45%)

The qualifications, experience and dedication of employees are key factors for the success of our research and development activities. Continuous technological development is fostered through an open culture offering employees the freedom to be creative and innovative.

flatexDEGIRO strives to develop products and solutions that meet the needs of customers and to drive the market forward with innovations. The development activities of flatexDEGIRO AG are conducted in various development units, employing a modular approach. This facilitates the efficient implementation and further development of our technology services, making it possible for the corresponding customer or market requirements to be integrated with little or no adaptation required to the platform approach.

On the basis of this scalable and modular platform approach, flatexDEGIRO AG can offer its customers innovative and flexibly customisable solutions along the entire financial services value chain. The use of cutting-edge technologies and innovative software solutions – predominantly proprietary and supplemented with third-party services where useful – ensures the efficient deployment of resources in a highly dynamic market environment.

In the past financial year, activities have been focused on the implementation of new regulatory requirements, the further development 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.

Optimisations to the control platform consisted of technological developments, regulatory adaptations, and the further automation of business processes.

Research activities take place exclusively within the TECH segment. From total personnel expenses (excluding personnel expenses for long-termin incentive plans) 0.98% were invested in the area of R&D (previous year: 0.68%) These are not supplied by or for third parties. There has also been no change in the methods employed to evaluate R&D activities, or in the delimitation of their scope.

Driven by the further development of the flatex platform (flatex-next) and the technical integration of DEGIRO, net development expenses in the past financial year totalled kEUR 15,501 (previous year: kEUR 7,964). The R&D cost ratio (in relation to total revenue) was 3.6% (previous year: 3.0%) The total depreciation of finished internally generated intangible assets was kEUR 6,632 (previous year: kEUR 6,079). The Management Board expects an R&D cost ratio of 3-5% in relation to revenue next year as well.

# 2 Economic report

## 2.1 Macro-economic and sector-specific parameters

### *Global economy*

In the 2021 reporting year, the development of the global economy continued to be dominated by the COVID-19 pandemic and the rapid spread of the Delta variant at the start of the year. This remains the most significant risk for the global economy. The strong economic downturn of the previous year was balanced out by the third quarter of 2021, particularly in the more advanced economies, and economic output returned to pre-crisis levels. With strong sustained growth in the summer, towards the middle of the year, the European economy was the fastest to recover. The United States of America saw quite the opposite situation. From the phase, starting in winter 2020-21, during which the pandemic had relatively little economic effect, high infection rates in the third quarter of 2021 had an extremely negative impact on the economy. China also experienced an economic downturn over the same period, though this was less as a result of the virus than from strong declines in the property sector, driven by tighter financial regulation. Newly industrialised countries were also able to use their experience from previous epidemics to positive effect in the course of 2021. Gross domestic product (GDP) exceeded the pre-crisis level after just one year.[1]

In general, we assume that economic growth will slow. The COVID-19 pandemic will continue to exert a significant influence on the economy, not least due to the spread of the Omicron variant since November 2021 and the expectation of a fifth wave, with the potential for lockdowns. Credit Suisse nonetheless expects global economic growth of +4.3% during 2022. For comparison, the pre-pandemic growth rate was only +2.7% and in the 2021 reporting year it was +5.8%. The justification for this prediction is an ongoing significantly increasing demand for industrial goods, as the pandemic meant that little or no income could flow to service sectors such as tourism or gastronomy. Further easing in the aforementioned sectors, together with state support measures and the continuation of an essentially favourable financial and monetary policy environment, are expected to drive economic recovery forward.[2]

Alongside the dominant risk factor of the COVID-19 pandemic, the issue of global supply and capacity shortages came into play in 2021. The implications of these shortages are currently difficult to forecast. The release of pent-up consumer demand could lead to strengthened future economic growth.[3]

It is also noticeable that the level of consumption remains generally stable.[4]

The full impact of the Ukraine crisis on overall economic development is impossible to fully assess at the present moment. The direct effects of the war as well as the economic sanctions which have already been brought against Russia nevertheless have the potential to significantly affect key influencing factors, such as shortages of raw materials, inflation and the economic

[1] ifo Institut (ed.): ifo Konjunkturprognose Winter 2021: Lieferengpässe und Coronawelle bremsen deutsche Wirtschaft aus. Vol. 74. Special edition. December 2021
[2] Credit Suisse: Weltwirtschaft – Ein Jahr des Wandels, https://www.credit-suisse.com/microsites/investment-outlook/de/global-economy.html. Viewed: 10.01.2021
[3] Sachverständigenrat: Jahresgutachten 2021/22: Transformation gestalten: Bildung, Digitalisierung und Nachhaltigkeit. December 2020.
[4] Sachverständigenrat (publisher): Jahresgutachten 2021/22: Transformation gestalten: Bildung, Digitalisierung und Nachhaltigkeit. December 2020

performance of various states and companies. There may also be an indirect impact on consumers' financial circumstances.

## *Macro-economic framework conditions in Europe*

Like the rest of the world, the European economy was negatively affected by COVID-19 and the measures that respective governments put in place as a reaction to high levels of mortality and the enormous pressure on health systems. All the markets in which flatexDEGIRO is active have been negatively affected by COVID-19, albeit to differing degrees. Considering this current variation, we assume that the projected recovery will also differ from country to country.

The European Central Bank (ECB) published its latest forecasts for the eurozone on 10 December 2020. Given a recent tightening of mitigation measures, a further contraction in economic activity is expected both in the fourth quarter of 2020 and the first quarter of 2021. The ECB assumed a decline in real GDP in the eurozone of -7.3% in 2020 and a recovery of +3.9% in 2021.[5]

The first three quarters of 2020 saw the GDP of the Netherlands decline by 4.1% in comparison to the first three quarters of 2019, with the decline mainly attributable to a drop in private household expenditure (-6.4%). Investment in fixed assets declined by 3.5% during the same period, while exports and imports declined by roughly the same amount (4.6% against 4.7%). In November 2020, the European Commission forecast that GDP would decline by 12.4% in Spain in 2020 and by 9.4% in France, while the Netherlands would see a decline of 5.3% in the same year.[6]

In Germany, in 2020 the COVID-19 pandemic led to the biggest drop in economic output in any quarter since quarterly economic output reporting started in 1970. As already noted, the summer months in particular saw a return to strong growth in Europe. This was due to increased demand for services such as cultural and sporting events and also eating out. The winter half-year was predominantly characterised by global supply shortages, in particular a lack of silicon chips, the impact of which was strongly felt by the German automotive and machine construction industries. The steep rise in energy prices in Germany led to a simultaneous slowdown in both production and private consumption. Inflation for 2021 stands at around 3.1%, which represents the highest figure since 1993. Despite all these challenges, KfW Research forecasts GDP growth of +4.4% for 2022. This indicator was only at +2.6% in 2021. It is expected that the pre-crisis level will be exceeded in the second quarter of 2022.[7]

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

By comparison with 2020, the situation in the financial markets has improved significantly. The DAX started 2021 at 13,719 points. Despite briefly slowing in October and November, the index eventually closed the year at 15,885 (+2,166) points, an annual increase of +15.8%. This was largely due to corporate profits, which set new records. Despite all this, M.M. Warburg predicts sideways movement for the future. The other German indices saw similar developments. The SDAX grew by +11.2%, while the MDAX also kept pace, with an increase of +14.1%. Turning to the indices with the greatest global importance in Europe, Asia and America, largely positive developments may be discerned here too. The MSCI World, which measures the value of more than 1,542 companies from 23 industrial nations, significantly exceeded the development of the

[5] European Central Bank, https://www.ecb.europa.eu/pub/projections/html/ecb.projections202012_eurosystemstaff%7Ebf8254a10a.en.html, December 2020
[6] European Economic Forecast, https://ec.europa.eu/info/sites/info/files/autumn_20_forecast.pdf, November 2020
[7] KfW Research (publisher): KfW-Konjunkturkompass: Aufgeschoben ist nicht aufgehoben! 30 November 2021

DAX, with an annual performance of +21.2%. Despite the continuing pandemic, stock market forecasts for 2022 remain positive, though growth is expected to be weaker.[8]

By contrast to 2020, the euro lost significant value against the US dollar in 2021. At the start of the reporting year, the euro was still quoted at USD 1.23, but by the end of the year it had fallen to USD 1.13 (-8.3% in comparison with the previous year). This was a result of the differing monetary policies of the Federal Reserve and the European Central Bank.

The development of the oil market has likewise charted a significantly different course to that of the preceding year. Whilst at the start of the reporting year a barrel of Brent Crude cost USD 51.34, by the end of 2021 the price had risen to USD 79.20 (+54.3%). The reason for this is significantly lower output to date compared to the pre-pandemic period.[9]

In December 2021, the Council of the Central European Bank decided to extend and expand the pandemic emergency purchase programme (PEPP) which was first launched in March 2020, without affecting the course of monetary policy. The deposit interest rate for banks is proposed to remain unchanged at -0.5%.[10]

Low interest rates persisted for European bonds. The ten-year German government bond yielded -0.179% by the end of the year.

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

The German market for information and telecommunications (ITC) is forecast to grow by 3.6% to a total turnover of EUR 184.9 billion in 2022. As previously, the greatest driver of growth is expected to be IT business, with an increase of 5.9% to EUR 108.6 billion.

The number of new FinTech companies in the market continues to grow steadily. Established providers are consolidating their market position by offering a broad product range.

Demand for technology products and services is strongly driven by the ongoing digitalisation of the financial industry. With the “death of banking” – the shift from traditional retail banking to online banking – the demand for automated processes and technology services will continue to grow. Furthermore, increased regulatory requirements call for greater adaptability in established systems which have been in use for decades, and which offer neither the flexibility nor the scalability necessary. These new challenges in the financial sector, as well as the increasing use of innovative technologies within retail banking and securities settlement, are key drivers of growth for flatexDEGIRO AG. flatexDEGIRO AG unites banking and technology expertise to integrate new technologies perfectly into the business models of B2B customers. This means the Group is able to position itself as a standard platform provider, while its takeover of the Dutch broker DEGIRO means it is able to operate in 18 countries as a pan-European broker.

[8] M.M.Warburg & Co. (publisher): Kapitalmarktperspektiven. November 2021.
[9] M.M.Warburg & Co. (publisher): Kapitalmarktperspektiven. November 2021.
[10] European Central Bank (publisher): Pressemitteilung 16. Geldpolitische Entschlüsse. 16 December 2021

# 2.2 Business performance and position of flatexDEGIRO AG (Group)

The Group's business performance in 2021 was shaped by a series of significant events.

## *Intense trading activity at the start of the year*

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. Whilst the overall volatility of the markets last year was significantly reduced in comparison with the previous year and continued to decrease over the course of the year, the start of 2021 saw unusually high levels of trading activity by customers. The management believes that this was due in particular to the fact that a growing number of US retail investors, primarily organising via online fora, attracted media attention by making high-profile bets on the positive development of stocks which had previously been sold short. This led to significantly increased awareness of online brokerage services and developments on the capital market, which in turn resulted in a marked rise in activity in Europe. In consequence, the number of transactions settled with flatexDEGIRO reached a record high of around 34 million in the first quarter. As expected – and taken into account in the Management Board's full-year forecast, which was updated in April 2021 – customer trading activity returned to normal in the subsequent quarters and settled at an average of 54 transactions per customer account per year.

## *Strong and sustained new customer growth*

Existing long-term trends have been accelerated by COVID-19-related measures taken in 2020 and 2021. The temporary closure of bank branches during lockdowns noticeably increased general acceptance of online banking and brokerage. The situation provoked large parts of the population to pay greater attention to their financial security and to future planning, and to invest more time in their personal financial planning. As a result of this sustained increase in interest, the sector in general and flatexDEGIRO in particular saw a large increase in new customers. Over the past financial year, the number of customer accounts increased by around 730,000, from 1.33 million to 2.06 million. As in the preceding year (around 360,000 new customers), the growth of flatexDEGIRO significantly exceeded that of all comparable European companies – insofar as these have published official figures. Since concluding its purchase of DEGIRO, that is within around just 24 months, flatexDEGIRO has succeeded in growing organically from the eighth-largest online broker by customer numbers to one of the European market leaders. Management views that flatexDEGIRO has improved its position even more, if measured by the number of transactions settled.

## *Successful implementation of the DEGIRO acquisition*

After taking over DeGiro B.V. in summer 2020, the synergy measures which had been announced were implemented to the greatest extent possible during 2021. In addition to the ongoing harmonisation of IT systems and the combining of the order flows of the three online brokerage brands, the main issue was the expansion and improvement of the customer offer at DEGIRO.

The merger of DeGiro B.V. into flatexDEGIRO Bank AG, with retroactive effect from 1 January 2021, was concluded by May 2021. Nine months after the merger, DEGIRO has become a branch of flatexDEGIRO Bank AG, under the supervision of the German Federal Financial Supervisory Authority (BaFin). This means a significant reduction in regulatory complexity and the number of internal committees. At the same time, the new structures will harmonise our corporate governance and enable better management and internal monitoring. Management expects further cost reductions and a general improvement in the risk profile along with increased efficiency and a stronger performance.

The merger has made the DEGIRO management team even stronger. In addition to his existing role as Group CFO, Muhamad Chahrour has joined the branch management as CEO of DEGIRO.

The branch management team also includes Frans Kuijlaars, Stefan Armbruster and Stephan Simmang.

With the connection to Tradegate, Europe's leading retail stock exchange, which was rolled out in August 2021, all DEGIRO customers now have the option to conduct their investing outside standard stock exchange hours, with early and late trading between 8.00 a.m. and 10.00 p.m. This flexibility will become all the more important as our customers return to traditional working hours and reduce their time spent working from home. Moreover, in December 2021, DEGIRO launched the pan-European Exchange Traded Products offer with BNP Paribas and Société Générale. It thereby further expands its product portfolio in key markets such as Germany, the Netherlands and France. DEGIRO's strong product partnerships with these leading global investment banks enable our customers to trade thousands of products for a transaction fee of just EUR 0.50.

### *Introduction of commission-free trading*

During the past financial year, flatexDEGIRO has introduced commission-free trading for key products, both with flatex in Germany and with DEGIRO in all its markets. In doing so the company is contributing to making access to capital markets even easier for a wide population of retail investors.

In Germany, flatex has been offering over 4,000 ETF and funds savings products for commission-free trading since 2021. The company believes this to be Europe's largest commission-free savings plan offer in Europe; it allows customers to provide for their own financial future by making monthly savings starting from just EUR 25. In this context, flatex has also abolished the custody fee for all ETF and funds products.

Since December 2021, DEGIRO has been offering all customers commission-free stock trading on American and Canadian stock exchanges, such as NYSE and NASDAQ. In the key growth markets of France, Spain, Portugal, and Italy, and also in Denmark and Sweden, DEGIRO customers can additionally trade commission-free on important local trading exchanges such as Euronext Paris, Borsa Italiana and Bolsa de Milan. As a result, DEGIRO customers enjoy one of the most favourable pricing structures, without having to compromise on choice of products, service provision, platform reliability or number of stock exchanges that can be accessed. flatexDEGIRO has thereby significantly enhanced its offer even further – without having to resort to negatively perceived revenue generation models such as payment for orderflow (PFOF).

### *Further development of "next 3.0" trading app*

With regard to products, the introduction of "next 3.0" for flatex in Germany in October 2021 constitutes the next stage in the development of the trading app. The focus over the coming months will be on continuously improving its user-friendliness and access to information. Crowd knowledge and behaviour will be used to provide individual customers with more relevant and targeted information, helping them to make better-informed investment decisions.

## 2.3 Business performance in the Financial Services segment

In financial year 2021, the Group processed a total of 91.0 million securities transactions (2020: 46.5 million; pro forma 2020: 75.0 million).

The number of customer accounts managed rose from 1.33 million to the current 2.06 million. As at reporting date 31 December 2021, the Group managed EUR 43.9 billion in assets under custody (EUR 40.9 billion securities under custody and EUR 3.0 billion cash deposits).

With a presence in 18 European countries, flatexDEGIRO organises its market presence in accordance with the size and growth dynamic of its customer base. Its Core Markets with highest customer numbers include Germany, the Netherlands and Austria. The greatest opportunities for growth are perceived in France, Spain, Portugal, Italy, Switzerland, Ireland, and the United Kingdom (Growth Markets). The other markets (Denmark, Norway, Sweden, Finland, Poland, Hungary, the Czech Republic, and Greece) are counted as Research Markets.

In 2021, the highest absolute number of new customers (+408,000) was achieved in the Core Markets (+46%), while Growth Markets demonstrated the greatest relative growth (+75%) with 285,000 new customers. flatexDEGIRO's Research Markets exceeded the threshold of 100,000 customer accounts (+67%) in 2021.

**Core Markets : NL, DE, AT**

Customer accounts Dec 2021: **1.30m**
New customer accounts: **0.41m (+46%)**
Transactions settled in 2021: **57.7m (+15%)**

**Growth Markets: FR, ES, PT, IT, CH, UK, IE**

Customer accounts Dec 2021: **0.67m**
New customer accounts: **0.29m (+75%)**
Transactions settled in 2021: **29.9m (+34%)**

**Research Markets: DK, NO, SE, FI,PL, CZ, HU, GR**

Customer accounts Dec 2021: **0.10m**
New customers accounts: **0.04m (+67%)**
Transactions settled in 2021: **3.4m (+36%)**

As a result of flatexDEGIRO's exclusive focus on online brokerage and on sustained growth in this area, the proportion of non-brokerage customers (approximately 41,000 or 2.0%) has now become insignificant and is set to decline further. In continuation of this strategy, flatexDEGIRO plans to divest itself of approximately 20,000 non-brokerage customers in the first quarter of 2022. Historical differences between subordinated customer groups will be eliminated in future. flatexDEGIRO will therefore only provide uniform reporting on all customer accounts going forwards.

## *Development of the online brokerage segment*

flatexDEGIRO AG has three established and successful online broker brands: flatex, DEGIRO and ViTrade. All online broker brands specialise in consultancy-free securities business and target active, well-informed traders and investors who trade autonomously. The company also provides account/custody and brokerage services to Whitebox GmbH.

The number of securities transactions executed in the online brokerage segment increased by almost 95.5% year-on-year, to 91.0 million transactions, as a result of organic growth in the customer base, as well as DEGIRO being included for the full twelve months for the first time.

The COVID-19 pandemic has accelerated digitalisation in the banking and online brokerage sectors, resulting in a significant influx of new customers for flatex and DEGIRO. A very high level of processing quality and stability during times of high market volatility attested to the Group's quality standards and contributed to further growth in the customer base.

With the Europe-wide broadcast of a premium TV documentary in the first quarter of 2022, flatexDEGIRO is also pursuing the goal of breaking down common preconceptions about investment in the capital market, and thereby increasing potential customers' understanding of the possible benefits of long-term investment.

For the ongoing financial year, a lower level of volatility is currently expected on capital markets, and as a result too is a reduction in the number of transactions per customer.

With the initiated steps, Management believes it is on a good path for driving business growth further forward. The Vision 2026, which provides for increasing the customer base to eight million customer accounts and processing 250 million to 350 million transactions per year, is the guiding star of our entrepreneurial action.

## *Development of the non-brokerage segment*

### Business Process Outsourcing (BPO)

With a contribution to earnings of kEUR 929.8, activities from the support of deposit-taking platforms are almost at the same level as the previous year (previous year: kEUR 914.4; +1.7%). The earnings contribution is expected to remain stable in the next financial year.

### Employee Participation

The cooperation with Equatex AG, in the administration of share-based payment programmes, was further extended through acquisition of an additional corporate client. As a result, the bank's securities portfolios held in custody as at 31 December 2021 now amount to approximately EUR 7.1 billion (around +20.2%) compared to the previous year's reporting date. The Management Board continues to expect a stable earnings contribution for the years to follow, with the chance of further increases from potential new customer acquisitions.

### Cash Management

The cash supply business, which was started in 2011 with Prosegur Deutschland GmbH, has been making a positive contribution to earnings for years; this is also to be expected in the years to come.

## *Development of the Credit & Treasury business segment (C&T)*

### Deposits

Liabilities to customers increased from approximately EUR 2,089 million in the previous year to EUR 2,811 million as at 31 December 2021. This increase is primarily attributable to significant new customer growth for the DEGIRO and flatex brands.

### Treasury investments

The Treasury unit purses a broad diversification of investments, including in overnight money/fixed-term deposits, bank and government bonds, cash loans, debentures as well as UCITS and alternative investment funds (AIFs). A special focus in this area is the management of suitable counterparty default risks and reasonable holding periods.

### Lending business

In the reporting year, flatexDEGIRO Bank AG fundamentally revised its lending strategy and in future will turn the focus to low-risk securities-backed lending business with a limited supplement in the form of real estate financing. The remaining lending portfolio will be gradually scaled back through payment or redemption. Football financing was significantly reduced compared to the previous year, by 46.6% to EUR 75.6 million. The remaining football loan portfolio predominantly falls due in the 2022 financial year. The Factoring segment is also expected to be discontinued in the course of the 2022 year, with a view to further strategically focusing the business model.

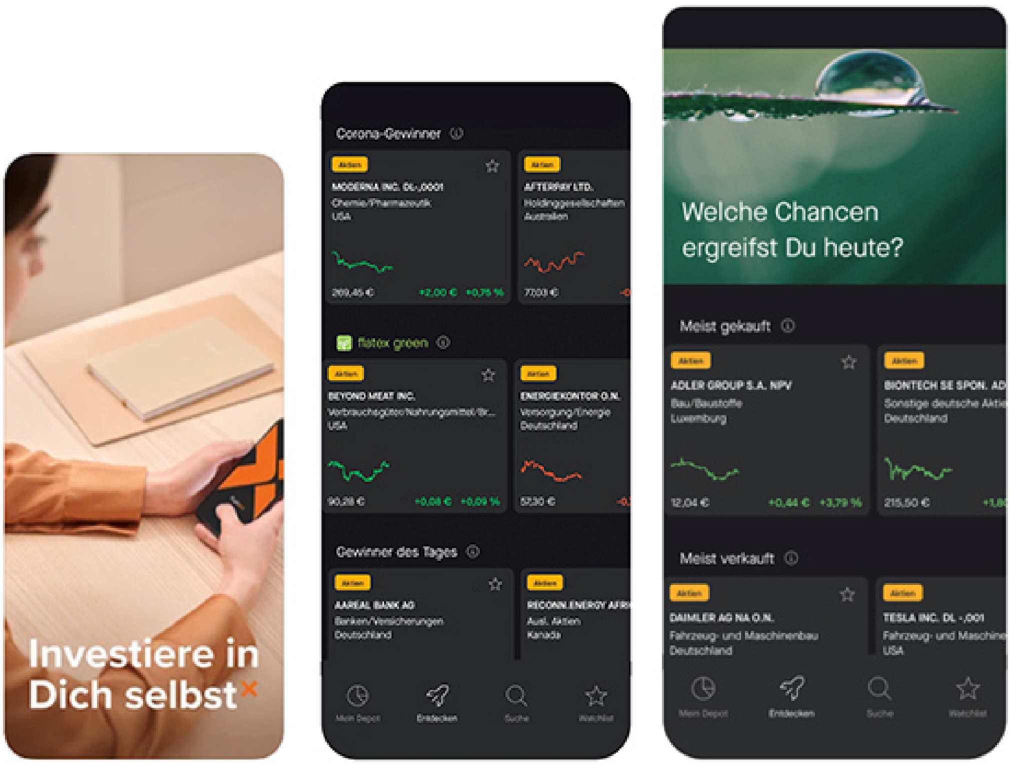
By far the most substantial part of the lending business in future, therefore, will be the financing of securities loans to the bank's customers, wherein the respectively held security portfolios serve as collateral and a conservative collateralisation value is used for the custody holdings.

# 2.4 Business performance in the Technologies segment

In the Technologies segment, development activities focused in particular on Europe-wide integration of DEGIRO, the implementation of the connection of DEGIRO to Tradegate to enable early and late trading, and the setup and expansion of the flatex-next app. In addition, the FTX:CBS service platform was invested in, with a view to harmonising and automating business processes.

Through the takeover of DEGIRO, adjustments were made to the flatexDEGIRO technology platform. These relate both to the IT infrastructure and the FTX:CBS core banking system. It proved possible to significantly optimise capacity utilisation in the core banking system in this process.

Further development of the flatex-next app, in terms of the introduction of “next 3.0” in Germany in the fourth quarter, puts flatexDEGIRO in a promising position for providing individual customers with more relevant and targeted information on the basis of crowd knowledge and behaviour, so that they can make better-informed investment decisions.




The basis of the further development of the FTX:CBS core banking system is formed by the experience and customer needs from recent years in the BPO area as well as the close dovetailing of Group units. This proprietary solution, set up on the basis of standard technology, offers a modular and future-proof core banking procedure for the corporate group. To further safeguard innovative strength and to cover ongoing IT costs, we will continue to provide FTX:CBS as a standard solution to existing customers in B2B business. The combined implementation of regulatory requirements and shared business operations are key contributors to the cost efficiency of IT.

## 2.5 Comparison of the forecasts reported in the previous period and the actual course of business

The following table compares the forecasts made by the Group Management Board in the 2020 financial year for the current reporting period and the key figures actually achieved.

| | 2021 plan | 2021 actual |
|---|---|---|
| Number of customers | 1.8 - 2.0 million | 2.04 million (2.06 million customer accounts) |
| Number of transactions | 75 - 90 million | 91.0 million |
| Revenues | significant increase | +59.7 % |
| Adjusted EBITDA | significant increase | +55.4 % |

The forecast issued in the 2020 Annual Report already reflected a significant increase on the overall annual expectations originally expressed at the beginning of 2021. In this expectation, originally published in January 2021, the Management Board assumed an increase in the customer base to between 1.6 million and 1.8 million, and 65 million to 75 million processed transactions. Due to strong operational growth in the first quarter of 2021, the Management Board significantly adjusted its expectations upwards on two occasions, most recently in April 2021 (after the publication of the above forecast in the 2021 Annual Report). In this most recently communicated expectation, the Management Board assumed an increase in the number of customers, to between 2.0 million and 2.2 million, who would process between 90 million and 110 million transactions in 2021. Both expectations were met in the 2021 financial year.

The overall positive business development for the Group in comparison to the forecast presented in the 2020 Annual Report results primarily from the above-expectation level of new customers won in online brokerage, as well as above-expectation average trading activities for customers, particularly in the first quarter of 2021.

The number of processed transactions, which was significantly higher than in 2020, had a positive effect, and not only on revenue. Due to the high fixed-cost proportion in the Group's business model, it also resulted in a significant improvement of the Adjusted EBITDA for the Group to EUR 177.1 million (previous year: EUR 114.0 million). The specific factors in the positive development of customer numbers and average trading activity in online brokerage were, in particular, the continuing realisation of secular trends and associated higher interest from private investors in an easy and cost-effective way to access the capital market. Continuing reporting on the activity of US retail investors in the first quarter of 2021 also contributed positively to this.

## 2.6 Earnings position

The main sources of revenue for flatexDEGIRO are commission income, interest income, and other operational income, especially from the IT services business

Revenues in 2021 amount to kEUR 417,581 (previous year: kEUR 261,490). After deducting raw materials and consumables amounting to kEUR 75,331 (previous year: kEUR 49,446) the remaining **net revenues amount to kEUR 342,249** (previous year: kEUR 212,044).

Commission income in 2021 amounts to kEUR 339,707 (previous year: kEUR 211,770). After deducting the commission expenses which are recognised in raw materials and consumables used, amounting to kEUR 61,082 (previous year: kEUR 38,709), the **net commission income balance** is **kEUR 278,624** (previous year: kEUR 173,061) and has therefore increased by 61.0%. The growth came mainly from the significantly increased number of customers who, with the far-reaching normalisation of trading activity, have organically contributed to an increase in transactions. In addition, the consolidation of DEGIRO which took place for the full twelve months for the first time (initial consolidation: 1 August 2020) also contributed positively.

Interest income amounts to kEUR 59,345 (previous year: kEUR 32,524). Interest expenses in the financial year amount to kEUR 7,539 (previous year: kEUR 2,887), resulting in a rise in net interest income to kEUR 51,806 (previous year: kEUR 29,636). This growth results mainly from the expansion of the loan book, which predominantly consists of fully collateralised loan products (including securities loans, such as the flatex-flex loan as well as special loans). Both general customer growth and the advancing expansion of the loan offering to DEGIRO customers based on utilisation of the flatexDEGIRO Bank AG licence, have contributed to the increase. Before the takeover by flatex, DEGIRO used a third-party provider for this.

The other operational income in particular includes revenues from the provision of IT services in the amount of kEUR 12,401 (previous year: kEUR 15,481). After deducting expenses for IT services of kEUR 1,917 (previous year: kEUR 5,317) recognised in other operational expenses, the remaining earnings from IT services amount to kEUR 10,484 (previous year: kEUR 10,164). The decline in other operational income is due in particular to various project closings in 2020 as well as a strategic focusing on IT projects internal to the Group, such as the connection of DEGIRO and the further development of the flatex-next app (flatex-next 3.0).

Personnel expenses amount to kEUR 142,110 (previous year: kEUR 66,125). The majority of the increase here is due to non-cash provisions for the Stock Appreciation Rights plan introduced in June 2020, which are included in personnel expenses in the amount of kEUR 59,345 in 2021 (previous year: kEUR 15,528) (see note 35). There are also expenses in the personnel area in connection with business combinations in the amount of kEUR 5,641, incurred in connection with the merger of DeGiro B.V. into flatexDEGIRO Bank AG (previous year: kEUR 0) (see Note 25). The rest of the increase relates to the consolidation of DEGIRO being affected for the full twelve months for the first time (initial consolidation: 1 August 2020) as well as an increased number of employees. The increase in marketing and advertising expenses to kEUR 46,069 (previous year: kEUR 24,281) is predominantly due to the consolidation of DeGiro B.V. for twelve months, the focused growth strategy in key European markets, and the subsequent acceleration of customer growth. Other administrative expenses increased to kEUR 41,982 in the reporting year (previous year: kEUR 23,213), in particular due to the inclusion of DEGIRO for a full twelve months. For a detailed presentation of other administrative expenditure, please see Note 27 “Other administrative expenses”.

All revenues of the Group were realised with customers and products from Europe, and mainly in euros. Inflation and exchange rate effects did not have a significant impact on the earnings situation.

In the financial year 2021, an EBITDA of kEUR 112,088 (previous year: kEUR 98,425) was achieved. The Adjusted EBITDA without provisions for non-current variable compensation components amounts to kEUR 177,073 (previous year: kEUR 113,953). The consolidated net profit is kEUR 51,550 (previous year: kEUR 49,924).

The financial performance indicators are summarised as follows:

| In kEUR | 2021 | 2020 |
|---|---|---|
| EBITDA | 112,088 | 98,425 |
| + Marketing and advertising expenses | 46,069 | 24,281 |
| + Adjustment from personnel expenses for non-current variable compensation | 59,345 | 15,528 |
| + Adjustment from expenses in the personnel area in connection with business combinations | 5,641 | - |
| **= Adjusted EBITDA before marketing and advertising expenses** | 223,143 | 138,234 |
| | | |
| EBITDA | 112,088 | 98,425 |
| + Adjustment from personnel expenses for non-current variable compensation | 59,345 | 15,528 |
| + Adjustment from expenses in the personnel area in connection with business combinations | 5,641 | - |
| **= Adjusted EBITDA** | **177,073** | **113,953** |
| | | |
| EBT | 74,416 | 69,867 |
| + Adjustment from personnel expenses for non-current variable compensation | 59,345 | 15,528 |
| + Adjustment from expenses in the personnel area in connection with business combinations combinations | 5,641 | - |
| **= Adjusted EBT** | **139,401** | **85,395** |
| - Tax expenditure of Adjusted EBT[2] | 42,859 | 32,184 |
| **= Adjusted consolidated net profit** | **96,542** | **53,211** |
| | | |
| Issued shares outstanding as of 12/31 | 109,792,548 | 109,092,548[1] |
| Earnings per share | 0.47 | 0.55[1] |
| **= Adjusted EPS** | **0.88** | **0.58[1]** |

[1] Adjusted by the stock split that took place in August 2021, to a ratio of 1:4.

[2] The amounts are recorded with the 20% tax rate assumed by the company. The non-GAAP-compliant financial key figures should not be considered in isolation or as a replacement for the GAAP financial key figures that can be most directly compared.

# 2.7 Asset position

The highest priority in the financial management of the Group is to always secure a comfortable level of liquidity and to maintain operational control of the inflow and outflow of funds. The effects of inflation and foreign exchange rates have only impacted the asset position to an insignificant extent.

## *Capital*

The equity components and their developments are shown below:

### EQUITY

| In kEUR | 12/31/2021 | 12/31/2020 | Change in kEUR | Change in % |
|---|---|---|---|---|
| Subscribed capital | 109,793 | 27,273 | 82,518 | 302.6 |
| Additional paid-in-capital | 230,323 | 310,916 | -80,593 | -25.9 |
| Retained earnings | 110,857 | 62,783 | 48,074 | 76.6 |
| Consolidated net profit | 51,550 | 49,924 | 1,626 | 3.3 |
| Shares of minority shareholders | 536 | 528 | 8 | 1.5 |
| Other earnings/losses | -3,673 | -5,590 | 1,917 | -34.3 |
| **Total** | **499,385** | **445,834** | **53,552** | **12.0** |

The change in subscribed capital is due to the options from the 2014 and 2015 share options programmes being exercised in the reporting year in the amount of EUR 241,000 (previous year: EUR 177,500). Entry into the commercial register was made on 1 July 2021 (EUR 153,000), and on 15 February 2022 (EUR 88,000).

The ordinary Annual General Meeting of flatexDEGIRO AG ("the company"), Frankfurt, of 29 June 2021 resolved to increase the share capital of the company by means of a capital increase from company funds (Sections 207 et seqq. AktG) and in this process to issue, on each existing no-par-share, three new no-par-value shares to the shareholders.

The capital increase from company funds took place through the conversion of a partial amount of the "free capital reserves" contained under "capital reserves" in the opening balance as at 1 January 2021, in the amount of EUR 82,278,411.00 in share capital. 82,278,411 new registered no-par-value shares were issued with a nominal stake in the share capital of EUR 1.00 per share and authorisation for profit participation from 1 January 2021 ("bonus shares"). The bonus shares are due to the shareholders of the company in accordance with their share of ownership in such a ratio that, for each single old, registered no-par-value share, three new registered no-par-value shares are allotted.

To implement the above-stated stock split, as at 1 January 2021 the loss carried forward from the previous year was set off against the retained earnings.

## *Capital structure*

The capital structure of the Group is as follows:

| in % | 12/31/2021 | 12/31/2020 | Change in percentage points |
|---|---|---|---|
| Equity ratio | 13.5 | 15.8 | -2.3 |
| Debt ratio | 86.5 | 84.2 | 2.3 |

## LIABILITIES

Reported liabilities of flatexDEGIRO AG totalling kEUR 3,191,204 as at 31 December 2021 (previous year: kEUR 2,372,344) consisted mainly of customer deposits with flatexDEGIRO Bank AG (kEUR 2,810,861, previous year: kEUR 2,089,213). The vast majority are short-term in nature (kEUR 3,055,988, previous year: kEUR 2,280,910).

There were non-current financial liabilities in the amount of kEUR 135,216 (previous year: kEUR 91,435). These primarily included liabilities from the Stock Appreciation Rights Plan in the amount of kEUR 74,588 (previous year: kEUR 15,528), leases amounting to kEUR 23,758 (previous year: kEUR 23,572), pension obligations amounting to kEUR 11,530 (previous year: kEUR 14,543) as well as deferred tax liabilities amounting to kEUR 19,947 (previous year: kEUR 32,849).

In addition, there were contingent liabilities from irrevocable unutilised credit commitments in the amount of kEUR 27,744 (previous year: kEUR 22,761). The irrevocable credit commitments essentially consist of credit lines in the area of receivables-based finance which have been granted but not yet utilised. The refinancing of a potential utilisation of the loan commitments is ensured at all times by the Group's liquidity.

# 2.8 Investments

### *Investments in intangible and fixed assets*

The consistent setup and expansion of the FTX:CBS platform was also continued in the completed financial year. This primarily involved the expansion of the flatex-next app to version 3.0, the further development of a flatex and DEGIRO desktop app for trading, as well as the connection of Tradegate to the DEGIRO infrastructure and the further development of the proprietary OTC platform L.O.X.

There are no material investment commitments as at the balance sheet date. All investments are financed from current operations.

# 2.9 Liquidity

The cash flow statement of flatexDEGIRO AG – here in condensed form – shows the cash flows generated in the financial year:

## CASHFLOW

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Cash flow from operating activities | 125,028 | 141,452 |
| | | |
| Cash flow from investments | -26,218 | -314,648 |
| | | |
| Cash flow from financing activities | -1,206 | 184,378 |
| | | |
| Free cash flow before banking operations | 97,605 | 11,182 |
| Cash flow from banking operations | 265,304 | 753,292 |
| | | |
| Non-cash movements in equity | 219 | 22,033 |
| | | |
| Cash and cash equivalents at the beginning of the period | 1,255,124 | 468,616 |
| **Cash and cash equivalents at the end of the period** | **1,618,252** | **1,255,124** |

flatexDEGIRO AG was able to meet its financial obligations at all times in the past financial year. There were no liquidity bottlenecks in the financial year. In addition, we foresee no liquidity bottlenecks ahead.

The changes in cash flow from accounting changes to the banking business relate to customer deposits and investments decisions derived from this, mainly in the Credit & Treasury area.

# 2.10 Financial position

The following table shows the consolidated balance sheet in condensed form:

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| **Assets** | **3,690,589** | **2,818,178** |
| Non-current assets | 531,023 | 561,332 |
| Current assets | 3,158,312 | 2,256,846 |
| Non-current assets held for sale | 1,255 | - |
| **Liabilities and shareholders' equity** | **3,690,589** | **2,818,178** |
| Equity | 499,385 | 445,834 |
| Non-current liabilities | 135,216 | 91,435 |
| Current liabilities | 3,055,988 | 2,280,910 |

The increase in total assets of kEUR 872,411 was due mainly to higher customer deposits in connection with strong customer growth.

The non-current assets are shown below:

## NON-CURRENT ASSETS

| In kEUR | 12/31/2021 | in % | 12/31/2020 | in % | Change in kEUR | Change in % |
|---|---|---|---|---|---|---|
| Goodwill | 181,087 | 34.0 | 183,361 | 32.7 | -2,274 | -1.2 |
| Internally generated intangible assets | 54,268 | 10.2 | 46,935 | 8.4 | 7,333 | 15.6 |
| Customer relationships | 114,710 | 21.6 | 123,068 | 21.9 | -8,358 | -6.8 |
| Other intangible assets | 36,491 | 6.9 | 36,068 | 6.4 | 423 | 1.2 |
| Property, plant and equipment | 34,110 | 6.4 | 32,858 | 5.9 | 1,252 | 3.8 |
| Financial assets and other assets | 1,668 | 0.3 | 1,486 | 0.3 | 182 | 12.2 |
| Equity instrument measured at fair value through profit of loss (FVPL-EQ) | 79,291 | 14.9 | 74,660 | 13.3 | 4,631 | 6.2 |
| Non-current loans due to customers | 22,098 | 4.2 | 62,896 | 11.2 | -40,798 | -64.9 |
| Financial assets at fair value through profit or loss (FVPL) | 7,299 | 1.4 | - | - | 7,299 | - |
| Non-current assets held for sale | 1,255 | 0.2 | - | - | 1,255 | - |
| **Total** | **532,278** | **100.0** | **561,332** | **100.0** | **-29,054** | **-5.2** |

The “goodwill” item consists of the purchase price allocations for DeGiro B.V. acquired in the previous year and acquisitions made in previous years (XCOM AG in 2015, and factoring.plus.GmbH in 2018).

For the internally generated tangible assets, the increase of kEUR 7,333 primarily results from capitalised development services on FTX:CBS, minus the ongoing depreciation for already completed assets.

The current assets are shown below:

## CURRENT ASSETS

| In kEUR | 12/31/2021 | in % | 12/31/2020 | in % | Change in kEUR | Change in % |
|---|---|---|---|---|---|---|
| Inventories and work in progress | 7 | 0.0 | 8 | 0.0 | -1 | -14.4 |
| Trade receivables | 26,176 | 0.8 | 14,041 | 0.6 | 12,135 | 86.4 |
| Other receivables | 6,774 | 0.2 | 2,074 | 0.1 | 4,700 | 226.7 |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 148,913 | 4.7 | 89,802 | 4.0 | 59,111 | 65.8 |
| Cash loans due to local authorities | 333 | 0.0 | 370 | 0.0 | -36 | -9.8 |
| Current loans due to customers | 1,335,275 | 42.3 | 843,337 | 37.4 | 491,938 | 58.3 |
| Equity instrument measured at fair value through other comprehensive income (FVOCI) | - | - | 19,565 | 0.9 | -19,565 | -100.0 |
| Other receivables due to banks | 22,582 | 0.7 | 32,336 | 1.4 | -9,754 | -30.2 |
| Bank balances | 232,945 | 7.4 | 95,290 | 4.2 | 137,655 | 144.5 |
| Cash reserve | 610,613 | 19.3 | 10,839 | 0.5 | 599,774 | 5,533.5 |
| Balances with central banks | 547,808 | 17.3 | 1,015,434 | 45.0 | -467,627 | -46.1 |
| Receivables due to banks (on demand) | 226,886 | 7.2 | 133,561 | 5.9 | 93,325 | 69.9 |
| **Total** | **3,158,312** | **100.0** | **2,256,657** | **100.0** | **901,655** | **40.0** |

The changes for current assets primarily concern the Financial Services segment and are most significantly a result of the expansion of credit business in flatexDEGIRO Bank AG.

# 2.11 General statement on business development and the situation of the Group

flatexDEGIRO AG experienced a successful 2021 financial year. Operating business developed significantly beyond the expectations originally formulated at the start of the year. Group sales increased by 60%, to EUR 417.6 million (previous year: EUR 261.5 million). If DEGIRO had been included for the full 2020 financial year (pro forma), the comparable sales would have been EUR 339.8 million. Alongside this, key drivers of increased sales were the increased number of processed transactions as well as the increased sales realised per transaction. The Adjusted EBITDA margin in the 2021 financial year was 42.4% (previous year: 43.6%, 2020 pro forma: 43.3%). Despite increased investment in new customer acquisition and the associated marketing expenses, flatexDEGIRO was also able to achieve a further improvement in the operational margin in the past financial year. Before marketing and advertising expenses, Adjusted EBITDA margin was 53.4% (previous year: 52.9%, 2020 pro forma: 51.5%) The increase compared to the previous year is notable because DEGIRO – which has lower profitability compared to the previous flatex AG entity – was included for the full twelve months for the first time in 2021 (initial consolidation from 1 August 2020). In comparison to the pro forma EBITDA margin before marketing and advertising expenses achieved in the previous year, the increase was in fact 3.5 percentage points. The net income for the year is kEUR 51,550 (previous year: kEUR 49,924).

Since the acquisition of DeGiro B.V., the Group considers itself to be the largest online broker for private investors in Europe, based on the number of processed transactions – a position that, based on the management team's understanding, could even be further expanded in 2021. All important markets in the brokerage business experienced significant growth, both with regard to new customers as well as the average transactions processed. The original growth targets set were adjusted upwards on multiple occasions over the year.

The past year has seen further positive developments in the integration of DEGIRO, which was mostly completed, and the expansion of FTX:CBS against a background of technical harmonisation.

Overall, the Management Board of flatexDEGIRO AG assesses the company's course of business in the past financial year as extremely successful, with the fulfilment of all key targets.

## 2.12 Report on events after the closing date

For events of particular importance that occurred after the end of the reporting period, please refer to our statements in the Annex, Note 40.

## 2.13 Forecast and opportunities report

The period for business development forecasts refers to the 2022 financial year.

The expected development of activities in 2022 continues to be decisively shaped by the COVID-19 pandemic and the resulting economic and socio-political consequences. In addition, there is a sharp rise in inflation towards the end of 2021 and the expectation that the US Federal Reserve System (FED) could implement several interest rate hikes in the course of 2022. These earlier and more rapid increases of the base rates resulted in significant sector rotation in the capital markets at the beginning of 2022, combined with a temporary rise in volatility.

Upcoming elections in several European states could also result in additional uncertainty in 2022, including the presidential elections in France, the strained political situation in the UK as well as Brexit-related change processes and ongoing negotiations between the European Union and the UK. Geopolitical conflicts and crises such as the Ukraine crisis also have the potential to create additional volatility on the markets in the current financial year.

It is clear that the strategy adopted by flatexDEGIRO AG of primarily focusing on the online brokerage business and the associated loan business has progressed successfully. The Management Board is very confident that this positive development of the operating result will continue in 2022. It is the explicit goal of the Management Board to continue pursuing the existing strategy and implementing it in a focused manner.

In terms of business development, the Management Board expects the number of customer accounts to increase to between 2.7 million and 2.9 million by the end of 2022. Settled transactions are expected to fall between 95 million and 115 million in 2022. The basis for the expected transactions figure is a rather conservative assessment of market volatility in 2022, and therefore of flatexDEGIRO customers' trading activity. Due to the change to the DEGIRO prices and services directory that took place in December 2021, an additional improvement in the Adjusted EBITDA in the mid-double-digit millions is expected in 2022.

On the basis of these assumptions, the Management Board expects both the revenue and the operating result (Adjusted EBITDA) of the Group to rise significantly in 2022, and to increase by more than 10%.

In the area of non-financial performance indicators, the focus continues to be on the sustainability topics that were determined to be relevant in the materiality analysis conducted in 2020. The Management Board validated and approved the identified topics in the current reporting year. The key subject areas here were corporate governance and compliance, customers and products, employees, the environment, and fulfilling its societal responsibility. For 2022, flatexDEGIRO has set itself the goal of increasing the proportion of suppliers who commit to our Business Partner Code of Conduct to at least 40%. In addition to regular training of all employees on data protection and security, we have set ourselves the goal of further expanding our offering of advanced training programmes and in this way increasing the number of further training sessions per year by at least 10%. To supplement the feedback and development discussions that we wish to hold with all employees in the current financial year, we are reviewing the introduction of a system for continuous measurement of employee satisfaction. We cover environmental aspects both in the context of increased visibility of ESG products on our trading platform and with respect to reducing Scope 1 & 2 emissions (at least -20%). In addition to switching the majority of our sites to green energy (2022: 100% of all office sites in Germany), further electrification of our vehicle fleet (increasing the proportion of electric and hybrid vehicle to at least 40% in 2022) will contribute to achieving these targets.

The prediction of performance indicators is generally subject to a certain degree of uncertainty from the annual perspective. This is all the more true for the potential impact of the COVID-19 pandemic.

## Financial Services segment

There is a broad spectrum of customers within the online brokerage market, and they pursue different investment objectives. On the one side there are customers who use the online brokerage service to invest 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.

The launch of flatex-next at the end of 2020 introduced an innovative, user-friendly, and easy-to-understand user interface with the goal of enabling simple and intuitive access to the capital market, under the flatex brand, for an even broader population segment. With flatex-next 3.0, the next development step for the app has already been completed in the past financial year. Existing functions are being constantly improved in line with customer needs, and new functions added.

The expansion of the product and service offering in online brokerage, in particular in international markets, makes a substantial contribution to further strengthening our market position and pursues the aim of being able to offer existing and potential customers alike the best possible range with the most attractive conditions. The new pricing at DEGIRO also makes a significant contribution to this.

Already in 2021 flatexDEGIRO has introduced key measures aimed at maintaining the strong customer growth of the last two years, and where possible further accelerating it. On the DEGIRO side, this most prominently includes the connection in August 2021 of Tradegate, which enables access to early and late trading for all DEGIRO customers; the rollout of European ETP partnerships with BNP Paribas S.A. and Société Générale; and the optimisation of pricing ("DEGIRO goes ZERO") in December 2021.

In addition, an efficient marketing strategy is being pursued with the aim of expanding awareness of the Group brands and subsidiaries in Europe.

## Technologies segment

The successful integration of DEGIRO into the business processes of flatexDEGIRO AG is – along with organic growth on both sides – still the focus of the Technologies segment at flatexDEGIRO AG. FTX:CBS will be expanded to incorporate additional, country-specific regulatory, accounting and tax requirements (national GAAP, taxation, regulatory reporting, etc.). Furthermore, the core banking system will be geared towards completing all transactions for the flatexDEGIRO Group. This will result in a sustainable increase in business activity with increasing use of economies of scale.

## Plan assumptions and forecasts for key performance indicators

The expected development of the company is based on the assumption that the customer base as at 31 December 2021 can be extrapolated on the basis of historic values and the management's current market appraisal. Specifically, the forecast is based on the assumption that the number of transactions and the customer base will continue to increase through continuation of the current marketing strategy.

The Management Board therefore expects customer accounts in online brokerage to grow by 640,000 to 840,000 new customers in 2022. The average trading activity for brokerage customers is estimated at 40 to 45 transactions per year.

The expected number of customer accounts as a yearly average and the expected average trading activity for customers results in an expected total number of processed transactions of 95 million to 115 million.

In the Technologies segment, as at the time of budgeting, all contractually agreed revenues as well as expected new business are taken into account on the basis of historical values and in consideration of the development of prices and economic trends.

On the basis of these assumptions, the Management Board expects both the revenue and the operating result (Adjusted EBITDA) of the Group to rise significantly in 2022, and in each case to increase by more than 10%.

## Opportunities report

As a matter of principle, the company's opportunities are analysed at regular intervals and reported to the Management Board. A significant opportunity for the flatexDEGIRO Group is collaboration with and technical integration of DEGIRO, which further enhances the Group's added value and represents a "perfect fit" for both brands. The management sees significant potential for synergies in this collaboration.

## Opportunities in the Financial Services segment

The online brokerage segment is traditionally tied to the volatility of the various capital markets. This dependency remains unchanged in 2022. The COVID-19 pandemic has resulted in higher share market volatility in the last two years, and in turn a significantly increased number of transactions in the Group's brokerage business. So far, this has positively affected the financial situation of the Financial Services segment. It remains to be seen to what extent the pandemic can be overcome in the current financial year, or whether its development will also contribute to additional market fluctuations in 2022. Volatility indices such as the VIX (Chicago Board Options Exchange Volatility Index) and V2TX (STOXX 50 Volatility VSTOXX EUR) suggest that overall market volatility will be above the level of 2018 and 2019, but lower than in 2020.

The management expects continuing growth in markets in online brokerage, driven by the continuation of secular trends. The company believes that its pan-European approach, strong brands, and attractive customer offerings put it in an excellent position to continue reaping the benefits from these growth trends and also gain additional market share in the future.

Future success will be securely underpinned by new, innovative products and the consolidation of existing partnerships. The expansion of DEGIRO's activities will significantly accelerate the Group's internationalisation strategy. In December 2021, DEGIRO significantly amended its prices and services directory and started offering its customers commission-free stock-trading on US American and Canadian stock markets as well as – in selected markets – commission-free stock-trading on the most important local trading venues. Management sees a significant opportunity here for further acceleration of customer growth in the current financial year. In addition, other price changes in this context also have the potential to significantly improve the Group's revenues and earnings position.

The continued expansion of the loans business in the area of collateralised securities loans continues to be driven forward.

## Opportunities in the Technologies segment

Increased customer growth and transaction volumes, the need for technical implementation of new regulatory requirements, and technological innovations all require a higher level of IT services as well as software support and maintenance, and as such have a direct impact on the Technologies segment of the flatexDEGIRO Group. This creates an increased demand for software maintenance and development. With the largely successful completion of the technical integration of DEGIRO and the significantly increasing transaction figures in the short to medium term, the high-performance IT platform will enable the leveraging of scale effects and therefore further optimisation of transaction costs. This again puts the Group in a position to be able to offer its customers a very attractive online brokerage offering, and at the same time further increase the Group's profitability.

# 2.14 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. 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 among 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. Each manager develops effective task-specific control processes to this end and ensures their ongoing application.

flatexDEGIRO Bank AG is the superordinate institute of the Group and 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.

The acquisition of DeGiro B.V. by flatexDEGIRO AG in the second half of 2020 has resulted in a significant, Europe-wide diversification of the risk profile of flatexDEGIRO AG in the area of brokerage.

The acquisition of DeGiro B.V. was followed by steps initiated by flatexDEGIRO AG to harmonise existing processes and systems Group-wide. This consists of the gradual deactivation of components that are no longer required, in favour of harmonised and consistent processes Group-wide. Within the framework of the merger of DeGiro B.V. into flatexDEGIRO Bank AG, the integration process was mostly completed in 2021.

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, interest rate, liquidity, operational and other risks. At the same time the risks are assessed, taking into account the risk-reducing measures taken and the current net equity situation. This includes, in particular, a risk shield in the form of the assumption of a risk by cooperation partners and clients of flatexDEGIRO AG. In this process, flatexDEGIRO AG and the cooperation partners attach great importance to ensuring that risks are borne or partially underwritten in proportion to the related upside potential.

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. In this process, assessments are made of probabilities and loss levels, which are then 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.

In the reporting year, flatexDEGIRO Bank AG fundamentally revised its lending strategy and is increasingly placing its focus on low-risk securities-backed lending business with real estate financing as an add-on. The remaining lending portfolio will be gradually scaled back through payment or redemption. Financing was significantly reduced compared to the previous year, by 46.6% to EUR 75.6 million; the remaining football loan portfolio predominantly falls due in the 2022 financial year. The Factoring segment will also be discontinued in the course of 2022.

The management and supervisory bodies of flatexDEGIRO AG are regularly updated about the risk assessments obtained from the risk inventory (RiskMap) as part of ongoing risk reporting.

## *Control of risks*

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) 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: the “cockpit” as a central (risk) management tool provides daily information on the key performance indicators, key risk figures, and limit utilisation levels, 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.

Based on our own assessment, the steps taken to analyse and monitor the risk situation of flatexDEGIRO AG are deemed to be appropriate. The risk capacity was adequate at all times during the reporting period. 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.

## *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 5 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 default of or unforeseeable deterioration in the creditworthiness of business partners.

In Treasury, counterparty default risks in flatexDEGIRO AG result from security-oriented selected financial investments (including interbank investments, German country bonds, bank bonds, mortgage bonds, cash loans) mixed with investments in special funds which supplement the sector diversification of the Group's overall portfolio, e.g. through infrastructure financing and residential property investments in the Financial Services division. The investment/lending strategy and the limits based on it 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. Counterparty default risk monitoring, which is performed on a daily basis, is currently based on CDS prices and ratings changes and is transmitted daily to the relevant decision makers. As at 31 December 2021, the counterparty default risks amount to a total of kEUR 2,254 (previous year: kEUR 3,098). flatexDEGIRO AG estimates the degree of the resulting risk amount as high, but the associated probability of occurrence as very low.

flatexDEGIRO AG is also exposed to counterparty default risk from its lending business and 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% confidence level and 30-day holding period) and form part of the risk capacity calculation. In a real stress test during the COVID-19 pandemic, our conservative collateralisations have proven reliable. Although the entire stock market collapsed by over 40% in the first quarter of 2020, this did not result in any losses for us. The Group rates the probability of occurrence of the residual risks as very low and the possible degree of loss as low. In the context of the Wirecard AG business insolvency, the bank entered into repayment agreements with individual customers whose equity was more than drained by the losses and took into account potential default risks by means of impairments. The bank rates the probability of occurrence of the residual risks as very low and the possible degree of loss as low.

b) Counterparty default risks also exist in diversified true sale factoring in the Financial Services segment. The factoring receivables are secured by commercial credit and verity insurance policies of major insurance companies; in addition, personal liabilities of the clients and security retentions are agreed. Factoring also includes football club financing, which is secured by the assignment of sponsorship, TV, and advertising rights as well as by means of credit default swaps. Due to the sharpened lending strategy, the dismantling of this portfolio started in 2021. The football loan portfolio was reduced by -46.6% compared to the previous year. The majority of football loan financing becomes due in 2022. The factoring business will also be discontinued in 2022.

c) In addition, flatexDEGIRO Bank AG operates an opportunistic, comprehensively secured loan portfolio in the Financial Services segment, in particular in real estate financing. The loans are secured by real assets, guarantees, assignment of other receivables and deposited securities.

The diversified collateralisation structure in the aforementioned loan portfolio demonstrated again this year that the bank has established an extensive liability umbrella to counteract potential defaults and reduce risks.

Following the merger of XCOM AG into flatexDEGIRO AG in 2017 and the integration of flatexDEGIRO Bank AG, flatexDEGIRO AG made significant efforts to uniformly record the counterparty default risks arising at its subsidiaries throughout the Group and make them accessible in a comprehensive management system. The same strategy was also pursued with regard to the acquisition of DeGiro B.V.; the integration process was mostly completed in 2021 in the framework of the merger of DeGiro B.V. into flatexDEGIRO Bank AG. Pertinent presentations and analyses have been integrated into the MRR of flatexDEGIRO AG and are continuously being refined. With its comprehensive credit portfolio model, the Group can quantify its important counterparty default risks on a continuous VaR basis (99% confidence level), and systematically capture and continually manage potential concentration risks. 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.

## *Managing and limiting market price risks*

flatexDEGIRO AG understands market price risk as the risks of losses due to changes in market prices (share prices, exchange rates, precious metals/commodity prices, interest rates) and due to price-influencing parameters (e.g., volatilities).

For flatexDEGIRO Bank AG, the resulting market price risks are contained by a multi-level system of position-limiting value-at-risk and stop-loss limits at daily and annual level. The bank calculates daily VaR figures using historical simulation (99% confidence level) and also prepares a daily profit & loss statement. The calculated risk ratios and P&L figures are compared daily with the established limits. When limits are exceeded, countermeasures are initiated immediately.

VaR-oriented monitoring is performed for the long-term investment in special funds, initiated in 2016, which pursues a “negative basis” strategy. The negative basis strategy was finally discontinued in the first quarter of 2021 due to the sale of the fund position in the bank in order to reduce the volatility of the Treasury portfolio.

In the Financial Services segment, flatexDEGIRO AG has had stable and sizeable customer deposits over the course of time (flatexDEGIRO Bank AG). With the fact that these funds are not 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. Continuous calculation of interest rate risks on the basis of a VaR calculation (99% confidence level) ensures that negative developments in interest rate risk are identified early on and countermeasures may be implemented. flatexDEGIRO AG rates the probability of occurrence of corresponding losses as very low but calculates a medium degree of risk. The loss estimate based on value at risk is in the magnitude of kEUR 868 (previous year: kEUR 1,429).

The risk for financial instruments arising from exchange rates risks (currency risk) is considered not material at flatexDEGIRO AG.

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 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 titles to consider, nor is the securities portfolio from Russian titles noteworthy. Loan financing on Russian titles has been discontinued by flatexDEGIRO Bank AG since the start of the Ukraine crisis.

Due to these circumstances, flatexDEGIRO AG does not assume any increased risks.

## *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. The liquidity risk is simulated for potential outflow rates on the basis of an LVaR approach (99% confidence level) with potential refinancing costs being recognised as a liquidity risk. The simulated value as at 31 December 2021 is kEUR 0 (previous year: kEUR 0). Both types of liquidity risk specified above only play a subordinate role in the current business model of flatexDEGIRO AG and are thus assigned to the lowest risk categories used, both with regard to the probability of occurrence ("very low") and the possible extent of losses ("low").

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 suitable 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 44% (previous year: 45%) of assets with daily maturities, average capital commitment of 55 days (previous year: 92 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. An internal assessment method is used, in addition to the basic indicator approach, to determine the amount of attributable liable equity 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 8,776 as at 31 December 2021 (previous year: kEUR 4,696).

### 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 the trouble-free functioning of these systems. 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. To limit these risks flatexDEGIRO AG has established monitoring and communications processes, 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. We estimate the probability of legal risks to be very low, and the possible degree of loss to be low.

### 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 takes 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 risk

The reputational risk for flatexDEGIRO AG is the risk of negative economic effects that arise as a consequence of 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.

To limit its operational risks, flatexDEGIRO AG fundamentally promotes a risk culture which ensures compliance with high ethical standards and a pronounced awareness of risk in all relevant business processes, for both the management and the employees of flatexDEGIRO AG. Beyond this, the limitation of risk is one of the key performance targets for all flatexDEGIRO AG managers within their respective areas of responsibility. Each manager develops task-specific control processes to this end and ensures 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 high-risk measure.

### 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 very low, and the potential loss impact to be low.

The integration of DeGiro B.V. into the Group is expected to realise earnings-related and cost synergies of more than EUR 30 million per year. Harnessing the identified synergies has already significantly improved results in 2021. The risks presented above are also relevant for the integration. With regard to costs, there is the risk that synergies may be realised later than forecast. These risks are monitored through the regular reappraisal of the synergy measures.

In light of current developments in connection with the COVID-19 pandemic, the global financial markets are characterised by high volatility and market uncertainty. As a result of these developments, record numbers of new customers and completed transactions were achieved in the 2021 financial year. Alongside positive development in the brokerage business, a risk assessment was also carried out on the lending portfolio, wherein the bank is active in the area of receivables-based financing of top football clubs from the largest European leagues. Due to collateralisation through credit default swaps, no significant effects on the existing portfolio are expected.

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.

### *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. Higher market volatility resulted in an overall higher risk situation in the 2021 financial year in comparison to the previous year, however all relevant material risks have been mitigated by appropriate measures to the largest possible extent. 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.

## 2.15 Accounting-related internal control system

The flatexDEGIRO AG internal control system (ICS) is established based 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, in the version dated 14 May 2013).

The Audit Committee of the Supervisory Board of flatexDEGIRO AG monitors the efficacy of the ICS – as required by Section 107 (3) sentence 2 AktG. The scope and design of the ICS are at the discretion and under the responsibility of the Management Board. The internal audit is responsible for independently reviewing the functionality and efficacy of the ICS in the Group and at flatexDEGIRO AG. The internal audit has comprehensive rights to the information, audit and access needed to perform these activities.

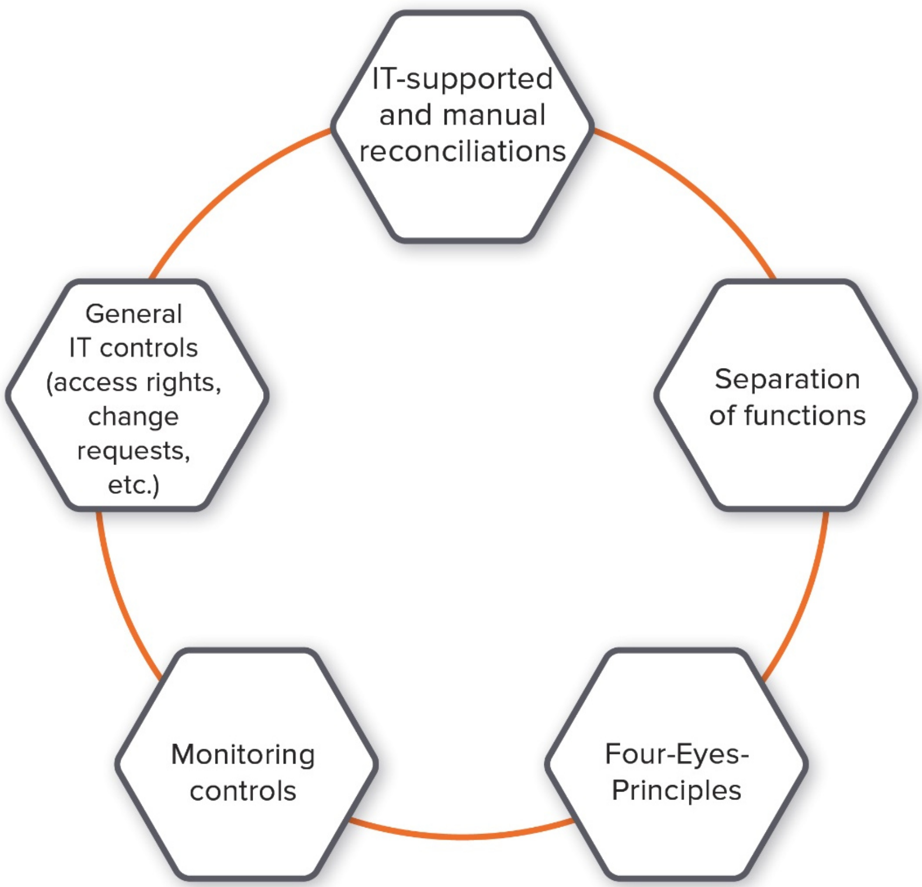
The accounting-related ICS of flatexDEGIRO AG comprises the principles, procedures, and measures to ensure the correctness of accounting. It is continuously developed and aims to achieve the following: the consolidated financial statements of flatexDEGIRO AG should be prepared in accordance with International 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 also pursues the objective that the flatexDEGIRO AG Annual Financial Statement as well as the summarised Management Report are compiled in accordance with the specifications of commercial law.

The basic principle for any ICS is that, regardless of how it is specifically designed, there is no absolute certainty that it will achieve its objectives. So, with regard to the accounting-related ICS there can only be relative, but not absolute, certainty that material misstatements in the financial statements will be avoided or detected.

The Group Finance & Administration area controls the processes 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 deadline and schedule, they form the basis for the financial statement preparation process. In addition, supporting 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 standardised and proper consolidated 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 complied with on a standardised basis Group-wide. Employees included in the accounting processes receive regular training. flatexDEGIRO AG and the Group companies are responsible for ensuring that they comply with the guidelines and procedures that apply Group-wide. The respective Group companies ensure the proper and timely execution of their accounting-related processes and systems; Group Finance & Administration support and monitor them in this.

Operational accounting processes are executed by the operational units (service centres). The harmonisation of processes increases the efficiency and quality of processes and therefore also the reliability of the internal control system. In this process, the ICS secures both the internal service centre process quality and the interfaces with Group companies, by means of 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. These procedures are consistently geared towards the risk of possible misreporting in the consolidated financial statements: under risk aspects, financial statement items and accounting-related process steps are defined that are regularly reviewed for effectiveness during the course of the year and also on a random sample basis. Where control weaknesses are identified, they are analysed and evaluated, in particular with regard to their impact on the consolidated financial statements and the Group Management Report. Significant control weaknesses as well as the associated action plans for processing the ongoing work progress are reported to the Management Board and additionally to the Audit Committee of the Supervisory Board of flatexDEGIRO AG. In order to ensure the high quality of this accounting-related ICS, the internal audit is closely involved across all stages of the procedures.

# 3 Collateralisation of the legal representatives (responsibility statement)

"We hereby affirm that, in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the financial position, cash flows, and financial performance of the Group and that the Group Management Report includes a fair view of the development and performance of the business and the position of the Group corresponding to the actual situation of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Frankfurt, 7 March 2022

flatexDEGIRO AG

| | |
|---|---|
| Frank Niehage | Muhamad Said Chahrour |
| CEO, Chairman of the Management Board | CFO, Member of the Management Board |

# Notes

# IFRS Consolidated Balance Sheet

## as at 31 December 2021

| In kEUR | Note | 12/31/2021 | 12/31/2020 |
|---|---|---|---|
| **Assets** | | **3,690,589** | **2,818,178** |
| **Non-current assets** | | **531,023** | **561,332** |
| Intangible assets | 11 | 386,557 | 389,432 |
| Goodwill | 11 | 181,087 | 183,361 |
| Internally generated intangible assets | 11 | 54,268 | 46,935 |
| Customer relationships | 11 | 114,710 | 123,068 |
| Other intangible assets | 11 | 36,491 | 36,068 |
| Property, plant and equipment | 13 | 34,110 | 32,858 |
| Financial assets and other assets | | 1,668 | 1,486 |
| Equity instruments measured at fair value through profit or loss (FVPL-EQ) | 14 | 79,291 | 74,660 |
| Financial assets measured at fair value through profit or loss (FVPL) | 14 | 7,299 | - |
| Non-current loans due to customers | 14 | 22,098 | 62,896 |
| | | | |
| **Current assets** | | **3,158,312** | **2,256,846** |
| Inventories and work in progress | | 7 | 8 |
| Trade receivables | | 26,176 | 14,041 |
| Other receivables | | 6,774 | 2,074 |
| Other current financial assets | 14 | 1,507,103 | 985,599 |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 14 | 148,913 | 89,802 |
| Financial assets measured at fair value through profit or loss (FVPL) | | - | 189 |
| Cash loans to local authorities | 14 | 333 | 370 |
| Current loans due to customers | 14 | 1,335,275 | 843,337 |
| Equity instruments measured at fair value through other comprehensive income (FVOCI-EQ) | 14 | - | 19,565 |
| Other receivables due to banks | 14 | 22,582 | 32,336 |
| Cash and cash equivalents | 14 | 1,618,252 | 1,255,124 |
| Bank balances | 14 | 232,945 | 95,290 |
| Balances with central banks | 14 | 547,808 | 1,015,434 |
| Cash assets | 14 | 610,613 | 10,839 |
| Receivables due to banks (on demand) | 14 | 226,886 | 133,561 |
| | | | |
| **Non-current assets held for sale** | **9** | **1,255** | **-** |

| In kEUR | Note | 12/31/2021 | 12/31/2020 |
|---|---|---|---|
| **Liabilities and shareholders' equity** | | **3,690,589** | **2,818,178** |
| **Equity** | | **499,385** | **445,834** |
| Subscribed capital | 15 | 109,793 | 27,273 |
| Additional paid-in-capital | 15 | 230,323 | 310,916 |
| Retained earnings | 15 | 158,734 | 107,117 |
| Shares of minority shareholders | 10 | 536 | 528 |
| **Liabilities** | | **3,191,204** | **2,372,344** |
| **Non-current liabilities** | | **135,216** | **91,435** |
| Non-current liabilities to non-banks | 16 | 29,151 | 28,656 |
| Pension obligations | 17 | 11,530 | 14,543 |
| Provisions for long-term variable compensation components | 34 | 74,588 | 15,387 |
| Deferred tax liabilities | 29 | 19,947 | 32,849 |
| **Current liabilities** | | **3,055,988** | **2,280,910** |
| Trade payables | | 3,389 | 10,473 |
| Liabilities to customers | 18 | 2,810,861 | 2,089,213 |
| Liabilities to banks | 19 | 151,851 | 97,117 |
| Other financial liabilities | 20 | 26,568 | 45,010 |
| Tax provisions | 22 | 32,559 | 24,369 |
| Other provisions | 21 | 30,761 | 14,728 |

# IFRS Consolidated Profit and Loss

## for the financial year from 1 January to 31 December 2021

| In kEUR | Note | 2021 | 2020 |
|---|---|---|---|
| **Revenues** | 23 | **417,581** | **261,490** |
| thereof commission income | | 339,707 | 211,770 |
| thereof interest income | | 59,345 | 32,524 |
| thereof interest income from financial instruments (amortised cost) | | 53,127 | 28,149 |
| thereof other operating income | | 18,529 | 17,196 |
| Raw materials and consumables | 24 | 75,331 | 49,446 |
| **Net profit** | | **342,249** | **212,044** |
| Personnel expenses | 25 | 142,110 | 66,125 |
| Current personnel expenses | 25 | 77,124 | 50,597 |
| Expenses in the personnel area in connection with business combinations | 25 | 5,641 | - |
| Personnel expenses for long-term variable compensation components | 25, 35 | 59,345 | 15,528 |
| Marketing and advertising expenses | 26 | 46,069 | 24,281 |
| Other administrative expenses | 27 | 41,982 | 23,213 |
| **EBITDA**[1] | | **112,088** | **98,425** |
| Depreciation | 11-13 | 31,827 | 24,639 |
| thereof impairment losses | 37 | - | 4,605 |
| **EBIT**[1] | | **80,261** | **73,786** |
| Financial result | 28 | -5,845 | -3,919 |
| **EBT**[1] | | **74,416** | **69,867** |
| Income tax expenses | 29 | 22,865 | 19,943 |
| **Consolidated net profit** | | **51,550** | **49,924** |
| **thereof: Majority shareholders' share of income** | | **51,542** | **49,908** |
| **thereof: Minority shareholders' share of income** | | **8** | **16** |
| **Earnings per share (undiluted) in EUR** | 34 | **0.47** | **0.55** |
| **Earnings per share (diluted) in EUR** | 34 | **0.47** | **0.54** |

[1]For better comparability of the key figures for the period using the Adjusted EBITDA / EBIT / EBT, we refer to the Group Management Report, Section 2.6 Earnings Position, page 59

# IFRS Consolidated Statement of other Comprehensive Income

## for the financial year from 1 January to 31 December 2021

| In kEUR | Note | 2021 | 2020 |
|---|---|---|---|
| **Consolidated net profit** | | **51,550** | **49,924** |
| Income and expense items recognised directly in equity | | | |
| **Pensions** | | **2,485** | **-3,978** |
| Actuarial gains/losses | 17 | 2,217 | -4,260 |
| Remeasurement of plan assets | 17 | 283 | 258 |
| Reimbursement rights | 17 | -16 | 24 |
| **Securities** | | **317** | **-1,514** |
| Change in value reported in equity | | 317 | -1,514 |
| **Deferred taxes** | 28 | **-884** | **1,491** |
| Pensions | | -781 | 1,263 |
| Securities | | -103 | 228 |
| **Total other income** | | **1,917** | **-4,001** |
| **Comprehensive income** | | **53,467** | **45,923** |

# IFRS Consolidated Cash Flow Statement

## as at 31 December 2021

| In kEUR | Note | 2021 | 2020 |
|---|---|---|---|
| **Consolidated net profit** | **23** | **51,550** | **49,924** |
| Depreciation and amortisation/appreciation on property, plant and equipment and intangible assets | 11,13 | 30,069 | 20,075 |
| Increase/decrease in inventories | | 1 | 91 |
| Increase/decrease in trade receivables | | -12,135 | -1,822 |
| Increase/decrease in trade payables | 14 | -7,084 | 4,892 |
| Increase/decrease in other receivables, financial investments, and other assets | 14 | -4,882 | -1,229 |
| Increase/decrease in provisions, pension obligations and deferred taxes | 17,21,29 | 8,307 | 54,134 |
| Increase/decrease in provision for long-term variable compensation components | 34 | 59,201 | 15,387 |
| **Cash flow from operations** | | **125,028** | **141,452** |
| Cash outflow/inflow for the investment/disposal in/from intangible assets | 11 | -17,801 | -9,742 |
| Cash outflow/inflow for investment/disposal in/from property, plant and equipment | 13 | -8,417 | -6,752 |
| Increase/decrease due to changes in the scope of consolidation | 9 | - | -298,154 |
| **Cash flow from investments** | | **-26,218** | **-314,648** |
| Inflow from equity injections by shareholders of the parent company | | 1,782 | 191,675 |
| Increase/decrease in non-current liabilities to banks (loans) | 16 | - | -3,727 |
| Increase/decrease in leases and non-current liabilities to non-banks | 16 | -2,988 | -3,570 |
| **Cash flow from financing activities** | | **-1,206** | **184,378** |
| **Free cash flow prior to accounting changes to the banking business** | **30** | **97,605** | **11,182** |
| Increase/decrease in long-term loans to customers | 14 | 40,799 | 6,512 |
| Increase/decrease in financial assets measured at FVOCI | 14 | -39,545 | 20,824 |
| Increase/decrease in financial assets measured at FVPL | 14 | -11,742 | -8,586 |
| Increase/decrease in cash loans to local authorities | 14 | 36 | 13,686 |
| Increase/decrease in short-term loans to customers | 14 | -491,938 | -480,785 |
| Increase/decrease in other receivables due from banks | 14 | 9,754 | -1,097 |
| Increase/decrease in liabilities to customers | 18 | 721,648 | 1,138,436 |
| Increase/decrease in liabilities to banks | 19 | 54,734 | 25,423 |
| Increase/decrease in other financial liabilities | 20 | -18,442 | 38,879 |
| **Cash flow from accounting changes to the banking business** | | **265,304** | **753,292** |
| Non-cash movements in equity* | | 219 | 22,033 |
| **Change in cash and cash equivalents** | | **363,128** | **786,507** |
| **Cash and cash equivalents at the beginning of the period** | | **1,255,124** | **468,616** |
| **Cash and cash equivalents at the end of the period** | | **1,618,252** | **1,255,124** |

* In comparison to the previous year, the cash flow from financing activities item has been reclassified.

# IFRS Consolidated Statement of Changes in Equity

## as at 31 December 2021

| In kEUR | Subscribed capital (Note 15) | Additional paid-in-capital (Note 15) | Retained earnings (Note 15) | Actuarial gains/losses (Note 15) | Unrealised gains/losses from financial instruments measured at fair value through other comprehensive income (Note 15) | Total | Minority interests (Note 10) | Total equity |
|---|---|---|---|---|---|---|---|---|
| **As at 12/31/2019 and 01/01/2020** | **19,596** | **106,894** | **53,681** | **1,554** | **-35** | **181,689** | **512** | **182,202** |
| Issue of shares | 177 | 1,522 | - | - | - | 1,699 | - | 1,699 |
| Recognition of new shares (DEGIRO acquisition) | 7,500 | 202,500 | - | - | - | 210,000 | - | 210,000 |
| Rededication of new shares | -7,500 | -202,500 | - | - | - | -210,000 | - | -210,000 |
| Issue of new shares | 7,500 | 202,500 | - | - | - | 210,000 | - | 210,000 |
| Contributions to / withdrawals from reserves | - | - | 6,010 | - | - | 6,010 | - | 6,010 |
| Changes in the scope of consolidation not involving a change of control | - | - | - | - | - | - | - | - |
| Dividend distribution | - | - | - | - | - | - | - | - |
| Other earnings/losses | - | - | 3,108 | -5,872 | -1,237 | -4,001 | - | -4,001 |
| Consolidated net profit | - | - | 49,908 | - | - | 49,908 | 16 | 49,924 |
| **As at 12/31/2020 and 01/01/2021** | **27,273** | **310,916** | **112,707** | **-4,318** | **-1,273** | **445,305** | **528** | **445,834** |
| Issue of shares | 241 | 1,541 | - | - | - | 1,782 | - | 1,782 |
| Issue of new shares | 82,278 | -82,278 | - | - | - | - | - | - |
| Contributions to / withdrawals from reserves | - | 144 | -342 | - | - | -198 | - | -198 |
| Changes in the scope of consolidation not involving a change of control | - | - | -1,500 | - | - | -1,500 | - | -1,500 |
| Dividend distribution | - | - | - | - | - | - | - | - |
| Other earnings/losses | - | - | - | 1,704 | 214 | 1,917 | - | 1,917 |
| Consolidated net profit | - | - | 51,542 | - | - | 51,542 | 8 | 51,550 |
| **As at 12/31/2021** | **109,793** | **230,323** | **162,407** | **-2,614** | **-1,059** | **498,850** | **536** | **499,385** |

# List of abbreviations

| | |
|---|---|
| Adjusted EBIT | Earnings before interest and taxes adjusted for personnel expenses attributable to non-current variable compensation components |
| Adjusted EBITDA | Earnings before interest, taxes, and depreciation and amortisation adjusted for personnel expenses attributable to non-current variable compensation components |
| Adjusted EBITDA before marketing and advertising expenses | Earnings before interest, taxes and depreciation and amortisation adjusted for personnel expenses attributable to non-current variable compensation components before marketing and advertising expenses |
| Adjusted EBITDA-margin before marketing and advertising expenses | Earnings margin before interest, taxes, and depreciation and amortisation adjusted for personnel expenses attributable to non-current variable compensation components before marketing and advertising expenses |
| Adjusted EBT | Earnings before taxes adjusted for personnel expenses attributable to non-current variable compensation components |
| AG | Aktiengesellschaft (public limited company) |
| GTC | General terms and conditions |
| PC/MC | Procurement/manufacturing costs |
| AktG | Aktiengesetz (Stock Corporation Act) |
| BaaS | Banking as a Service |
| BaFin | Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority) |
| BCM | Business Continuity Management |
| FCJ | Federal Court of Justice |
| GDP | Gross domestic product |
| BPO | Business Process Outsourcing |
| B2B | Business-to-business |
| B2C | Business-to-consumer |
| approx. | approximately |
| CCI | Client check-in |
| CDS | Credit default swap |
| CEO | Chief Executive Officer |
| CFD | Contract for difference |
| CFO | Chief Financial Officer |
| CHF | Swiss francs |
| COSO | Committee of Sponsoring Organizations |
| CRM | Customer relationship management |
| CRR | Capital Requirements Regulation |
| CTO | Chief Technology Officer |
| C&T | Credit & Treasury |
| DAX | German stock index |
| DCF | Discounted cash flow |
| DNO | Declaration of no objection |
| DRS | Deutsche Rechnungslegungsstandards (German Accounting Standards) |
| i.e. | that is |
| EAD | Exposure at default |
| EBIT | Earnings before interest and taxes |
| EBITDA | Earnings before interest, taxes and depreciation and amortisation |
| EBT | Earnings before taxes |
| ECL | Expected credit loss |
| EDP | Electronic data processing |
| EC | European Community |
| EQ | Equity |

| | |
|---|---|
| EL | Expected Loss |
| EPS | Earnings per share |
| ERP | Enterprise Resource Planning |
| ESA | European Space Agency |
| ESG | Environment, Social, Governance |
| ETF | Exchange-traded fund |
| ETN | Exchange-traded notes |
| ETP | Exchange-traded products |
| etc. | et cetera |
| EU | European Union |
| EEC | European Economic Community |
| ECB | European Central Bank |
| FED | Federal Reserve System |
| FIN | Financial Services |
| FSOF | Frankfurt School of Finance and Management |
| FVOCI | Financial assets measured at fair value through other comprehensive income |
| FVPL | Financial assets measured at fair value through profit or loss |
| FTX:CBS | flatex Core Banking System |
| GAAP | Generally Accepted Accounting Principles |
| GBP | British pound |
| GCM | General Clearing Member |
| GfBk | Gesellschaft für Börsenkommunikation mbH |
| vs. | versus |
| GmbH | Gesellschaft mit beschränkter Haftung (limited liability company) |
| GRI | Global Reporting Initiative |
| P&L | Profit and loss statement |
| HCM | Human Capital Management |
| HGB | Handelsgesetzbuch (German Commercial Code) |
| HR | Human Ressources |
| HRB | Handelsregister Abteilung B (commercial register department B) |
| IAS | International Accounting Standards |
| IASB | International Accounting Standards Board |
| IBOR | Interbank Offered Rates |
| IC | Interpretations Committee |
| IFRS | International Financial Reporting Standards |
| ICS | Internal Control System |
| inc. | including |
| esp. | especially |
| IRE | Initial Recognition Exception |
| ISIN | International Securities Identification Number |
| IT | Information technology |
| ITC | Information technology and telecommunication |
| kEUR | thousands of euros |
| KfW | Kreditanstalt für Wiederaufbau |
| KG | Kommanditgesellschaft (limited partnership) |
| KGaA | Kommanditgesellschaft auf Aktien (partnership limited by shares) |
| KPI | Key performance indicator |
| KWG | Kreditwesengesetz (Banking Act) |
| KYC | Know Your Customer |
| LTECL | Lifetime expected credit loss |
| LTPD | Lifetime probability of default |
| LVaR | Liquidity value-at-risk |

| | |
|---|---|
| L.O.X. | Limit order system |
| MaRisk | Minimum requirements for risk management |
| mEUR | millions of euros |
| mbH | mit beschränkter Haftung (with limited liability) |
| MRR | Monthly Risk Report |
| MSCI | Morgan Stanley Capital International |
| NASDAQ | National Association of Securities Dealers Automated Quotations |
| No. | Number |
| NYSE | New York Stock Exchange |
| OCI | Other comprehensive income |
| UCITS | Undertakings for Collective Investments in Transferable Securities |
| OTC | Over the counter |
| PD | Probability of default |
| PEPP | Pandemic Emergency Purchase Programme |
| PFOF | Payment for order flow |
| p. a. | per annum |
| RiskMap | Risk assessments attained from the risk inventory |
| ROTE | Return on Tangible Equity |
| RoU | Right of Use |
| SaaS | Software as a service |
| SARs | Stock appreciation rights |
| SDAX | Small-cap index |
| SE | European public limited company |
| SICAV | Investment shareholder with variable share capital |
| SLA | Service-level agreement |
| SPPI | Solely payments of principal and interest |
| TECH | Technologies |
| USA | United States of America |
| USD | United States dollar |
| V2TX | STOXX 50 Volatility VSTOXX EUR |
| VaR | value-at-risk |
| VIX | Chicago Board Options Exchange Volatility Index |
| WACC | Weighted average capital costs |
| WKN | German securities identification number |
| WpHG | Wertpapierhandelsgesetz (Securities Trading Act) |
| e.g. | for example |
| CGU | Cash-generating unit |

# Consolidated notes as at 31 December 2021

## NOTE 1 About the Group

The consolidated financial statements presented here are those of flatexDEGIRO AG and its subsidiaries.

flatexDEGIRO Aktiengesellschaft is headquartered in Frankfurt, Germany, and is registered in the commercial register of Frankfurt under the company number HRB 103516. The registered business address is Rotfeder-Ring 7, 60327 Frankfurt, Germany.

The registered no-par-value (registered) shares are traded in the SDAX index (prime standard, ISIN DE000FTG1111/WKN FTG111).

The Group's business activities are the supply of innovative technologies in the online brokerage market and financial sector, as well as the provision of financial services and IT services

flatexDEGIRO AG is the group holding company and the parent company of the flatexDEGIRO Group.

The consolidated financial statements were approved for publication by the Board of Management on 24 March 2022. The consolidated financial statements may not be altered after publication.

## NOTE 2 Basis of presentation

For companies within the European Union, preparation of consolidated financial statements in accordance with IFRS is mandatory for business if they are capital-market-oriented parent companies (Article 4 of Regulation [EC] No 1606/2002 of the European Parliament and of the Council of 19 July 2002). All other parent companies must prepare consolidated financial statements in accordance with their respective national laws.

The German Federal Government has implemented the EU regulation through the German Accounting Law Reform Act, which has introduced, among other things, Section 315e of the German Commercial Code (HGB). Accordingly, a capital-market-oriented parent company in Germany must prepare consolidated financial statements in accordance with IFRS (HGB Section 315e (1) in conjunction with Section 290 (1)). A company is capital-market-oriented if, on the relevant balance sheet date, trading of its securities is permitted in any Member State on a regulated market within the sense of Article 1 (13) of Council Directive 93/22/EEC dated 10 May 1993 concerning securities services (9).

flatexDEGIRO AG is currently required to prepare consolidated financial statements under IFRS, as its securities are permitted on a regulated market (prime segment) within the sense of Article 1 (13) of Council Directive 93/22/EEC dated 10 May 1993 concerning securities service and it is therefore a capital-market-oriented parent company.

These consolidated financial statements are in full compliance with IFRS as applicable within the European Union, and with the supplementary provisions of HGB Section 315e, German Commercial Code. The consolidated financial statements of flatexDEGIRO AG are based on the assumption of a going concern.

The presented financial position, cash flows, and financial performance as well as the presented cash flows of the Group correspond to the actual circumstances.

The accounting and valuation methods applied in the previous year have been upheld, except for changes necessitated by new or amended standards.

The declaration of compliance within the meaning of Section 161 German Stock Corporation Act (AktG) based on the German Corporate Governance Code in its version of 16 December 2019 was most recently updated and adopted by the Supervisory Board and the Management Board on 9 December 2021 and is publicly available on the flatexDEGIRO AG website at https://flatexdegiro.com/de/investor-relations/corporate-governance.

flatexDEGIRO AG presents information in thousands or millions of currency units. The presentations in thousands and millions of units are commercially rounded. When calculating with rounded numbers, slight rounding differences may occur.

The presentation currency is the euro.

## NOTE 3 Scope of consolidation

The consolidated financial statements comprise the accounts of flatexDEGIRO AG and the subsidiaries controlled by it.

This applies where flatexDEGIRO AG has direct or indirect control over the potential subsidiary via voting rights or other rights, participates in positive or negative variable returns from the potential subsidiary and can influence such returns.

### *Overview of the flatexDEGIRO AG scope of consolidation as at 1 January 2020*

- flatex Finanz GmbH, Frankfurt (100%)
- flatexDEGIRO Bank AG, Frankfurt (100%, formerly flatex Bank AG)
- Cryptoport GmbH, Frankfurt (100%, formerly Brokerport Finance GmbH)
- Xervices GmbH, Willich (100%)
- factoring.plus.GmbH, Leipzig (100% as at 1 January 2020 merged into flatexDEGIRO Bank AG with retroactive effect)
- financial.service.plus GmbH, Leipzig (72%)

### *Changes in scope of consolidation in 2020*

The complete acquisition of DeGiro B.V., Amsterdam, was completed with effect from 30 July 2020. The acquisition of the remaining 90.6% of DeGiro B.V. took place after corresponding approval by the responsible regulatory public authorities. The purchase price was financed by a non-cash capital increase in the amount of 7.5 million shares on the closing date under exclusion of the pre-emptive rights of the existing shareholders, as well as through a cash component of up to kEUR 81,500. As of 1 August 2020, DeGiro B.V. will be consolidated as a 100% subsidiary of the flatexDEGIRO concern

factoring.plus.GmbH, which has its registered offices in Leipzig, was merged with flatex Bank AG, which has its registered office in Frankfurt, with retroactive effect from 1 January 2020 on the basis of the merger agreement dated 1 September 2020 and the resolution of the shareholders' meeting.

### Overview of the flatexDEGIRO AG scope of consolidation as at 31 December 2020 / 1 January 2021

- flatex Finanz GmbH, Frankfurt (100%)
- flatexDEGIRO Bank AG, Frankfurt (100%)
- Cryptoport GmbH, Frankfurt (100%)
- Xervices GmbH, Frankfurt (100%)
- financial.service.plus GmbH, Leipzig (72%)
- DeGiro B.V., Amsterdam (100% as 1 January 2021 merged into flatexDEGIRO Bank AG with retroactive effect)

There were no joint-venture companies and associated companies as at 31 December 2020.

### Changes in scope of consolidation in 2021

Based on the merger agreement dated 13 April 2021, and in accordance with the approval resolutions of the participating legal entities with flatexDEGIRO Bank AG, DeGiro B.V. Amsterdam was merged with retroactive effect as at 1 January 2021 on a transborder basis.

### Overview of the flatexDEGIRO AG scope of consolidation as at 31 December 2021

- flatex Finanz GmbH, Frankfurt (100%)
- flatexDEGIRO Bank AG, Frankfurt (100%)
- Cryptoport GmbH, Frankfurt (100%)
- Xervices GmbH, Frankfurt (100%)
- financial.service.plus GmbH, Leipzig (72%)

There are no joint-venture companies and associated companies as at 31 December 2021.

### Consolidated financial statements for the largest scope of companies

flatexDEGIRO AG is preparing the consolidated financial statements for the largest scope of companies in the reporting year. The highest-level parent company of the flatexDEGIRO Group is flatexDEGIRO AG.

In accordance with the statutory requirements, the consolidated financial statements are published in the Federal Gazette as well as on the homepage of flatexDEGIRO AG.

## NOTE 4 Effects of the COVID-19 pandemic

The development of the global economy continued to be shaped by the COVID-19 pandemic in the 2021 reporting year. The strong economic downturn of the previous year was balanced out by the third quarter of 2021, particularly in the more advanced economies, and economic output returned to pre-crisis levels. The temporary closure of bank branches during lockdowns noticeably increased general acceptance of online banking and brokerage.

The online brokerage segment is traditionally characterised by the volatility of the various capital markets. The COVID-19 pandemic has resulted in higher share market volatility, and in turn a significantly increased number of transactions in flatexDEGIRO Group's brokerage business.

Business activities and therefore the financial position, cash flows, and financial performance were affected by the COVID-19 pandemic in various segments in terms of sales and earnings, though not to a negative extent. Possible future effects on the assessment of individual assets and liabilities are being analysed on an ongoing basis. The incalculable factors regarding the further course of the COVID-19 pandemic mean that the flatexDEGIRO Group cannot rule out possible economic consequences. Based on the findings from the past, only limited negative effects on the Group's business are expected to arise from the COVID-19 pandemic in future.

For further statements on the subject of the COVID-19 pandemic we refer to the Group Management Report, specifically the following chapters: "Macro-economic and sector-specific framework conditions", "Overall course and position of flatexDEGIRO AG (Group)", and in particular to the "Persistently strong new customer growth" chapter, the "Course of business in the Financial Services segment" chapter, the "Developments in the Online Brokerage business area" chapter, and the "Forecast and opportunities report" and "Risk report" with it's chapters "Managing and limiting counterparty default risks" and "Managing and limiting operational and other risks".

## NOTE 5 Climate risks

In the 2021 financial year, the flatexDEGIRO Group analysed potential sustainability risks. The Group has not identified any material risks for its business model. Therefore, the flatexDEGIRO Group currently also does not expect any material effects from such risks on its business model and on the presentation of the financial position, cash flows, and financial performance.

## NOTE 6 Accounting policies

### Business combinations and consolidation

Business combinations are reported under application of the provisions of IFRS 3.

At initial consolidation, identifiable assets and liabilities are measured at their fair value at the time of acquisition. Shares of minority shareholders are recognised in proportion to their share of the fair value of assets and liabilities Ancillary acquisition costs and fees are directly recorded as an expense. If there is a remaining differential amount after offsetting, this is recorded as derivative goodwill. Negative goodwill is recognised in profit or loss in the year of acquisition. The results of acquired subsidiaries are included from the date of acquisition by the Group, i.e., from the date on which the Group was able to exercise control.

### Derivative goodwill

Positive goodwill arises if the purchase price of the equity participation exceeds the fair value of the identified assets less liabilities. It is subject to ad hoc and at least annual impairment testing, which validates the recoverability of goodwill. If recoverability no longer exists, an impairment loss is recognised. Otherwise, the carrying amount of the goodwill is taken over unchanged from the previous year.

### Internally generated intangible assets

Development costs are capitalised if they can be reliably ascertained, if the product or process to which they pertain is realisable in technical and economic terms, and if the future economic benefit is probable. The initial capitalisation of these costs will be based on the assumption that such technical and economic feasibility has been established. In addition to the availability of sufficient resources, there must be an intention within the Group to complete the project and use or sell the resulting asset.

The capitalised development costs include all individual and overhead costs directly attributable to the project. Once projects are completed, development costs are depreciated over their useful life, starting at the time when economic benefits are generated. An annual impairment test is performed on internally generated intangible assets under development. Already completed assets are tested on an impairment trigger. The future benefit inflow is documented through appropriate business cases. The start of a development project may be based on basic research results or on a non-exclusive customer order, whereby the respective research effort must be strictly expensed.

## Intangible assets acquired for consideration

Purchased software, licences and industrial property rights are accounted for at their acquisition cost and depreciated on a straight-line basis over their expected useful life as follows:

- Technology and software: straight-line depreciation is applied over eight years.
- Customer relationships: straight-line depreciation over six, eight, 16 and 20 years.
- Trademarks: trademarks are in principle depreciated over ten years using the straight-line method. The DEGIRO brand, acquired for consideration, has a non-specific period of use.

Intangible assets acquired for consideration are tested for impairment where this is indicated. There were no such indications apparent in the 2021 financial year.

## Property, plant and equipment

Property, plant and equipment which is subject to wear and tear and is used for more than one year is measured at amortised acquisition or manufacturing cost and depreciated on a straight-line basis over the expected useful life. Office buildings are depreciated on a straight-line basis over an expected useful life of ten to 50 years. Land is not depreciated on a scheduled basis. Other plant and equipment is depreciated on a straight-line basis over the expected useful life of the respective asset, which is between three and five years for computer hardware and generally 13 years for office furnishings. Maintenance and repair costs are recognised as expenses for the period.

Where there are indications of impairment and the recoverable amount is lower than the amortised acquisition or manufacturing cost, the asset is written down to the recoverable amount. The recoverable amount is the higher amount of the value in use and the fair value less costs to sell.

## Leasing

A lease is an agreement wherein the lessor, in return for a payment or series of payments, conveys to the lessee the right to use (right of use, RoU) an asset for an agreed period of time.

As a result of IFRS 16, leases are recognised by the lessee in the balance sheet, because the distinction between operating and finance leases is eliminated from the lessee's perspective. Under the standard, an asset (the right of use of the leased asset) and a financial liability for rental or lease payments are recognised. The lease liability corresponds to the present value of the minimum lease payments. The only exceptions to this are short-term and low-value leases. flatexDEGIRO AG did not use the exception options for short-term and low-value leases in the financial year.

flatexDEGIRO AG companies only act as lessees in external relationships.

## Impairments

The carrying amounts of property, plant and equipment and of intangible assets are examined for indications of impairment at the end of each reporting period. If any such indication exists, the recoverable amount of the asset is calculated in order that a potential impairment expense may be determined. If the recoverable amount cannot be calculated at the level of the individual asset, it is determined at the level of the cash-generating unit (CGU) to which the relevant asset has been allocated. It is distributed on an appropriate and consistent basis to the individual CGUs or the smallest group of CGUs. In the case of an intangible asset with an indefinite useful life or an intangible asset not yet available for use, impairment testing is carried out at least annually and whenever there is indication of impairment (triggering events).

The derivative goodwill is not subject to scheduled depreciation, but it is tested for impairment on the basis of the recoverable amount of the CGU to which it is allocated. To do this, the goodwill acquired in the course of a business acquisition is allocated to each individual CGU which is likely to benefit from the synergies generated by the acquisition. The maximum size of a respective CGU corresponds to the operational segment that also reports to the primary decision-making body and is thereby linked to the internal reporting system. Impairment testing is carried out at least once a year, and additionally when there is an indication of impairment of the CGU. One indication arose from the COVID-19 pandemic, but a qualitative and quantitative analysis determined that the recognition of an impairment is not required.

In the event that the carrying amount of the CGU to which the derivative goodwill has been allocated exceeds the recoverable amount, the derivative goodwill must be written off in the amount of the determined difference. Once an impairment loss of a derivative goodwill has been recognised, it may not be reversed. Where the difference determined for the CGU exceeds the carrying amount of the derivative goodwill allocated to it, the carrying amounts of the assets allocated to the CGU are subjected to pro-rata impairments for a total of the remaining impairment amount.

The recoverable amount is calculated as the higher amount of the value-in-use and the fair value less costs-to-sell. The value-in-use is determined by the management team's planning for the CGU. The cash flows for the CGU in question are derived from such planning, taking into account the expected growth rates of the respective markets. They are discounted at the appropriate interest rate. The interest rate is determined by the interest rate for risk-free investments, the market risk premium, and the borrowed capital interest rate. As a company listed on the stock exchange, flatexDEGIRO AG defines the companies included in the SDAX as a "peer group" for determining the beta factor. Should the composition of the selected index prove to no longer be representative in the future, a corresponding adjustment will be made.

## Inventories and work in progress

Inventory is measured at the lower of purchase/manufacturing cost or net realisable value at the end of the reporting period. The manufacturing costs approach is based on directly attributable individual and overhead costs.

## Financial instruments

A financial instrument is a contract that justifies a contractual right to receive payment or other financial assets from another party, or a contractual obligation to transfer financial assets to another party. Financial assets and liabilities are recognised from the point at which flatexDEGIRO AG becomes a contractual party to the financial instrument.

The classification of financial assets depends on the business model (held to maturity, held for sale, held for trading) as well as the type of cash flows associated with the financial instrument. Based on these criteria, a decision is made as to whether the financial asset is supposed to be measured at amortised acquisition cost or at fair value – either through profit or loss or through other comprehensive income. The classification and the value scale for the subsequent measurement take place upon receipt of the financial instrument.

Regular market purchases or sales of financial assets are principally recognised or derecognised on the trade date.

After being classified as "held to maturity", "held for sale" or "held for trading", and according to the type of cash flows associated with the financial instrument, the financial assets of flatexDEGIRO AG are allocated to the following categories, which must also be considered as classes within the meaning of IFRS 9:

- Amortised acquisition cost

- Financial assets measured at fair value through other comprehensive income (FVOCI)
- Financial assets measured at fair value through profit or loss (FVPL)
- Financial equity instruments measured at fair value through other comprehensive income (FVOCI-EQ)
- Financial equity instruments measured at fair value through profit or loss (FVPL-EQ)

### Amortised acquisition cost

The following financial instruments are assigned to the “held to maturity” business model and measured at amortised acquisition cost at flatexDEGIRO AG:

- Trade receivables
- Loans to customers (long and short term)
- Cash loans to local authorities
- Other receivables
- Cash and cash equivalents

Financial instruments assigned to this category include only interest and principal payments on the principal amount outstanding as cash flows and are held to maturity.

### Financial assets measured at fair value through other comprehensive income (FVOCI)

The bonds assigned to the “held for sale” business model are valued at fair value through other comprehensive income (FVOCI). At the time of purchase or acquisition, they are recognised at amortised acquisition cost including ancillary acquisition costs and subsequently measured at fair value. Changes in the valuation of the bond portfolio are recognised in other comprehensive income and only recognised through other comprehensive income upon sale or maturity (FVOCI with recycling). The cash flows of this category of allocated financial instruments consist exclusively of interest and principal payments.

### Financial assets measured at fair value through profit or loss (FVPL)

This item includes securities held to maturity. The cash flow condition consisting of interest and principal payments is not met for these funds; therefore, the initial measurement is at procurement cost and the ancillary acquisition costs are recognised in profit or loss. Subsequent measurement is at fair value, with the changes in value being recognised directly through profit or loss.

### Financial equity instruments measured at fair value through profit or loss (FVPL-EQ)

Equity instruments are generally measured at fair value through profit or loss, regardless of whether they are held for trading purposes. For financial instruments that are not held for trading purposes, there is an option at the time of receipt to recognise them at fair value without affecting income. flatexDEGIRO AG measures shares in investment companies with variable capital (société d’investissement à capital variable, SICAV) at fair value through profit or loss.

### Financial equity instruments measured at fair value through other comprehensive income (FVOCI-EQ)

For flatexDEGIRO AG, fund shares are assessed as equity instruments (FVOCI-EQ) measured at fair value through other comprehensive income. As part of the first-time adoption of IFRS 9, the option for fair value through profit or loss was exercised for them. Valuation changes are recognised in this category in other comprehensive income (FVOCI without recycling). In the event of a later sale, the profits and losses recognised in other comprehensive income are reclassified to retained earnings.

### Measurement of financial liabilities

Financial liabilities are measured at amortised acquisition cost or at fair value through profit or loss. During the financial year, the financial liabilities of flatexDEGIRO AG were valued at the same amortised acquisition cost as the previous year.

### Impairment

For financial instruments that are valued at amortised acquisition cost or at fair value (FVOCI with recycling) and for loan commitments, flatexDEGIRO AG recognises a provision for risk under the three-stage approach in accordance with IFRS 9, taking expected losses into account (expected credit loss model).

Upon receipt, credit risk stage 1 is established at the expected credit loss for the next year (12-month horizon) (expected credit loss model, ECL). If the credit rating has significantly worsened or if the credit default risk of the financial instrument has significantly increased since initial recognition, the financial instrument is reassigned to stage 2, and a loss allowance for full maturity credit losses is required (lifetime ECL, LTECL). If an objective indication of an expected loss can be observed, the financial instrument moves into stage 3, and the loss allowance is determined on an individual basis over the full lifetime of the financial instrument (LTECL).

For risk provision calculations at flatexDEGIRO AG, financial instruments with similar credit risks are grouped together or the credit risk is assessed individually.

### Hedge accounting

flatexDEGIRO AG continues not to make use of the option of hedge accounting during the financial year, unchanged since the previous year.

### Measurement hierarchy levels for fair value

The following hierarchy levels apply to the fair value:

Level 1: The fair value of financial instruments traded in active markets (such as listed derivatives and equity instruments) is based on quoted market prices at the end of the reporting period. The quoted market price of the financial assets held by flatexDEGIRO AG corresponds to the current bid price. These instruments are classified as Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on company-specific estimates. If all significant input factors for assessing the fair value of an instrument are observable, the instrument is classified as Level 2.

Level 3: If one or more of the significant input factors are unobservable, the instrument is classified as Level 3. This applies to unlisted equity instruments. The fair value is determined on the basis of the change in net assets between the current reporting date and the previous reporting date.

## Cash and cash equivalents

The measurement of cash and cash equivalents is at the nominal value. The cash and cash equivalents contains receivables due to banks (on demand), cash assets and credit with credit institutes and central banks.

## Pension obligations

The Group assesses the claims arising from defined benefit plans by applying the projected unit credit method in accordance with the requirements of IAS 19. In determining the net present value of the future benefit entitlement for services already provided, the Group takes into account future wage and pension increases. Actuarial gains and losses are recognised directly in other comprehensive income outside of profit or loss.

## Income taxes

Income taxes for the period comprises actual (current) taxes and deferred taxes. Taxes are recognised as income or expense and included in the profit or loss for the period, except to the extent that the tax arises from an item which is recognised in other comprehensive income, in which case the relevant tax will be recognised in other comprehensive income as well. Current taxes are calculated on the basis of profit or loss realised in the financial year, which has been determined in accordance with applicable tax rules.

## Deferred taxes

Deferred taxes are recognised for temporary differences arising between the values of existing assets and liabilities and their tax base as used in the consolidated financial statements, as well as for tax loss carryforwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that they will generate future income against which the deductible temporary differences, any unused tax losses and any unused tax credits may be offset.

The capitalisation of deferred taxes relating to tax loss carryforwards is subject to a special rule. It may only be capitalised where it is highly likely that sufficient taxable profits will be available in the future to offset the losses. The valuation is generally based on future taxable income over a planning period of five years.

The calculation of deferred tax amounts is made using the tax rate to be expected at the time of realisation.

Deferred tax assets and liabilities will be offset where a legally enforceable right exists to offset actual tax assets against actual tax liabilities, and where the deferred tax assets and the deferred tax liabilities relate to income tax levied by one and the same tax authority on one and the same taxpayer or on a number of taxpayers, if the balance is to be settled on a net basis.

Deferred taxes are reported in separate items on the balance sheet.

## Provisions

A provision will be recognised where the Group is subject to a current de facto or legal obligation to third parties arising from a past event, the outflow of resources of economic benefit for the satisfaction of the obligation is likely, and it is possible to reliably estimate the extent of the obligation. Provisions with residual maturities of more than one year are discounted. Discounting is based on risk-free market interest rates. The settlement amount also includes the expected cost increases.

## Contingent liabilities

If the criteria for forming a provision are not met, but the outflow of financial resources is not unlikely, these obligations are reported in the notes to the consolidated financial statements. Liabilities are recognised as soon as the outflow of financial resources has become probable and the amount of the outflow of resources can be reliably estimated.

## Liabilities

Current liabilities are stated at the repayment or settlement amount.

Non-current liabilities are carried at amortised acquisition cost in the balance sheet. Differences between the historical procurement costs and the repayment amount are taken into account using the effective interest method.

Liabilities from lease obligations are recognised at their present value.

## Recognition of revenues

The revenues from contracts with customers are recognised when the power of disposal has been transferred or the service has been provided in accordance with contractual agreements.

For the measurement of customer contracts, a five-step model is applied which applies to all contracts for the delivery of goods and services, with the exception of leases, insurance contracts and financial instruments in particular; it also regulates the type, amount and timing of the collection of income. The individual steps are as follows:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the independent performance obligations
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the individual performance obligations
- Step 5: Capture revenue on fulfilment of the performance obligation

If a contract contains several service components, the transaction price is split between all performance obligations. Generally, the transaction prices for the individual performance components result from the contractual provisions. If this is not the case, the transaction price will be assigned to all performance obligations based on the relative individual selling prices. If they are not directly observable, they are estimated using the expected-cost-plus-a-margin approach.

Revenues from longer-term contracts that are fulfilled over a specified period of time must be treated according to the input method. This states that the proceeds are realised in the amount of the achieved completion level. The stage of completion corresponds to the ratio of incurred costs to expected total costs. This method was selected because the realisation of profits from the project phases corresponds to the actual conditions as closely as possible.

## Earnings per share

The earnings per share figure is calculated by dividing the consolidated earnings of the Group attributable to the shareholders of the parent company by the weighted average number of share capital shares outstanding during each individual period.

## NOTE 7 Changes in accounting policies: amended standards and interpretations

### *Annual improvements and new standards and interpretations adopted by the IASB and IC*

In the course of Annual Improvement, the International Accounting Standards Board (IASB) makes small changes to existing standards. There is always a three-year review cycle. These changes are listed in tabular form together with the current status of the EU endorsement. In addition to the ongoing revision of standards and interpretations as part of the Annual Improvement project, new pronouncements are also issued on a regular basis.

### *Presentation of new, but not-yet-mandatory standards and interpretations*

The following new or amended standards and interpretations have already been adopted by the IASB and IFRS Interpretations Committee (IC), but have not yet come into force or have not yet been transferred into European law. Significant new standards and interpretations are listed. The company has opted against early application of these standards and interpretations.

New standards, interpretations, and improvements

| Standard/ interpretation | Change/ new regulation | Date of application (EU) | EU-Endorse-ment |
|---|---|---|---|
| IFRS 9, IFRS 16, IFRS 1, IAS 41 | Changes within the framework of annual improvement cycles | Financial years that start on or after 1 January 2022 | Yes |
| IAS 37 Provisions, contingent liabilities and contingent assets | Clarification regarding costs attributable to a contract | Financial years that start on or after 1 January 2022 | Yes |
| IFRS 3 Business combination | Changes in relation to the new framework concept | Financial years that start on or after 1 January 2022 | Yes |
| IAS 16 Property, plant and equipment | Clarification of revenue from property, plant and equipment before intended use | Financial years that start on or after 1 January 2022 | Yes |
| IAS 1 Presentation of financial statements | Clarification of the classification of liabilities as current or non-current | Financial years that start on or after 1 January 2023 | No |
| IFRS 17 Insurance contracts | New accounting regulation for insurance contracts | Financial years that start on or after 1 January 2023 | Yes |
| IFRS 17 Insurance contracts | Application of IFRS 17 and IFRS 9 for the first time – benchmarking information | Financial years that start on or after 1 January 2023 | No |
| IAS 8 Accounting or measurement methods | Clarification to distinguish between accounting policies and accounting-related estimates. This is intended to simplify the apportionment process for applicable companies | Financial years that start on or after 1 January 2023 | No |
| IAS 12 Income taxes | Change to the Initial Recognition Exception (IRE). This sets out that the initial recognition exception does not apply for transactions in which deductible and taxable temporary differences arise upon first recognition | Financial years that start on or after 1 January 2023 | No |

All of the above-referenced standards, interpretations and amendments to existing standards, insofar as their content is relevant, are not expected to be applied by flatexDEGIRO AG until the date of mandatory first-time application. No material effects are currently expected from first-time application.

## *Newly applied standards and interpretations in the current reporting period (2021)*

Changes to the following standards became mandatory for flatexDEGIRO AG to apply for the first time in the 2021 financial year:

### *Adjustments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 with respect to the effects of the IBOR reform*

As part of phase 2 of the reform of reference interest rates, material changes were to be made to IFRS 9 and 16 as well as IAS 39. The application of the adjusted standards is mandatory from 1 January 2021. This is a simplification in the presentation of changes to contractual cash flows and hedges that result from the implemented phase 1 changes.

The previously applicable rules resulted in uncertainty concerning the following reference interest rate applicable after redemption, and sometimes in ending hedge accounting. In phase 2, the circumstances are addressed in the context of and as a result of the replacement, which could have an effect on financial reporting if an existing reference interest rate is actually replaced. Unchanged from the previous year, flatexDEGIRO AG is not making any use of the option of hedge accounting and does not expect any material effects from the IBOR reform.

### *Changes to IFRS 16 COVID-19-related rental concessions*

The changes to IFRS 16 extend the optional simplification that has existed since the previous year in the event of an assessment as to whether a rental concession in direct connection with COVID-19 represents a contractual change. This gives lessees the option to assess whether COVID-19-related lease payments represent a contractual modification. The change came into effect from 1 April 2021. flatexDEGIRO AG continues to make no use of this option.

## NOTE 8 Estimates and assumptions

The preparation of the consolidated financial statements in compliance with IFRS implies the adoption of assumptions and the use of estimates which have an impact on the amounts and disclosures of the assets and liabilities and/or revenues and expenses. All available information has been taken into account in this regard. The assumptions and estimates relate mostly to the stipulation of useful lives in a consistent manner throughout the Group, the determination of the recoverable amounts for impairment testing of individual CGUs, and the recognition and measurement of provisions. The estimation uncertainty arising from the current interest situation on the financial markets is of particular importance. This relates in particular to the amount of the reported pension provisions. The impact of the current global COVID-19 pandemic is also of extraordinary importance. The resulting estimation uncertainties relate in particular to the measurement of credit exposures and the recognition of risk provisions. In addition, due to current legislature and pending open procedures, there is estimation uncertainty in terms of the recorded provision relating to the FCJ judgement dated 27 April 2021 regarding the efficacy of GTC clauses as well as estimation uncertainty with respect to the treatment of negative interest. As such, the actual values may differ from the estimates. New information is taken into account as soon as it becomes available. At the time of preparation of the consolidated financial statements, it is not assumed that there have been any significant changes to the assumptions and estimates other than those mentioned above.

The impairment test for non-financial assets (in particular goodwill, capitalised development costs and customer relationships) is based on the assumption regarding future cash flows during the planning period and, if necessary, beyond, as well as the discount rate to be used.

The fair values of assets and liabilities assumed in the course of a business combination are determined using recognised valuation methods (e.g., the relief-from-royalty method or residual value method) to the extent that observable market values are not available.

The estimation of useful life on which depreciation on depreciable fixed assets is based is generally founded on past experience and is reviewed regularly.

Determining the recoverability of financial assets requires estimates of the amount and probability of occurrence of future events. The risk capacity analysis is based on the assumption of various scenarios, with the aim of limiting estimation uncertainties where a material risk exists. The risk capacity analysis and related assumptions revealed no indication that a significant adjustment of the carrying amounts will be required in the next financial year. The real-world stress test over the course of the COVID-19 pandemic demonstrably proved our conservative collateralisations. In this context we refer to the comments on financial risk management under Note 37 and to the section “Managing and limitation of counterparty default risks” in the risk report of the Group Management Report.

The accounting for and valuation of provisions requires an estimate of the amount and probability of occurrence of future events as well as estimates of the discount rate. These estimates are usually based on past experience or external reports.

The provision for the Stock Appreciation Rights Plan 2021 (SARs Plan 2021) is evaluated using a suitable option pricing model (Black-Scholes formula) and taking into account the expected Earnings per Share (EPS) at the projected activation date. Other valuation assumptions, including share price, interest rate and volatility were determined on the basis of publicly available market data as at the balance sheet date.

The calculation of deferred tax assets involves an estimate of future taxable income and the date of realisation.

## NOTE 9 Assets held for sale in accordance with IFRS 5

Assets held for sale are assets that can be immediately sold in their current state, and whose sale is highly likely. These can be individual non-current assets, groups of assets held for sale (sale groups) or business areas to be discontinued.

On 9 December 2021, the Supervisory Board issued approval for the sale of the FACTORING-LAB CGU as well as the individual receivables in the factoring business, all of which represent current assets. The planned sale corresponds to the business' long-term strategy of continuing to concentrate on the core business of online brokerage and separating itself from business areas not associated with this. flatexDEGIRO AG is actively looking for a buyer and hopes to complete the sale at the latest within one year.

As at 31 December 2021, the non-current assets attributable to the FACTORING-LAB CGU are classified as “held for sale” and reported separately in the balance sheet. These assets come to kEUR 1,255. The non-current assets held for sale were applied at whichever is lower of the carrying amount and the fair value.

The effect on earnings of flatexDEGIRO AG is kEUR 29 in the reporting year. Of this, kEUR 21 is attributable to shares of majority shareholders and kEUR 8 to shares of minority shareholders.

The non-current assets held for sale are presented below:

| In kEUR | 12/31/2021 |
|---|---|
| Intangible assets | 1,090 |
| Goodwill | 203 |
| Other intangible assets | 887 |
| Property, plant and equipment | 164 |
| Land, land rights and buildings, including buildings on third-party land | 14 |
| Other equipment, factory and office equipment | 150 |
| **Non-current assets held for sale** | **1,255** |

## NOTE 10 Subsidiaries with minority shareholders

Non-controlling interests existed at the level of flatexDEGIRO AG as at 31 December 2021. Non-controlling interests relate to the direct subsidiary financial.service.plus GmbH, Leipzig. As at the reporting date of 31 December 2021, this share amounts to a total of 0.1% of the equity of flatexDEGIRO AG. These non-controlling shareholders account for flatexDEGIRO AG earnings of kEUR 8.

The following tables show the condensed financial information on the assets and liabilities, profit and loss, as well as cash flows of financial.service.plus GmbH for the financial years 2021 and 2020. The information provided relates exclusively to financial.service.plus GmbH prior to any intra-group eliminations.

### Balance sheet (condensed)

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| **Current** | | |
| Assets | 184 | 602 |
| Liabilities | -193 | -409 |
| **Net current assets** | **-9** | **193** |
| **Non-current** | | |
| Assets | 1,255 | 1,237 |
| Liabilities | -233 | -330 |
| **Net non-current assets** | **1,022** | **908** |

## Combined income statement

| In kEUR | 2021 | 2020 |
|---|---|---|
| Revenues | 1,553 | 1,661 |
| Earnings before income taxes | 46 | 77 |
| Earnings after taxes | 29 | 55 |
| Other comprehensive income | - | - |
| **Comprehensive income** | **29** | **55** |
| Comprehensive income attributable to minority shareholders | 8 | 16 |

## Combined cash flow presentation

| In kEUR | 2021 | 2020 |
|---|---|---|
| **Consolidated net profit** | **29** | **55** |
| Depreciation and amortisation/ appreciation on property, plant and equipment and intangible assets | 303 | 322 |
| Increase/ decrease in trade receivables | 94 | -64 |
| Increase/ decrease in trade payables | -208 | -67 |
| Increase/ decrease in other receivables, financial investments and other assets | -2 | 146 |
| Increase/ decrease in other financial liabilities | -63 | 1 |
| Increase/ decrease in tax provisions and deferred taxes | 49 | - |
| **Cash flow from operations** | **201** | **394** |
| Cash outflow/ inflow for the investment/ disposal in/ from intangible assets | -316 | -331 |
| Cash outflow/ inflow for investment/ disposal in/ from property, plant and equipment | -4 | -53 |
| **Cash flow from investments** | **-320** | **-384** |
| Non-cash movements in equity | -116 | - |
| Increase/decrease in non-current liabilities to non-banks | -87 | -76 |
| **Cash flow from financing activities** | **-204** | **-76** |
| **Free cash flow before banking operations** | **-323** | **-66** |
| Increase/ decrease in short-term loans to customers | - | 3 |
| Increase/ decrease in liabilities to banks | -3 | -17 |
| Increase/ decrease in other financial liabilities | | -138 |
| **Cash flow from accounting changes to the banking operations** | **-3** | **-152** |
| **Change in cash and cash equivalents** | **-327** | **-217** |
| **Cash and cash equivalents at the beginning of the period** | **373** | **590** |
| **Cash and cash equivalents at the end of the period** | **46** | **373** |

# NOTE 11 Intangible assets

Intangible assets are as follows in the 2021 financial year:

| In kEUR | Acquisition/ production costs as at 01/01/2021 | Additions | Disposals | Reclassifications | Acquisition/ production costs as at 12/31/2021 | Accumulated depreciation as at 12/31/2021 | Carrying amount as at 12/31/2021 | Depreciation in financial year 2021 |
|---|---|---|---|---|---|---|---|---|
| Goodwill | 183,362 | - | - | - | 183,362 | 2,274 | 181,087 | 2,274 |
| Completed developments costs | 51,626 | 2,521 | 1,012 | 1,690 | 54,825 | 25,954 | 28,872 | 6,632 |
| Current development costs | 14,737 | 12,980 | 23 | -1,690 | 26,004 | 608 | 25,396 | - |
| Customer relationships | 128,776 | - | - | - | 128,776 | 13,864 | 114,913 | 8,156 |
| Industrial property rights and similar rights | 14,415 | 3,782 | 3 | - | 18,194 | 12,682 | 5,513 | 1,869 |
| Trademarks | 31,536 | - | - | - | 31,536 | 473 | 31,064 | 70 |
| Advance payments | 1,246 | 503 | 947 | - | 802 | - | 802 | - |
| **Intangible assets** | **425,698** | **19,786** | **1,985** | **-** | **443,499** | **55,855** | **387,647** | **19,000** |

Intangible assets were as follows in the 2020 financial year:

| In kEUR | Acquisition/ production costs as at 01/01/2020 | Additions | Disposals | Reclassifications | Acquisition/ production costs as at 12/31/2020 | Accumulated depreciation as at 12/31/2020 | Carrying amount as at 12/31/2020 | Depreciation in financial year 2020 |
|---|---|---|---|---|---|---|---|---|
| Goodwill | 36,555 | 146,807 | - | - | 183,362 | - | 183,361 | - |
| Completed developments costs | 35,485 | 655 | - | 15,486 | 51,626 | 19,320 | 32,305 | 6,079 |
| Current development costs | 23,593 | 7,309 | 679 | -15,486 | 14,737 | 107 | 14,630 | - |
| Customer relationships | 8,265 | 120,511 | - | - | 128,776 | 5,708 | 123,068 | 3,762 |
| Industrial property rights and similar rights | 12,892 | 1,528 | 5 | - | 14,415 | 10,727 | 3,688 | 1,585 |
| Trademarks | 700 | 30,836 | - | - | 31,536 | 403 | 31,134 | 70 |
| Advance payments | - | 1,246 | - | - | 1,246 | - | 1,246 | - |
| **Intangible assets** | **117,490** | **308,892** | **684** | **-** | **425,698** | **36,265** | **389,432** | **11,496** |

Apart from goodwill, current development costs and the trademark rights acquired as part of the acquisition of DeGiro B.V., there are no intangible assets with indefinite useful lives. Reach in 18 countries and the continued use of the DEGIRO registered trademark by flatexDEGIRO AG means that the useful life is indefinite.

Intangible assets with a definable useful life are stated at their acquisition or manufacturing cost, less accumulated depreciation, amortisation and impairments; amortisation of intangible assets is recognised in the consolidated profit and loss statement under the item "Amortisation and depreciation". Depreciation occurs on a straight-line basis. Other comprehensive income does not include any amortisation of intangible assets.

Goodwill as well as current development costs are subject to annual impairment testing.

The recoverable amount of the asset was determined by a value-in-use calculation based on cash flow projections for the period of five years and using a pre-tax discount rate of 6.96% p.a. (previous year: 5.82% p.a.). Cash flows exceeding the five-year period were extrapolated by assuming a constant annual growth rate of around 1%. The assumptions in the impairment tests are based on management's previous experiences regarding the respective asset. A sensitivity analysis was also performed to further validate the recoverability of the significant customer relationships. In this case, the useful life of the customer relationships was varied by three years. A shortened useful life would result in a reduction in the carrying amount of < 1.0%, and an extended useful life in a change of < 0.5%.

The legal representatives believe that no reasonably conceivable change in one of the basic assumptions used to determine the recoverable amount could result in the carrying amount of the intangible asset exceeding its recoverable amount.

Individual, material intangible assets

| Asset | Item | Carrying amount as at 12/31/2021 kEUR | Carrying amount as at 12/31/2020 kEUR | Remaining amortisation Years |
|---|---|---|---|---|
| Core Banking System (FTX:CBS) | Capitalised development cost | 36,557 | 25,175 | 2 to 8 |
| Customer relationships (DEGIRO) | Customer relationships | 109,841 | 117,373 | 15 |
| Customer relationships (ViTrade) | Customer relationships | 2,451 | 2,636 | 14 |
| Customer relationships (factoring.plus and financial.service.plus) | Customer relationships | 1,175 | 1,458 | 3 |
| Customer relationships (Bank) | Customer relationships | 1,445 | 1,602 | 10 |

No significant personnel expenses were invested in research during the financial year, as in the previous year.

## NOTE 12 Impairment of derivative goodwill

### *Cash-generating units*

For the impairment test, the goodwill acquired in the course of business combinations is allocated to the existing segments as CGUs.

Following the mostly successful integration of DEGIRO into the Group, the focus on the core business of brokerage and IT activities was expanded to include the activities from the Group's factoring business to the CGUs. As part of this expansion, the goodwill was reallocated as follows:

The goodwill from the acquisition of DeGiro B.V. and the acquisition of factoring.plus.GmbH (65.14%) are assigned to the FIN CGU. The remaining goodwill from the acquisition of factoring.plus.GmbH (34.86%) is allocated to the new "FACTORING-LAB" CGU. The goodwill from the acquisition of XCOM AG totalling kEUR 28,780 (previous year: kEUR 28,780) is divided between the TECH (20%) and FIN (80%) segments. Goodwill was allocated to the CGU at the time of acquisition in accordance with the contribution of the CGU to total Group revenues.

1. FIN: This CGU includes products and services in B2C online brokerages, in B2B white-label banking, and securities settlement, custody management, and other banking services.
2. TECH: This CGU includes IT services and research and development activities.
3. FACTORING-LAB: This CGU comprises banking and IT services for processing factoring business for the Group.

## *Testing for impairment of goodwill*

The Group undertakes derivative goodwill impairment tests on a regular basis at the end of each financial year, and also if there are indications of an impairment.

In determining the value in use of the segments, the Group takes into account, among other factors, increasing competitive pressure and the changed strategic focus of the segments.

The cash flow forecasts are based on the detailed five-year budget approved by management. The pre-tax discount rate used to calculate the expected cash flow forecasts is based on the "weighted average cost of capital" concept. Any cash flows expected after the detailed planning period are calculated using a growth rate (perpetuity). The growth rate used for this is the same as the long-term average growth rate for the financial technology industry. It therefore reflects the expectations in terms of sector growth for the CGUs. Both past values and future-oriented values, i.e., market developments expected in future, are used in the cash flow forecasts. Furthermore, the growth of business activities is taken into account for the forecast.

## *Basic assumptions for calculating the recoverable amount*

In estimating the value-in-use of the CGU, there are estimation uncertainties affecting the underlying assumptions, in particular with respect to:

- the discount factor (interest rate),
- the market shares during the reporting period,
- the growth rate used as a basis for extrapolating cash flow forecasts beyond the five-year budget period

**Discount rates**: The discount rates reflect current market assessments of the specific risks attributable to the CGU. The discount rate has been estimated based on the industry weighted average capital costs (WACC). The interest rate is further adjusted for expected market risks attributable to a CGU which have not already been reflected in the future cash flow estimates.

**Assumptions about the market share**: Assumptions about market share correspond to the estimate of the growth rate. They therefore reflect management's view of how a CGU positions itself relative to other competitors during the budget period.

**Estimated growth rates**: Growth rates are based on published industry-specific market research and are conservative assumptions.

As at 31 December 2021 and also at 31 December 2020, no impairment of derivative goodwill had to be recognised for the FIN and TECH CGUs as a result of impairment testing.

The carrying amount of the FIN CGU as at 31 December 2021 amounts to kEUR 339,383 (previous year: kEUR 186,079). The recoverable amount of this CGU is kEUR 2,993,439 (previous year:

kEUR 1,147,389). The derivative goodwill allocated to this CGU as at 31 December 2021 was kEUR 177,466 (previous year: kEUR 179,740). The pre-tax discount rate used for the cash flow forecasts is 6.96% (previous year: 5.82%) The non-current growth rate is 1.0% (previous year: 1.0%)

The carrying amount of the TECH CGU as at 31 December 2021 amounts to kEUR 39,665 (previous year: kEUR 50,620). The recoverable amount of this CGU is kEUR 58,242 (previous year: kEUR 102,296). The derivative goodwill allocated to this CGU as at 31 December 2021 was kEUR 5,756 (previous year: kEUR 5,756). The pre-tax discount rate used for the cash flow forecasts is 6.96% (previous year: 5.82%) The non-current growth rate is 1.0% (previous year: 1.0%)

The carrying amount of the FACTORING-LAB CGU as at 31 December 2021 amounts to kEUR 2,949 (previous year: kEUR 0). The recoverable amount of this CGU is kEUR 678 (previous year: kEUR 0). The derivative goodwill allocated to this CGU as at 31 October 2021 was kEUR 2,711 (previous year: kEUR 0). The pre-tax discount rate used for the cash flow forecasts is 6.96% (previous year: 5.82%) The non-current growth rate is -0.35% (previous year: 0%) Additional impairment losses did not exist for the FACTORING-LAB CGU as at 31 December 2021.

As part of the expansion of the CGU in October 2021, a need for impairment in the amount of kEUR 2,271 was identified for the FACTORING-LAB CGU. The impairment loss results primarily from reduced, CGU-specific earnings expectations. In addition, the Group's strategic decisions mean that the factoring business will be of lesser importance in future.

### *Sensitivity of assumptions*

Management believes that no reasonably practicable change in any of the basic assumptions used to determine the respective value-in-use of the FIN CGU could cause the carrying amount of the CGU to materially exceed its recoverable amount. For the TECH CGU, a decrease in revenue of more than 2.5% and an increase in personnel costs of 9.5% would cause the carrying amount of the CGU to exceed its recoverable amount. The management considers both scenarios to be extremely unlikely based on reasonable judgement.

The carrying amounts of the TECH CGU correspond to the Group units of flatexDEGIRO AG, as well as Xervices GmbH (including their shared services for the other Group companies), while the FIN CGU is assigned the Group units of flatexDEGIRO Bank AG, DeGiro B.V. and Cryptoport GmbH. The carrying values for the FACTORING-LAB CGU contains the Group company financial.service.plus GmbH.

# NOTE 13 Property, plant and equipment

Property, plant and equipment was as follows in the financial year 2021:

| In kEUR | Acquisition/ production costs as at 01/01/2021 | Additions | Disposals | Acquisition/ production costs as at 12/31/2021 | Accumulated depreciation as at 12/31/2021 | Carrying amount as at 12/31/2021 | Depreciation in financial year 2021 |
|---|---|---|---|---|---|---|---|
| Land and buildings, including buildings on third-party land | 5,638 | 116 | 1,000 | 4,754 | 3,797 | 957 | 356 |
| Other plant, business and office equipment | 53,641 | 10,859 | 1,557 | 62,943 | 29,625 | 33,318 | 10,713 |
| **Property, plant and equipment** | **59,278** | **10,975** | **2,557** | **67,696** | **33,422** | **34,275** | **11,069** |

Total rights of use recognised in property, plant and equipment

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Rights of use for real estate | 18,502 | 19,395 |
| Rights of use for business and office equipment | 4,331 | 3,546 |
| Rights of use for vehicles | 922 | 673 |
| **Total** | **23,755** | **23,614** |

Accruals from rights of use

| In kEUR | 2021 | 2020 |
|---|---|---|
| Accruals from rights of use for real estate | 2,616 | 15,147 |
| Accruals from rights of use for business and office equipment | 2,300 | 2,857 |
| Accruals from rights of use for vehicles | 1,141 | 764 |
| **Total** | **6,057** | **18,768** |

## Amortisation of rights of use by asset class

| In kEUR | 2021 | 2020 |
|---|---|---|
| Amortisation of rights of use for real estate | 4,320 | 2,843 |
| Amortisation of rights of use for business and office equipment | 1,508 | 1,484 |
| Amortisation of rights of use for vehicles | 895 | 902 |
| **Total** | **6,724** | **5,228** |

## Property, plant and equipment was as follows in the financial year 2020:

| In kEUR | Acquisition/ production costs as at 01/01/2020 | Additions | Disposals | Acquisition/ production costs as at 12/31/2020 | Accumulated depreciation as at 12/31/2020 | Carrying amount as at 12/31/2020 | Depreciation in financial year 2020 |
|---|---|---|---|---|---|---|---|
| Land and buildings, including buildings on third-party land | 5,560 | 78 | - | 5,638 | 3,605 | 2,033 | 795 |
| Other plant, business and office equipment | 30,560 | 23,081 | - | 53,641 | 22,817 | 30,824 | 7,473 |
| **Property, plant and equipment** | **36,121** | **23,158** | **-** | **59,278** | **26,421** | **32,858** | **8,267** |

There were no impairment losses in the 2021 financial year (previous year: kEUR 400). Reversals of impairment losses were not recognised in the financial year 2021, nor in the financial year 2020. No property, plant and equipment has been pledged as collateral. The increase in property, plant and equipment results from the expansion of office areas at the Amsterdam and Zwickau sites as well as the system expansion for EDP hardware. The disposals are mainly the sale of the operating property in Willich.

## NOTE 14 Financial instruments

The following table presents the carrying amounts and the fair values (see Note 6 "Accounting Policies") of the individual financial assets and liability depending on the nature of the business model and measurement category:

| In kEUR | Carrying amount 12/31/2021 | Carrying amount 12/31/2020 |
|---|---|---|
| **Business model "hold until maturity"** | | |
| Amortised cost | | |
| Non-current loans due to customers | 22,098 | 62,896 |
| Cash loans due to local authorities | 333 | 370 |
| Current loans due to customers | 1,335,275 | 843,337 |
| Other receivables due to banks | 22,582 | 32,336 |
| Cash and cash equivalents | 1,618,252 | 1,255,124 |
| **Business model "hold to collect and sell"** | | |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 148,913 | 89,802 |
| Financial assets measured at fair value through profit or loss (FVPL) | 7,299 | - |
| **Business model "hold to sell"** | | |
| Financial assets measured at fair value through profit or loss (FVPL) | - | 189 |
| **Equity instruments without trading intent** | | |
| Equity instruments measured at fair value through other comprehensive income (FVOCI-EQ) | - | 19,565 |
| Equity instruments measured at fair value through profit or loss (FVPL-EQ) | 79,291 | 74,660 |
| **Financial liabilities** | | |
| Financial liabilities measured at amortised cost (including trade payables) | 3,021,820 | 2,270,468 |

For a description of the business model, see Note 6 "Explanation of Significant Accounting Policies".

The majority of the receivables have a term of less than one year, so there is no material difference between the carrying amount and the fair value for these receivables.

The following table summarises the financial instruments measured at fair value in accordance with their measurement hierarchy levels:

| | Level 1 | | Level 2 | | Level 3 | |
|---|---|---|---|---|---|---|
| **In kEUR** | **12/31/2021** | **12/31/2020** | **12/31/2021** | **12/31/2020** | **12/31/2021** | **12/31/2020** |
| **Business model "hold until maturity"** | | | | | | |
| Amortised cost | | | | | | |
| Non-current loans due to customers | - | - | - | - | 22,098 | 62,896 |
| Cash loans to local authorities | - | - | - | - | 333 | 370 |
| Current loans due to customers | - | - | - | - | 1,335,275 | 843,337 |
| Other receivables due to banks | - | - | - | - | 22,582 | 32,336 |
| Cash and cash equivalents | 1,618,252 | 1,255,124 | - | - | - | - |
| **Business model "hold to collect and sell"** | | | | | | |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 148,913 | 89,802 | - | - | - | - |
| Financial assets measured at fair value through profit or loss (FVPL) | | | - | - | 7,299 | - |
| **Business model "hold to sell"** | | | | | | |
| Financial assets measured at fair value through profit or loss (FVPL) | | 189 | - | - | | - |
| **Equity instruments without trading intent** | | | | | | |
| Equity instruments measured at fair value through other comprehensive income (FVOCI-EQ) | - | 19,565 | - | - | - | - |
| Equity instruments measured at fair value through profit or loss (FVPL-EQ) | - | - | - | - | 79,291 | 74,660 |
| **Financial liabilities** | | | | | | |
| Financial liabilities measured at amortised cost (including trade payables) | | | | | 3,021,820 | 2,270,468 |

Level 2 financial instruments did not exist at the reporting date since no investments were made during either this or the previous financial year.

## Cash and cash equivalents

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Cash on hand | 610,613 | 10,839 |
| Balances with central banks | 547,808 | 1,015,434 |
| Bank balances | 232,945 | 95,290 |
| Receivables due to banks (on demand) | 226,886 | 133,561 |
| **Total** | **1,618,252** | **1,255,124** |

The cash and cash equivalents amount in the cash flow statement corresponds to the relevant amount in the balance sheet. In the financial year 2021, there were no material restrictions regarding cash and cash equivalents.

## Loans to customers

Loans to customers mainly comprise securities-backed loans such as margin loans, flatex-flex and Lombard loans, receivables-based financing such as football club financing, for which default insurance, guarantees and assignments of receivables from sponsorship, TV and advertising rights exist. Furthermore, loans to customers comprise asset-based financing, real estate financing and other asset-based financing as well as other financing. Long-term loans to customers are mainly composed of football club and asset-based financing.

With the further expansion of the loan book, loans to customers increased to a total of kEUR 1,357,373 (previous year: kEUR 906,234). The increase results from the expansion of securities-backed loans, particularly for margin loans and flatex-flex loans.

Due to the strategic focus in the loan segment, the share of receivables-based financing on the loan book reduced in total by kEUR 75,967, to kEUR 111,450 (previous year: kEUR 187,417), of which essentially kEUR 75,199 (previous year: kEUR 140,804) was attributable to football club financing and kEUR 36,250 (previous year: kEUR 46,614) was attributable to other receivables financing.

Asset-based financing increased by kEUR 2,292 to kEUR 89,446 (previous year: kEUR 87,154) compared to the previous year. This resulted of an increase in property financing by kEUR 3,995 to kEUR 57,500 (previous year: kEUR 53,505). Other asset-based financing reduced by kEUR 1,703 to kEUR 31,946 (previous year: kEUR 33,649).

## Cash loans due to local authorities

Cash loans due to local authorities decreased by kEUR 36 to kEUR 333 compared to the previous year. The reason for this was the continued negative returns and the associated reduced investment attractiveness.

## Other receivables due to banks

Other receivables due to banks in the amount of kEUR 22,582 (previous year: kEUR 32,336) include receivables from banks in connection with the settlement of securities and payment transactions amounting to kEUR 11,391 (previous year: kEUR 18,625) and from security deposits with cooperation banks, unchanged at kEUR 11,190 (previous year: kEUR 11,190).

## Financial assets measured at fair value through profit or loss (FVPL)

Financial assets measured at fair value through profit or loss primarily consist of shares in a football fund newly created in 2021, in the amount of kEUR 5,010, and in a property fund in the amount of kEUR 2,100; both investments are alternative investment funds (AIFs).

The equity instruments measured at fair value through profit or loss in the amount of kEUR 79,291 (previous year: kEUR 74,660) mainly relate to shares in residential investment and infrastructure funds in the corporate form of a SICAV. Compared to the previous year, specifically the market value of these shares in the residential investment and infrastructure funds increased by kEUR 2,752.

| In kEUR | Type | Share | Total managed assets | Income within the financial year | Potential loss risk | Loss type |
|---|---|---|---|---|---|---|
| FG Wohninvest Deutschland S.C.S. SICAV-SF | Real estate fund | 60,793 | 639,000 | 1,819 | 49 | Counterparty default risk |
| Fidelio KA Infrast. Debt Fund Europe I - RAIF SICAV | Infrastructure fund | 18,498 | 326,672 | 407 | 186 | Counterparty default risk |
| DS Score Capital Football Finance Funds Nr. 1 | fund | 5,010 | 17,020 | - | 102 | Counterparty default risk |
| FG Wohnen Deutschland | fund | 2,100 | 4,200 | - | 16 | Counterparty default risk |

In order to counter any risk exposure in business activities, flatexDEGIRO AG updates its risk inventory on a regular basis, and if events require it to do so. With respect to the Alternative Investment Funds ("AIFs") specified above, these comprise the counterparty default risk. The resulting potential loss risk arises, after an overall examination of all individual items in the fund, from a loan portfolio model, VaR-supported, with a 99% confidence level.

The FG Wohninvest Deutschland S.C.S. SICAV-SF fund invests in residential real estate portfolios in Germany in the mid-range rental price segment that offer attractive rental income prospects and sustainable potential for appreciation.

The Fidelio KA Infrast. Fund Debt Fund Europe I – RAIF SICAV fund invests in economic infrastructure projects in Europe and has stable, long-term dividend distributions.

The FG Wohnen Deutschland – Fokus ESG fund invests in a new-build project in Düsseldorf, Germany. The investment goal is achieving appropriate returns and medium- to long-term capital growth.

The DS Score Capital Football Finance Funds Nr. 1 fund is used to invest in football portfolios of European premier leagues. This fund's focus is on the acquisition of individual receivables as well as lending to football companies. The goal is particularly to generate stable earnings.

## *Financial assets measured at fair value through other comprehensive income (FVOCI) and equity instruments (FVOCI-EQ)*

The financial assets measured at fair value through other comprehensive income and equity instruments include public-issuer bonds in the amount of kEUR 114,930 (previous year: kEUR 76,226) and non-public-issuer bonds in the amount of kEUR 33,976 (previous year: kEUR 13,576). In addition, the remaining shares in the NORDIX BASIS fund have been sold (previous year: kEUR 19,565); the resulting accumulated loss from the sale was kEUR 342.

The financial instruments designated under these items are held for the purpose of short-term liquidity management. They are not directly related to the Group's operating activities and are reported under current assets, in particular due to their maturity.

## *Amounts recognised in other comprehensive income (OCI)*

For the financial assets and equity instruments measured at fair value through other comprehensive income, the following amounts were recognised in other comprehensive income (OCI):

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Financial instruments recognised in other comprehensive income (FVOCI with recycling) | -1,346 | -1,265 |
| Equity instruments recognised in other comprehensive income (FVOCI without recycling) | 287 | -7 |

It is possible to designate the equity instruments held that are not intended for trading as "at fair value through with value changes in other comprehensive income (OCI)". As the shares and the fund units held are strategic investments, there is no intention to trade and the FVOCI option for equity instruments has been exercised.

The debt instruments held (bonds) are classified and valued "at fair value with value changes in other comprehensive income (FVOCI)" because the financial assets are assigned to a portfolio held in the "held for sale" business model and whose contractual cash flows meet the SPPI criterion.

## *Financial instruments that are recognised at fair value*

Regular or recurring fair value measurements are carried out at flatexDEGIRO AG for selected financial instruments.

The fair values of financial instruments allocated to one of these categories is determined on the basis of quoted prices in active markets that are accessible to the company on the valuation date (level 1 valuation technique or valuation hierarchy for the fair values as per IFRS 13). This includes fixed income securities, mutual funds, and shares.

The fair value of financial instruments listed in active markets accessible to the Group is determined on the basis of observable market price quotations, insofar as these represent prices used in regular and current transactions, and is primarily to be recognised as a fair value on the valuation date (market to market).

The fair value disclosed for these instruments is to be categorised as level 3 input within the fair value hierarchy. The input factors for the fair value measurement of loans and receivables as well as financial liabilities are the prices that were agreed between flatexDEGIRO AG and its contractual partners for individual transactions.

The shares of the SICAV companies measured at fair value through profit and loss as well as the football funds and the FG Wohnen Deutschland fund are not traded on an active market. There are also no input factors that can be derived from market parameters and are relevant for the measurement. The measurement is based on level 3 input factors within the meaning of IFRS 13. The shares are determined using a net asset value method. The "net asset value" is used to determine the purchase or redemption values.

## *Fair value of financial instruments that are not recognised at fair value*

The disclosure of fair values is only required for financial instruments that are not already accounted for at fair value. A fair value that deviates from the carrying amount can occur, especially with fixed-rate financial instruments in the event of a significant change in interest rates. The impact of a change in the market interest rate increases with the duration of the residual maturities of the business.

The carrying amount represents a reasonable approximation of the fair value of the following financial instruments, which are predominantly short-term. There is no material difference between the carrying amount and fair value. This includes the following financial instruments:

| In kEUR | Carrying amount 12/31/2021 | Carrying amount 12/31/2020 |
|---|---|---|
| **Assets** | | |
| Cash on hand and bank balances and balances with central banks | 1,391,366 | 1,121,563 |
| Loans due to customers | 1,357,373 | 906,234 |
| Receivables due to banks (on demand) | 226,886 | 133,561 |
| Receivables due to banks | 22,582 | 32,336 |
| Cash loans due to local authorities | 333 | 370 |
| | | |
| **Liabilities and shareholders' equity** | | |
| Liabilities to customers | 2,810,861 | 2,089,213 |
| Liabilities to banks | 151,851 | 97,117 |
| Other financial liabilities | 26,568 | 45,010 |
| Trade payables | 3,389 | 10,473 |

For financial instruments that cannot to be recognised at fair value in the balance sheet, fair values must also be disclosed in accordance with IFRS 7, the valuation method of which is presented below.

Financial instruments that are not measured at fair value are not managed on the basis of their fair value. This applies, for example, for the purchase of receivables from the field of football financing, credit facilities issued to corporate customers and individual receivables purchased as part of factoring. For such instruments, the fair value is calculated only for the purposes of the notes and has no effect on the consolidated statement of financial position or on the consolidated profit and loss statement.

For longer-term financial instruments in these categories, the fair value is calculated by discounting the contractual cash flows using interest rates that could have been obtained for assets with similar residual maturities and credit default risks. For liabilities, interest rates are applied at which it would have been possible to recognise corresponding liabilities with similar residual maturities on the balance sheet date.

Fair value is determined using DCF techniques that take into account credit risks, interest rate risks, currency risks, estimated default losses and the amounts claimed in the event of default. The parameters of credit risk, credit default risk and claim at the time of default are determined based on available information where available and appropriate and are updated on an ongoing basis. The validation did not result in any material differences between the fair value and the carrying amount.

## *Held collateral*

flatexDEGIRO AG does not hold any financial or non-financial collateral as defined in IFRS 7.15.

## *Provided collateral*

The Group has provided collateral to the clearing and depositary agents of flatexDEGIRO Bank AG for the processing of the bank's financial commission business. The collateral is largely provided in the form of deposited securities. As at 31 December 2021, the amount of the granted securities is kEUR 106,164 (previous year: kEUR 94,581) and can essentially be attributed to the increase in trading volume in 2021.

The material transactions and their underlying contractual terms are as follows:

- A substantial portion of the total amount of collateral is attributable to the securities trades on Eurex. Two types of collateral – the clearing fund and the margin – must be deposited for this purpose. The clearing fund as at 31 December 2021, amounting to kEUR 5.194 (previous year: kEUR 5,096), represents the minimum level of collateral to which Eurex would have access in the event of a default of a clearing member. The amount of the margin collateral (31 December 2021: kEUR 40,281; 31 December 2020: kEUR 51,390) primarily reflects the volume of business and the risk content of the transactions executed. The margin is intended to cover pending Eurex transactions. This is intended to safeguard against potential market price fluctuations. The collateral margin is determined by Eurex on a daily basis.

- flatexDEGIRO Bank AG executes foreign exchange transactions via two business partners. For the credit default risk inherent in these transactions, it has to provide collateral in contractually fixed amounts. As at 31 December 2021, this was running at kEUR 10,510 (previous year: kEUR 10,510).
- flatexDEGIRO Bank AG uses UniCredit as a general clearer for the settlement of its customer business in exchange-traded derivatives on Eurex. For this purpose, as at 31 December 2021 kEUR 680 (previous year: kEUR 680) was held with UniCredit as cash collateral.
- flatexDEGIRO Bank AG has obtained credit lines from its business partners for securities transactions settled in foreign currencies in the amount of kEUR 8,826 (previous year: kEUR 8,150). Collateral is provided in the form of deposited securities in the amount of kEUR 10,000 (previous year: kEUR 9,900). flatexDEGIRO Bank AG can dispose of the deposited securities at any time with a concomitant reduction of the granted credit line.
- The collateral can be delivered in the form of pre-defined securities with a fixed maturity and short- and long-term maturities as well as in the form of cash available in the short term. An exchange within the permissible collateral is possible at any time as long as the amount of collateral requirements is met.
- In addition, to finance winding-up transactions with ABN AMRO Clearing Bank, securities in the amount of kEUR 20,000 (previous year: kEUR 0) are used as collateral.

## *Net gains/losses from financial instruments*

The net gains/losses from financial instruments are as follows:

| In kEUR | Net gains 2021 | Net losses 2021 |
|---|---|---|
| Financial assets measured at fair value through profit or loss | - | 282 |
| Financial assets measured at amortised cost | 153 | 32 |
| Equity instruments whose changes in fair value upon exercise of the fair value OCI option (FVOCI-EQ) for equity instruments are to be recognised in OCI, i.e. in equity | - | 350 |
| Financial assets measured at fair value through other comprehensive income (FV-OCI for debt instruments) | 318 | 480 |
| Interest income and interest expense for financial assets measured at amortised cost | 59,027 | 7,559 |
| Fees recognised as income or expense | - | - |

| In kEUR | Net gains 2020 | Net losses 2020 |
|---|---|---|
| Financial assets measured at fair value through profit or loss | - | 432 |
| Financial assets measured at amortised cost | 244 | 2,102 |
| Equity instruments whose changes in fair value upon exercise of the fair value OCI option (FVOCI-EQ) for equity instruments are to be recognised in OCI, i.e. in equity | - | 424 |
| Financial assets measured at fair value through other comprehensive income (FV-OCI for debt instruments) | 365 | - |
| Interest income and interest expense for financial assets measured at amortised cost | 32,172 | 2,899 |
| Fees recognised as income or expense | - | - |

The net gains result mainly from full inclusion of the DEGIRO brand for the first time. The interest income increased year-on-year due to the larger, predominantly fully backed loan book (Lombard and flatex-flex loans and margin loans).

The net losses result mainly from interest expenses for financial assets measured at amortised acquisition cost. The year-on-year increase should be considered in the context of the full inclusion of DEGIRO and the associated interest payments for clearing accounts.

In the reporting year, fund units accounted for as equity instruments measured at fair value through other comprehensive income were sold. The fund sale took place at a market value of kEUR 19,612 and resulted overall in net losses of kEUR 357. The sale is due to a broader diversification of the portfolio and corresponding liquidity management.

# NOTE 15 Equity

## *Subscribed capital*

The share capital at the end of the financial year is divided into 109.793 million (previous year: 27.273 million) no-par-value registered shares with a nominal value of EUR 1.00 each. The subscribed capital of flatexDEGIRO AG as at the balance sheet date is kEUR 109,793 (previous year: kEUR 27,273).

| | |
|---|---|
| Number of shares issued and outstanding as of 12/31/2019 | 19,595,637 |
| Number of new shares issued in 2020 | 7,677,500 |
| Number of shares issued and outstanding as of 12/31/2020 | 27,273,137 |
| Number of new shares issued in 2021 | 82,519,411 |
| **Number of shares issued and outstanding as of 12/31/2021** | **109,792,548** |

All of the issued shares are fully paid up. The change in subscribed capital results from the execution of the capital increase from company funds adopted by the Annual General Meeting on 29 June 2021, with the issuing of new shares (stock split in a ratio of 1:4) and from options being exercised in the framework of the employee participation programmes (2014 share options programme and 2015 share options programme). For further details, we refer to Note 35.

## *Authorised capital*

At the beginning of the financial year 2021, flatexDEGIRO AG had total authorised capital of kEUR 13,600.

With regard to the issue of new shares, the following resolutions were passed in 2020:

1. The Authorised Capital 2017, including the remaining amount – after previous exercises – of kEUR 4,898, was utilised in full by resolution of the Management Board with the approval of the Supervisory Board on 28 July 2020.
2. The Authorised Capital 2018 in the amount of EUR 2,601,885 was fully utilised by resolution of the Management Board with the approval of the Supervisory Board on 28 July 2020, and as of the 2020 balance sheet date still amounts to EUR 29,677 following registration of the capital increase. The Authorised Capital 2018 was cancelled in full with the remaining amount after previous exercises by resolution of the Annual General Meeting on 20 October 2020.
3. By resolution of the Annual General Meeting of 20 October 2020, the Management Board was authorised, with the consent of the Supervisory Board, to increase the share capital by a total of up to kEUR 10,900 by issuing new registered no-par-value shares against cash and/or non-cash contributions on one or more occasions until 19 October 2025 (Authorised Capital 2020/I). As a rule, the existing shareholders must be granted pre-emptive rights. However, the Management Board, with the consent of the Supervisory Board, is authorised to exclude such pre-emptive rights of the shareholders in specific instances.
4. By resolution of the Annual General Meeting of 20 October 2020, the Management Board was authorised, with the consent of the Supervisory Board, to increase the share capital by a total of up to kEUR 2,700 by issuing new registered no-par-value shares against cash and/or non-cash contributions on one or more occasions until 19 October 2025 (Authorised Capital 2020/II). As a rule, the existing shareholders must be granted pre-emptive rights. However, the Management Board, with the consent of the Supervisory Board, is authorised to exclude such pre-emptive rights of the shareholders in specific instances.

With regard to the issue of new shares, the following resolutions were passed in 2021:

1. The Authorised Capital 2020/I was cancelled by resolution of the Annual General Meeting on 29 June 2021.
2. The Authorised Capital 2020/II was cancelled by resolution of the Annual General Meeting on 29 June 2021.
3. By resolution of the Annual General Meeting of 29 June 2021, the Management Board was authorised, with the consent of the Supervisory Board, to increase the share capital by a total of up to kEUR 43,600 by issuing new registered no-par-value shares against cash and/or non-cash contributions on one or more occasions until 19 October 2025 (Authorised Capital 2021/I). As a rule, the existing shareholders must be granted pre-emptive rights. However, the Management Board, with the consent of the Supervisory Board, is authorised to exclude such pre-emptive rights of the shareholders in specific instances.
4. By resolution of the Annual General Meeting of 29 June 2021, the Management Board was authorised, with the consent of the Supervisory Board, to increase the share capital (Authorised Capital 2021/II) by a total of up to kEUR 10,800 by issuing new registered no-par-value shares against cash and/or non-cash contributions on one or more occasions until 19 October 2025. As a rule, the existing shareholders must be granted pre-emptive rights. However, the Management Board, with the consent of the Supervisory Board, is authorised to exclude such pre-emptive rights of the shareholders in specific instances.

The above-stated resolutions of the Annual General Meeting of 29 June 2021 became effective upon entry into the commercial register on 20 August 2021. As at 31 December 2021, the company therefore has authorised capital totalling kEUR 54,400 (Authorised Capital 2021/I: kEUR 43,600; Authorised Capital 2021/II: kEUR 10,800).

| | **12/31/2021** | **12/31/2020** |
|---|---|---|
| Number of authorised shares | 54,400,000 | 13,600,000 |

## *Conditional capital*

### 1) Conditional Capital 2014

By resolution of the Extraordinary General Meeting of 30 October 2014, the Management Board was authorised, with the consent 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). In accordance with the resolution of 30 October 2014, the Conditional Capital 2014 serves exclusively to secure pre-emptive rights that are issued to the members of the Management Board, the employees of flatexDEGIRO AG and the members of the management and employees of affiliated companies of flatexDEGIRO AG in the period up to and including 30 September 2019 on the basis of the authorisation of the Annual General Meeting of 30 October 2014 within the framework of the 2014 share options programme.

The Annual General Meeting of 27 July 2016 resolved to convert the bearer shares of the company into registered shares. Accordingly, the Conditional Capital 2014 was modified for the issuance of registered shares.

By resolution of the extraordinary General Meeting of 4 December 2017, the General Meeting's authorisation from 30 October 2014 to issue subscription rights as part of the 2014 share options programme, which had been passed with modifications by the General Meeting on 27 July 2016, was modified and substantiated. At the same time, the Conditional Capital 2014 was amended to the effect that it also serves to service pre-emptive 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 following their amendment by the corresponding resolution of the Extraordinary General Meeting of 4 December 2017, and specifically 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.

Due to the exercise of share options from the 2014 share options 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 Conditional Capital 2014 in the 2019 financial year. As a result, the Conditional Capital 2014 was reduced by kEUR 859 to kEUR 531 as at 31 December 2019 and the share capital increased to kEUR 19,596.

Due to the exercise of share options from the 2014 share options programme, a total of 125,000 new registered no-par-value shares with a proportionate amount of the share capital of EUR 1.00 per share were issued from the Conditional Capital 2014 in the 2020 financial year. As a result, the Conditional Capital 2014 was reduced by kEUR 125 to kEUR 406 as at 31 December 2020. The corresponding amendments to the Articles of Association were filed with the commercial register and registered as requested on 22 July 2020 (kEUR 75) and 11 December 2020 (kEUR 50).

Due to the further exercise of share options from the 2014 share options programme, a total of 83,000 new registered no-par-value shares with a proportionate amount of the share capital of EUR 1.00 per share were issued from the Conditional Capital 2014 in the 2021 financial year to 1 July 2021. The corresponding amendment to the Articles of Association was filed with the commercial register and registered as requested on 1 July 2021. As a result, the Conditional Capital 2014 reduced by kEUR 83 to kEUR 323 as at 1 July 2021.

The ordinary Annual General Meeting of flatexDEGIRO AG resolved on 29 June 2021 to conduct a capital increase from company funds, with issuing of new shares (stock split 1: 4). The corresponding amendment to the Articles of Association was filed with the trade register on 20 August 2021. For each existing no-par-value share, the company issued three new no-par-value shares to the shareholders without additional payment. In this way, both the subscribed capital of flatexDEGIRO AG and the number of issued shares was quadrupled. The existing Conditional Capital 2014 was increased by law in the same ratio as the Subscribed Capital (factor of 4), to kEUR 1,292. At the balance sheet date, the Conditional Capital 2014 was unchanged at kEUR 1,292.

### 2) Conditional Capital 2015

By resolution of the Annual General Meeting of 28 August 2015, the Management Board was authorised, with the consent 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)

In accordance with the resolution of 28 August 2015, the Conditional Capital 2015 serves exclusively to secure pre-emptive rights that are issued to the members of the Management Board, the employees of the company and the members of the management and employees of affiliated companies of 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 options programme.

The Annual General Meeting of 27 July 2016 resolved to convert the bearer shares of the company into registered shares. Accordingly, the Conditional Capital 2015 was modified for the issuance of registered shares.

By resolution of the extraordinary General Meeting of 4 December 2017, the authorisation to issue share options within the framework of a 2015 share options programme, resolved by the General Meeting of 28 August 2015 with adjustments by the General Meeting of 27 July 2016, was amended and substantiated. At the same time, the Conditional Capital 2015 was amended in such a way that it exclusively serves the servicing of pre-emptive rights that were or will be issued on the basis of the authorisation resolution of the General Meeting of 28 August 2015, also with adjustments by the Annual General Meeting of 27 July 2016 and in the version after its amendment by the corresponding resolution of the Extraordinary 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.

In the financial year 2020, a total of 20,000 new registered no-par-value shares with a pro rata amount of share capital of EUR 1.00 per share were issued by 10 January 2020 as a result of the exercise of share options from the 2015 share options programme. As a result, the Conditional Capital 2015 was reduced by kEUR 20 to kEUR 210 as at 10 January 2020. The corresponding amendment to the Articles of Association was filed with the commercial register and registered as requested on 27 January 2020. Further into the 2020 financial year, additional share options in the amount of EUR 32,500 were exercised, whereby a total of 32,500 new registered no-par-value shares with a proportionate amount of the share capital of EUR 1.00 per share were issued. The corresponding amendment to the Articles of Association was filed with the commercial register and registered as requested on 30 July 2020. As at 31 December 2020, the Conditional Capital 2015 still amounts to EUR 177,500.

Due to the further exercise of share options from the 2015 share options programme, a total of 70,000 new registered no-par-value shares with a proportionate amount of the share capital of EUR 1.00 per share were issued from the Conditional Capital 2015 in the 2021 financial year to 1 July 2021. The corresponding amendment to the Articles of Association was filed with the commercial register and registered as requested on 1 July 2021. As a result, the Conditional Capital 2015 reduced by kEUR 70 to EUR 107,500.

The ordinary Annual General Meeting of flatexDEGIRO AG resolved on 29 June 2021 to conduct a capital increase from company funds, with issuing of new shares (stock split 1: 4). The corresponding amendment to the Articles of Association was filed with the trade register on 20 August 2021. In this way, both the subscribed capital of flatexDEGIRO AG and the number of issued shares was quadrupled. The existing Conditional Capital 2015 increased by law in the same ratio as the Subscribed Capital (factor of 4), to kEUR 430.

Later in the reporting period, due to the exercise of share options an additional 88,000 pre-emptive 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, Conditional Capital 2015 was reduced by kEUR 88 to kEUR 342 in accordance with the stock split. The corresponding amendment to the Articles of Association was filed with the commercial register and registered as requested on 15 February 2022. As at the balance sheet date, the Conditional Capital 2015 amounts to kEUR 342.

### 3) Conditional Capital 2018

By resolution of the extraordinary General Meeting of 4 December 2017 in the version after the adjustments by the resolution of the ordinary Annual General Meeting of 7 August 2018 and by resolution of the ordinary General Meeting of 20 October 2020, the Management Board, with the consent of the Supervisory Board, was authorised to conditionally increase the share capital by up to kEUR 3,500 by issuing up to 3,500,000 new registered no-par-value shares with dividend rights starting at the beginning of the financial year in which they are issued (Conditional Capital 2017, designated in the company's commercial register as "Conditional Capital 2018/I"). The conditional capital increase in this version serves to service bonds issued until 3 December 2022 on the basis of the corresponding authorisation resolution of the Annual General Meeting of 4 December 2017 in the version after the amendments by the resolution of the Annual General Meeting of 7 August 2018 and 20 October 2020.

The ordinary Annual General Meeting of flatexDEGIRO AG resolved on 29 June 2021 to conduct a capital increase from company funds, with issuing of new shares (stock split 1: 4). In this way, both the subscribed capital of flatexDEGIRO AG and the number of issued shares was quadrupled. The existing Conditional Capital 2017 increased by law in the same ratio as the Subscribed Capital (factor of 4). As the authorisation underlying Conditional Capital 2017 has not yet been exercised, and therefore there was no automatic adjustment by law to the changed capital conditions, the Ordinary Annual General Meeting of 29 June 2021 also resolved, with the same factor, upon an amendment to the authorisation underlying Conditional Capital 2017 together with the amendments of Conditional Capital 2017.

Accordingly, by resolution of the Extraordinary General Meeting of 4 December 2017 in the version after the adjustments by the resolution of the Annual General Meetings of 7 August 2018, 20 October 2020 and 29 June 2021, the Management Board, with the consent of the Supervisory Board, was authorised 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 starting at the beginning of the financial year in which they are issued. The conditional capital increase serves to service bonds issued until 3 December 2022 on the basis of the corresponding authorisation resolution of the Annual General Meeting of 4 December 2017 in the version after the amendments by the resolution of the Annual General Meeting of 7 August 2018, 20 October 2020, and 29 June 2021. The corresponding amendment to the Articles of Association was filed with the trade register on 20 August 2021. As at the balance sheet date, Conditional Capital 2017 is kEUR 14,000.

4) Conditional Capital 2018/II

By resolution of the ordinary Annual General Meeting of 7 August 2018, the Management Board was authorised, with the consent of the Supervisory Board, to conditionally increase the share capital by up to kEUR 3,600 by issuing up to 3,600,000 new no-par-value registered shares with dividend rights from the beginning of the financial year in which they are issued (Conditional Capital 2018/II) The conditional capital increase in this version serves to service bonds and/or participation rights that are issued due to the corresponding authorisation resolution of the Annual General Meeting of 7 August 2018 to 6 August 2023.

The ordinary Annual General Meeting of flatexDEGIRO AG resolved on 29 June 2021 to conduct a capital increase from company funds, with issuing of new shares (stock split 1: 4). In this way, both the subscribed capital of flatexDEGIRO AG and the number of issued shares was quadrupled. The existing Conditional Capital 2018/II was increased by law in the same ratio as the Subscribed Capital (factor of 4). As the authorisation underlying Conditional Capital 2018/II has not yet been exercised, and therefore there was no automatic adjustment by law to the changed capital conditions, the ordinary Annual General Meeting of 29 June 2021 also resolved, with the same factor, upon an amendment to the authorisation underlying Conditional Capital 2018/II together with the amendments of Conditional Capital 2018/II.

Accordingly, by resolution of the extraordinary General Meeting of 7 August 2018 in the version after the adjustments by the resolution of the Annual General Meeting of 29 June 2021, the Management Board, with the consent of the Supervisory Board, was authorised 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 starting at the beginning of the financial year in which they are issued. The conditional capital increase serves to service bonds issued until 6 August 2023 on the basis of the corresponding authorisation resolution of the Annual General Meeting of 7 August 2018 in the version after the amendments by the resolution of the Annual General Meeting of 29 June 2021. The corresponding amendment to the Articles of Association was filed with the trade register on 20 August 2021. As at the balance sheet date, Conditional Capital 2018/II is kEUR 14,400.

## *Capital reserve*

As at 31 December 2021, the capital reserve is kEUR 230,323 (previous year: kEUR 310,916) and is made up of the following components:

- Amounts exceeding the nominal value from payments for the issuance of new shares
- Payments made by shareholders into the equity
- Payments made by shareholders against the granting of precedence for their shares

The share capital increased by kEUR 82,278 as a result of the stock split executed from company funds in the reporting year. The capital reserve reduced accordingly by kEUR 82,278. As part of the conditional capital increase in the reporting year through the exercise of share options from Conditional Capital 2014 and Conditional Capital 2015 resolved upon by the Annual General Meeting, the share capital nominally increased by kEUR 175 without taking into account the executed stock split. The capital reserve was increased by kEUR 1,541 through the agio of the issued shares. In addition, resulting from the share options programmes, there was an addition to the capital reserve in the amount of kEUR 144 (see Note 35).

### *Retained earnings*

The following table shows the changes in retained earnings during the relevant reporting periods.

| In kEUR | Change |
|---|---|
| **As at 01/01/2020** | **55,200** |
| Additions to retained earnings | 55,918 |
| thereof: Allocation from net profit | 49,924 |
| thereof: Dividend distribution | - |
| thereof: Contribution to/withdrawal from reserves | 5,994 |
| thereof: Changes in the scope of consolidation not involving a change of control | - |
| Other comprehensive income | -4,001 |
| **As at 12/31/2020** | **107,117** |
| Additions to retained earnings | 49,700 |
| thereof: Allocation from net profit | 51,542 |
| thereof: Dividend distribution | - |
| thereof: Contribution to/withdrawal from reserves | -342 |
| thereof: Changes in the scope of consolidation not involving a change of control | -1,500 |
| Other comprehensive income | 1,917 |
| **As at 12/31/2021** | **158,734** |

## NOTE 16 Non-current liabilities to non-banks (leases)

Non-current financial liabilities comprise the following:

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| **Non-current liabilities to non-banks** | | |
| Liabilities from leases | 23,758 | 23,572 |
| Liabilities from hire purchasing | 5,393 | 5,084 |
| **Total** | **29,151** | **28,656** |

Non-current liabilities to non-banks including leasing liabilities in accordance with IFRS 16:

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Leasing liabilities | 23,758 | 23,572 |
| **Total** | **23,758** | **23,572** |

No non-current financial liabilities to banks exist.

## NOTE 17 Pensions and similar obligations

flatexDEGIRO AG maintains defined benefit pension plans based on individual fixed amount commitments. The pension commitments provide for old age, invalidity, and surviving dependent benefits, mostly in the form of life-long pension payments. In order to finance the pension commitments, reinsurance policies have been taken out for flatexDEGIRO AG employees with Schweizerische Rentenanstalt Swiss Life AG and the MV Insurance Group. Some of the insurance policies have been pledged to the beneficiaries and meet the plan asset requirements, while others meet reimbursement right requirements.

The obligation amount is determined annually by independent actuaries using the projected unit credit method set out in IAS 19. This takes into account the known pensions and acquired projected units on the financial statement date, as well as the increases in pensions and projected units that are anticipated in future. Some commitments make provision for projected unit growth based on inflation trends or on fixed adjustment rates. Future pension adjustments are based on the statutory requirements; some additional minimum adjustment guarantees may be in place. The actuarial interest rate used to discount the pension obligations as at the balance sheet date is based on the yield of high-quality corporate bonds.

Income from the plan assets and expenditure from the compounding of obligations are recognised in net interest income. Service expenditure is classified as operating expenses. Gains and losses from adjustments and changes in actuarial assumptions are recognised directly and in full in equity in the period in which they arise.

The parameters used for calculations can be taken from the following overview:

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Actuarial discount rate | 0.90% | 0.40% |
| Inflation rate | 1.00% | 1.00% |
| Mortality | Heubeck tables 2018 G | Heubeck tables 2018 G |

The net liability for defined benefit pension obligation can be calculated as follows:

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Present value of defined benefit obligations | 32,578 | 34,806 |
| Fair value of plan assets | -21,048 | -20,263 |
| **Net liability for pension obligations** | **11,530** | **14,543** |

The development of the net liability for pension obligations was as follows:

| In kEUR | 2021 | 2020 |
|---|---|---|
| **As per balance sheet at beginning of the financial year** | **14,543** | **11,012** |
| Current service expense | 25 | 22 |
| Past service expense | - | - |
| Net interest expense | 57 | 107 |
| Actuarial gains/losses | -2,501 | 4,002 |
| due to changes in demographic assumptions | - | - |
| due to changes in financial assumptions | -3,431 | 4,080 |
| due to adjustments in experience | 1,214 | 180 |
| income from plan assets other than amounts recognised in income statement | -283 | -258 |
| Employer contributions to plan assets | -593 | -600 |
| Pension benefits paid | - | - |
| Transfers and company transactions | - | - |
| **As per balance sheet at the end of the financial year** | **11,530** | **14,543** |

The performance of the present value of pension obligations, and the fair value of plan assets and reimbursement rights, is shown in the following tables.

Obligations

| In kEUR | 2021 | 2020 |
|---|---|---|
| **Present value of defined benefit obligations at the beginning of the financial year** | **34,806** | **30,393** |
| **Components recognised in the income statement** | **164** | **325** |
| Current service expenses | 25 | 22 |
| Accrued interest expenses | 139 | 303 |
| Past service expenses and gains/losses from plan settlements | - | - |
| **Amounts recognised in other comprehensive income** | **-2,217** | **4,260** |
| Actuarial gains/losses | -2,217 | 4,260 |
| due to changes in demographic assumptions | - | - |
| due to changes in financial assumptions | -3,431 | 4,080 |
| due to adjustments in experience | 1,214 | 180 |
| **Payments and other adjustments** | **-174** | **-172** |
| Employee contributions | - | - |
| Pension benefits paid | -174 | -172 |
| Payments for settlements | - | - |
| Transfers and company transactions | - | - |
| **Present value of defined benefit obligations at the end of the financial year** | **32,578** | **34,806** |

## Plan assets

| In kEUR | 2021 | 2020 |
|---|---|---|
| **Fair value of plan assets at the beginning of the financial year** | **-20,263** | **-19,381** |
| **Components recognised in the income statement** | **-83** | **-196** |
| Accrued interest income | -83 | -196 |
| **Amounts recognised in other comprehensive income** | **-283** | **-258** |
| Income from plan assets other than amounts recognised in the income statement | -283 | -258 |
| **Payments and other adjustments** | **-419** | **-428** |
| Employee contributions | - | - |
| Employer contributions | -593 | -600 |
| Payments for plan settlements | - | - |
| Pension benefits paid | 174 | 172 |
| Transfers and company transactions | - | - |
| **Fair value of plan assets at the end of the financial year** | **-21,048** | **-20,263** |

## Reimbursement rights

| In kEUR | 2021 | 2020 |
|---|---|---|
| **Fair value of reimbursement rights at the beginning of the financial year** | **-1,486** | **-1,305** |
| **Components recognised in the income statement** | **-6** | **-14** |
| Accrued interest income | -6 | -14 |
| **Amounts recognised in other comprehensive income** | **16** | **24** |
| Revenues from reimbursement rights other than amounts recognised in the income statement | 16 | 24 |
| **Payments and other adjustments** | **-191** | **-191** |
| Employee contributions | - | - |
| Employer contributions | -191 | -191 |
| **Fair value of reimbursement rights at the end of the financial year** | **-1,668** | **-1,486** |

Reimbursement rights are recognised in balance sheet item “Financial assets and other assets”. Allocation of the present value of pension obligations to the various beneficiary groups and the weighted duration of these obligations are set out in the following table:

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Active employees | 710 | 790 |
| Former employees with vested rights | 27,465 | 29,167 |
| Retirees | 4,402 | 4,848 |
| **Present value of defined-benefit obligations** | **32,578** | **34,805** |
| Weighted average duration of obligations in years | 20 | 21 |

The plan assets consist of reinsurance policies for which there is no active market.

The pension commitments are subject to the provisions of the German Company Pensions Act (Betriebsrentengesetz, "BetrAVG"). Since the commitments provide life-long pension benefits, there is a biometric risk in the event of increasing life expectancies. An inflation risk exists if growth in projected units and pension benefits is based on the inflation trend. A financial risk also exists to the extent that the actuarial discount rate, as well as the actual income on plan assets and reimbursement rights, depend on future market trends.

Sensitivities to changes in the capital markets and to material assumptions are set out in the table below. They are determined on the basis of the same stock and the same valuation method as that of the pension obligations as at the reporting date. When calculating the sensitivities, each assumption was changed in isolation; any correlations between the individual parameters are ignored for this purpose.

| **In kEUR** | **12/31/2021** | **12/31/2020** |
|---|---|---|
| Total obligation if the actuarial discount rate is increased by 0.25% p.a. | 31,027 | 33,025 |
| Total obligation if the actuarial discount rate is decreased by 0.25% p.a. | 34,238 | 36,717 |
| Total obligation if the inflation rate is increased by 0.25% p.a. | 32,886 | 35,198 |
| Total obligation if the inflation rate is decreased by 0.25% p.a. | 32,277 | 34,420 |
| Total obligation when the life expectancy of a 65-year-old increases by 1 year | 33,476 | 35,829 |

For the upcoming year, pension payments of kEUR 178 are expected (previous year: kEUR 176). Payment contributions to plan assets are also expected in the amount of kEUR 596 (previous year: kEUR 596) and in the amount of kEUR 191 (previous year: kEUR 191) for reimbursement rights.

## NOTE 18 Liabilities to customers

Financial liabilities to customers as at 31 December 2021 were kEUR 2,810,861 (previous year: kEUR 2,089,213). Liabilities to customers relate in particular to customer deposits at flatexDEGIRO Bank AG, which are essentially attributed to customer cash account balances held by the flatex, DEGIRO, and ViTrade brands. As at the reporting date of 31 December 2021, customers' foreign currency holding increased by kEUR 127,731 to kEUR 137,346 (previous year: kEUR 9,615). The rise results in particular from the ongoing migration of DEGIRO customers whose cash accounts are managed by the flatexDEGIRO Bank AG. Securities fell by kEUR 500 to kEUR 500 (previous year: kEUR 1,000).

## NOTE 19 Current liabilities to banks

Current liabilities to banks comprise the following:

| **In kEUR** | **12/31/2021** | **12/31/2020** |
|---|---|---|
| Liabilities to banks | 129,983 | 82,361 |
| Foreign currency holdings | 21,869 | 14,756 |
| **Total** | **151,851** | **97,117** |

Current financial liabilities to banks come to kEUR 151,851 in the financial year (previous year: kEUR 97,117) and include kEUR 129,983 (previous year: kEUR 82,361) in liabilities from securities settlement processing from customer transactions, and foreign currency holdings from customer transactions in the amount of kEUR 21,869 (previous year: kEUR 14,756).

Foreign currency holdings essentially consist of obligations to foreign banks received for processing of securities transactions on behalf of customers. Foreign currencies mainly include USD, GBP, and CHF.

No financial liabilities to banks exist.

## NOTE 20 Other financial liabilities

Other financial liabilities break down as follows:

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Tax liabilities | 11,357 | 25,408 |
| Accruals and deferrals | 495 | 119 |
| Other financial liabilities | 14,716 | 19,483 |
| **Total** | **26,568** | **45,010** |

Other financial liabilities amount to kEUR 26,568 as at 31 December 2021 (previous year: kEUR 45,010). Tax liabilities mainly include liabilities to the tax authorities arising from capital gains taxes on customer transactions in the amount of kEUR 9,375 (previous year: kEUR 4,986) and from income tax kEUR 1,594 (previous year: kEUR 1,586). The decline of kEUR 14,051 results mainly from the decrease in transaction taxes. Other financial liabilities fell by kEUR 4,767.

## NOTE 21 Other provisions

Other provisions performed as follows in the financial year: :

| In kEUR | 01/01/2021 | Utilisation | Disposal | Additions | 12/31/2021 |
|---|---|---|---|---|---|
| Other provisions | 20,349 | 16,339 | 1,647 | 28,398 | 30,761 |
| **Total** | **20,349** | **16,339** | **1,647** | **28,398** | **30,761** |

| In kEUR | 01/01/2020 | Utilisation | Disposal | Additions | 12/31/2020 |
|---|---|---|---|---|---|
| Other provisions | 9,674 | 7,772 | 351 | 13,177 | 14,728 |
| **Total** | **9,674** | **7,772** | **351** | **13,177** | **14,728** |

Due to the retroactive merger of the flatexDEGIRO Dutch Branch with flatexDEGIRO Bank AG, the opening balance sheet values as at 1 January 2021 rose by kEUR 5,621, due to reclassification of other financial liabilities to other provisions.

Other provisions include identifiable risks in relation to third parties. These provisions are valued at full cost, and amount to kEUR 30,761 at year-end (previous year: kEUR 14,728).

One main driver for the addition to provisions results from a possible payment to the Dutch financial supervisory authority in the amount of kEUR 2,700, and from a ruling by the Federal Court of Justice concerning possible claims by customers for refunds in relation to the validity of the amended General Terms and Conditions in the amount of kEUR 896.

Other changes arise from Group expenses for variable performance-related compensation components of kEUR 8,823 (previous year: kEUR 4,037), other personnel costs including leave provisions of kEUR 1,743 (previous year: kEUR 1,106), for audit fees and Group contributions of kEUR 2,708 (previous year: kEUR 1,589), and for outstanding accounts in the amount of kEUR 13,892 (previous year: kEUR 7,610).

## NOTE 22 Tax provisions

Provisions for taxes mainly comprise corporate income tax and trade tax. As at the reporting date, tax provisions increased by kEUR 8,190 to kEUR 32,559 (previous year: kEUR 24,369). The increased tax provisions were a result of the higher taxable income.

Corporate income tax provision rose by kEUR 6,142 to kEUR 23,699 (previous year: kEUR 17,557).

Trade tax provisions increased by kEUR 1,148 to kEUR 7,552 compared with the previous year (previous year: kEUR 6,404).

## NOTE 23 Revenues

Revenues for the 2021 and 2020 financial years are as follows:

| In kEUR | 2021 | 2020 |
|---|---|---|
| Commission income | 339,707 | 211,770 |
| Interest income | 59,345 | 32,524 |
| Other operating income | 18,529 | 17,196 |
| thereof: Provision of IT services | 12,401 | 15,481 |
| **Total** | **417,581** | **261,490** |
| **Timeline of revenues recognition** | | |
| at a specific point in time | 417,581 | 261,490 |
| over a period of time | - | - |

The main sources of revenue for flatexDEGIRO AG are commission income, interest income and, to a lesser extent, other operating income, primarily from the IT services business.

In the financial year, commission income in the amount of kEUR 339,707 (previous year: kEUR 211,770) was largely generated from securities transactions for the flatex, DEGIRO, and ViTrade brands, and from B2B services of flatexDEGIRO Bank AG. This growth in comparison with the previous year results primarily from the steep rise in transaction numbers. These rose significantly due to strong organic growth and to full inclusion of DEGIRO for the first time. The number of customers rose sharply in the reporting year. Effective as of 1 April 2021, flatexDEGIRO provided its entire ETF and fund savings plan portfolio with more than 4,000 products for new and existing customers free of charge. Reduction of the minimum savings rate to EUR 25 allowed an even larger customer group to start trading securities.

Within the scope of online brokerage, flatexDEGIRO AG fulfils its performance obligations with execution of the relevant order. The corresponding payments are due at the time of fulfilment of the performance obligation.

Interest income in the amount of kEUR 59,345 (previous year: kEUR 32,524) rose in comparison to the previous year, due in particular to the expanding, largely fully collateralised loan book (margin credit, flexible and Lombard credit).

Other operating income includes income from provision of IT services in the amount of kEUR 12,401 (previous year: kEUR 15,481). The major component here is IT services with the in-house-developed FTX:CBS core banking system, and other development services for customers in the Technologies segment. The decrease in external revenues from IT services is primarily the result of a strategic focus on internal Group IT projects, such as the ongoing connection of the DEGIRO to FTX:CBS, and further development of the flatex-next B2C brokerage platform.

Revenues from commission and interest income are attributable to the Financial Services segment. Revenues for the provision of IT services relate exclusively to the Technologies segment.

| In kEUR | 12/31/2021 | 01/01/2021 |
|---|---|---|
| Current contractual assets from IT contracts | - | - |
| Current contractual assets from banking transactions | - | - |
| **Total current contractual assets** | **-** | **-** |
| Trade receivables (IT contracts) | 13,774 | 4,080 |
| Trade receivables (banking transactions) | 12,402 | 9,961 |
| **Total receivables** | **26,176** | **14,041** |
| Current contract liabilities from IT contracts | 84 | 6 |
| Current contract liabilities from banking transactions | 390 | 113 |
| **Total current contract liabilities** | **473** | **119** |

During the reporting period, no revenue was recognised which was included in the contract liability balance at the start of the period. There was also no recognition of revenue from performance obligations which have been (partly) met in earlier periods. All services included in IT contracts are invoiced after a period of no more than year. The relevant periodisation is carried out during the year. As permitted by IFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

The kEUR 6,971 increase in trade receivables in banking transactions is the result of the overall increase in business volume in the financial year.

In addition to the contract balances shown above, the Group has recognised an asset pertaining to the performance costs of a long-term IT contract. This is set out in the balance sheet under Other assets:

| In kEUR | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Costs capitalised at the time of execution of a contract with a customer as at 31 December | 4 | 27 |
| Amortisation amounts and impairments | - | - |
| **Total** | **4** | **27** |

## NOTE 24 Raw materials and consumables

The costs of materials for financial years 2021 and 2020 are broken down as follows:

| In kEUR | 2021 | 2020 |
|---|---|---|
| Commission expense | 61,082 | 38,709 |
| Interest expense | 7,539 | 2,887 |
| Other operating expense | 6,710 | 7,849 |
| thereof: IT business expenses | 1,917 | 5,317 |
| **Total** | **75,331** | **49,446** |

Commission expenses of kEUR 61,082 (previous year: kEUR 38,709) were recorded in the financial year. They mainly consist of external costs incurred in connection with the settlement of securities transactions with counterparties (stock exchange fees, custody fees, etc.). As with the commission income, the increase mainly resulted from organic growth and the full inclusion of DEGIRO for the first time in the reporting year, and the significantly higher transaction numbers as a consequence. The slight percentage increase in commission expenses compared with commission income is due to the marginal cost structure, and the resulting use of economies of scale.

Interest expenses in the amount of kEUR 7,539 (previous year: kEUR 2,887) rose in comparison to the previous year's period, in particular due to full inclusion of DEGIRO for the first time, and the related interest payments for clearing accounts.

Other operating expenses in the amount of kEUR 6,710 (previous year: kEUR 7,849) mainly include provision of IT services in the amount of kEUR 1,917 (previous year: kEUR 5,317). As with revenue, the decline in expenses from IT business is due to the strategic focus on internal Group IT development projects, and the reclassification of expenses which have been recognised in commission expenses since full acquisition of the former DeGiro B.V. as of 1 January 2021.

## NOTE 25 Personnel expenses

On average, 1,090 staff were employed during the 2021 financial year (previous year: 716). As at the reporting date, 783 employees are employed in the FIN segment, and 349 in the TECH segment. This rise in the yearly average is due to the inclusion of DEGIRO staff throughout the entire financial year for the first time. The personnel expenses incurred break down as follows:

| In kEUR | 2021 | 2020 |
|---|---|---|
| Wages and salaries | 73,007 | 44,801 |
| Social security contributions and discretionary benefits | 10,434 | 6,506 |
| Income/expenses for pension obligations and employee benefits | -675 | -710 |
| Personnel expenses for non-current variable compensation components | 59,345 | 15,528 |
| **Total** | **142,110** | **66,125** |
| Activation of development services | 15,501 | 7,464 |

Wages and salaries in the 2021 financial year were kEUR 73,007 (previous year: kEUR 44,801). The increase compared to the previous year results in particular from the full inclusion of DEGIRO across the entire financial year for the first time, and the related increase in the number of employees, especially in the FIN segment, as well as a slight increase in gross personnel costs per head.

The capitalised development costs for intangible assets in accordance with IAS 38 are kEUR 15,501 (previous year: kEUR 7,464). Alongside increased development of the FTX:CBS platform, the increase mainly resulted from the inclusion of the software development units of DEGIRO. Development focused largely on the “flatex/DEGIRO next” trading platform and connection of DEGIRO to the Tradegate stock exchange.

Expenses for the SARs Plan launched in 2020 were kEUR 59,201 (previous year: kEUR 15,387) in the 2021 financial year. kEUR 144 (previous year: kEUR 141) was also used for existing share option plans (see Note 35).

Furthermore, one-off expenses in connection with the DeGiro B.V., Amsterdam merger with flatexDEGIRO Bank AG in the amount of kEUR 5,641 (previous year kEUR 0) were incurred during the 2021 reporting year.

## NOTE 26 Marketing and advertising expenses

Marketing and advertising expenses for financial years 2021 and 2020 are broken down as follows:

| In kEUR | 2021 | 2020 |
|---|---|---|
| Marketing and advertising expenses | 46,069 | 24,281 |
| **Total** | **46,069** | **24,281** |

The kEUR 21,788 increase in marketing and advertising expenses is mainly due to the full inclusion of the DEGIRO brand compared to the previous year, as well as the sponsorship partnership with Bundesliga football team Borussia Mönchengladbach. In addition, there were various offers and campaigns aimed at new customer acquisition for the flatex and DEGIRO brands.

# NOTE 27 Other administrative expenses

Other administrative expenses for financial years 2021 and 2020 are as follows

| In kEUR | 2021 | 2020 |
|---|---|---|
| Bank-specific contributions | 10,697 | 4,705 |
| IT expenses | 10,132 | 3,170 |
| Legal and consulting fees | 7,910 | 6,431 |
| Other expenses | 4,538 | 1,817 |
| Rental expenses | 3,507 | 2,351 |
| Insurance, contributions and official fees | 3,355 | 2,251 |
| Postage and office supplies | 754 | 1,363 |
| Travel | 495 | 382 |
| Vehicle expenses | 448 | 473 |
| Entertainment | 146 | 271 |
| **Total** | **41,982** | **23,213** |

The increase in other administrative expenses is due mainly to full inclusion of the DEGIRO brand for the first time. Other key drivers are outlined below.

The kEUR 5,992 increase in bank-specific contributions results from factors including the incidental costs of monetary transactions, the higher number of accounts and custodies opened compared to the same period the previous year, as well as a general increase in business volume. In addition, there are fees for newly connected payment transaction service providers.

The kEUR 6,962 increase in IT costs includes expenses for licenses required to operate the international business.

The increase in legal and consulting fees of kEUR 1,479 includes expenses connected with the merger of DeGiro B.V., Amsterdam, into flatexDEGIRO Bank AG, which are of a one-off nature. In addition, there are higher year-end closing and auditing costs, also due to the acquisition and merger of DeGiro B.V., Amsterdam, and the resulting increase in the scope of the audit.

One main driver for the kEUR 2,721 increase in other expenses is the new recognition of a provision on account of a possible payment to the Dutch financial authority of kEUR 2,700. The item also covers expenses due to a ruling by the Federal Court of Justice concerning possible customers claims for refunds in connection with the validity of amended General Terms and Conditions, in the amount of kEUR 896.

The rise of kEUR 1,156 in rental expenses can be largely attributed to the renting of additional office space in Amsterdam and Hamburg.

## NOTE 28 Financial result

The financial result for financial years 2021 and 2020 is composed as follows:

| In kEUR | 2021 | 2020 |
|---|---|---|
| Pension interest income | 88 | 196 |
| Other interest income | 1 | 14 |
| **Total other financial income** | **89** | **211** |
| Interest expenses for deposit facilities | 4,641 | 2,983 |
| Interest expenses for pensions | 147 | 303 |
| Interest expenses for non-current liabilities | 545 | 370 |
| Other interest expenses | 600 | 474 |
| **Total other financial expenses** | **5,934** | **4,130** |
| **Financial result** | **-5,845** | **-3,919** |

The increase of kEUR 1,658 in interest expenses for deposit facilities is the result of increased deposits with the European Central Bank (ECB). The interest expenses for pensions declining by kEUR 156 results from the interest rate adjustment in favour of the pension provider.

Interest expenses for non-current liabilities includes interest expenses for lease liabilities.

## NOTE 29 Income tax expenses

Income tax expenses for the financial years ending 31 December 2021 and 31 December 2020 comprise the following:

| In kEUR | 2021 | 2020 |
|---|---|---|
| **Current income taxes** | | |
| Current income tax expense | -37,200 | -24,833 |
| Tax income/expense for previous years | -348 | -1,281 |
| Deferred taxes | | |
| Deferred taxes on temporary differences | 14,679 | 6,171 |
| Deferred taxes on losses carryforwards | 4 | - |
| **Income taxes as per the income statement** | **-22,865** | **-19,943** |
| **Other comprehensive income** | | |
| Changes to deferred taxes recognised in other comprehensive income | -885 | 1,491 |
| thereof actuarial gains/losses from defined benefit pension provisions | -782 | 1,263 |
| thereof gains/losses due to changes in value of financial assets measured at FVOCI | -103 | 228 |
| thereof recycling of deferred taxes | - | - |
| **Income taxes recognised in comprehensive income** | **-23,750** | **-18,452** |

In other comprehensive income in 2021, a deferred tax expenses on actuarial losses from defined benefit pension provisions in the amount of kEUR -782 (previous year: kEUR 1,263), and deferred tax expenses on changes in value of financial assets at FVOCI in the amount of kEUR -103 (previous year: kEUR 228) were recognised.

In Germany, the income tax calculation is based on a corporate tax rate of 15%, and a solidarity surcharge of 5.5% incurred on this. Factoring in the additional trade tax payable, the combined income tax rate for flatexDEGIRO AG in the tax group for income tax purposes is 31.12% (previous year: 31.26%) The variance is due to a change in the weighted average trade tax multiplier.

The following table reconciles the expected tax expenses – as a product of earnings before income taxes and the combined income tax rate for flatexDEGIRO AG – and the tax expenses reported in the profit and loss statement:

### Tax reconciliation

| | | 2021 | 2020 |
|---|---|---|---|
| Earnings before taxes | kEUR | 74,416 | 69,867 |
| Applicable tax rate | % | 31.12 | 31,26 |
| Expected tax expense | kEUR | -23,160 | -21,838 |
| Effect from non-deductible expenses | kEUR | -715 | -375 |
| Effect from non-taxable income | kEUR | 116 | 72 |
| Effect from non-deductible expenses from stock options plans | kEUR | -45 | -44 |
| Effect from current income taxes on previous year's income | kEUR | -348 | -1,281 |
| Effect from deferred taxes for previous years | kEUR | -1,314 | 1,692 |
| Effect from changes in tax rates of deferred taxes | kEUR | -817 | -795 |
| Effect from deviating tax rates | kEUR | 3,719 | 2,562 |
| Effect from tax losses without recognition of deferred taxes | kEUR | - | - |
| Other tax effects | kEUR | -301 | 64 |
| Reported tax expenses | kEUR | -22,865 | -19,943 |
| Group tax rate | % | 30.73 | 28.54 |

As at the balance sheet date, there were taxable temporary differences relating to subsidiaries ("outside basis differences" in accordance with IAS 12.39) in the amount of kEUR 565 (previous year: kEUR 1,215) on which no deferred tax liabilities were recognised.

The composition of deferred tax assets and liabilities is set out in the following overview:

| In kEUR | 2021 | 2020 |
|---|---|---|
| **Deferred tax assets** | | |
| Loss carryforwards | 4 | - |
| Financial instruments | - | 585 |
| Pension obligations | 6,039 | 7,070 |
| Other financial obligations | 30,452 | 10,677 |
| Other temporary differences | - | - |
| Offset in accordance with IAS 12.74 | -36,495 | -18,332 |
| **Total** | **-** | **-** |
| | | |
| **Deferred tax liabilities** | | |
| Intangible assets | -48,827 | -45,327 |
| Property, plant and equipment | -7,074 | -5,854 |
| Financial instruments | -541 | - |
| Other financial obligations | - | - |
| Other temporary differences | - | - |
| Offset in accordance with IAS 12.74 | 36,495 | 18,332 |
| **Total** | **-19,947** | **-32,849** |

## NOTE 30 Additional disclosures in accordance with IFRS 16 and IAS 7

### *Lease payments according to IFRS 16*

Principal payments

| In kEUR | 2021 | 2020 |
|---|---|---|
| Principal payments | 5,668 | 10,698 |
| **Total** | **5,668** | **10,698** |

During the financial year, principal payments were made on lease liabilities from leases in accordance with IFRS 16 in the amount of kEUR 5,668 (previous year: kEUR 10,698).

Interest payments

| In kEUR | 2021 | 2020 |
|---|---|---|
| Interest payments | 386 | 358 |
| **Total** | **386** | **358** |

Interest payments on leases in accordance with IFRS 16 were made in the amount of kEUR 386 (previous year: kEUR 358).

The interest payments and principal payments therefore produce a total cash outflow of kEUR 6,055 (previous year: kEUR 11,056).

*Disclosures on IAS 7*

| Income tax payments | | |
|---|---|---|
| **In kEUR** | **2021** | **2020** |
| Income tax payments | 25,095 | 10,562 |
| **Total** | **25,095** | **10,562** |

The operating cash flow includes income tax payments of kEUR 25,095 (previous year: kEUR 10,562).

## NOTE 31 Contingent liabilities and other financial obligations

As at the balance sheet date, there were other financial liabilities from service contracts, rental and lease contracts, and maintenance contracts. The remaining terms of these contracts are as follows:

| **In kEUR** | Total as at 12/31/2021 | Thereof: up to 1 year | Thereof: 1 to 5 years | Thereof: more than 5 years | Previous year |
|---|---|---|---|---|---|
| From rental and leasing contracts | 25,954 | 6,684 | 19,270 | - | 10,654 |
| From maintenance contracts | 16,764 | 6,723 | 10,041 | - | 1,751 |
| From other contracts | 25,937 | 14,688 | 11,249 | - | 29,107 |
| **As at 12/31/2021** | **68,655** | **28,095** | **40,560** | **-** | **41,511** |

The increase of kEUR 27,143 results mainly from additions of rental, lease, and maintenance contracts, and from sponsorship of Borussia Mönchengladbach.

Alongside this there are contingent liabilities from irrevocable, unused credit commitments in the amount of kEUR 27,744 (previous year: kEUR 22,761). The increase in irrevocable credit commitments relates to the reporting date. The irrevocable credit commitments largely consist of committed but as-yet-uncalled amounts in shares in investment funds. In addition, flatexDEGIRO Bank AG has contingent liabilities from guarantees for the processing of securities transactions.

## NOTE 32 Related parties relationships and transactions

In accordance with IAS 24, the governing boards and key management personnel of the parent company and their families, as well as members of management/Management Boards and Supervisory Boards of other key subsidiaries along with family members, are considered to be associated parties.

No stock appreciation rights (SARs) were granted to Management Boards in the 2021 financial year (previous year: 1,760,000 SARs according to share split). For further details, please refer to Note 35.

### *Legal transactions and other transactions with related parties*

In the 2021 financial year, Group companies of flatexDEGIRO AG conducted legal transactions with associated parties and companies at a total volume of kEUR 632; these largely consist of publishing services.

In addition, some associated persons and companies hold accounts and securities custody with flatexDEGIRO Bank AG. All transactions (securities transactions and lending/deposits business) are conducted at the market conditions which are standard for customers.

## NOTE 33 Compensation of the Management Board of flatexDEGIRO AG

Frank Niehage and Muhamad Said Chahrour continued to serve as members of the Management Board of flatexDEGIRO AG.

Management Board members received fixed and variable compensation as follows:

| **In kEUR** | **Year** | **Fixed compensation** | | **Variable compensation** | | | | **Total compen-sation** |
|---|---|---|---|---|---|---|---|---|
| | | | | | Non-current variable componensation (component II) | | | |
| | | Annual fixed compen-sation | Other compen-sation | One-year variable compensation (compo-nent I) | 2014 options model | 2015 options model | SARs-plan 2020* | |
| Frank Niehage | 2021 | 500 | 25 | 1,000 | - | - | - | 1,525 |
| | 2020 | 500 | 28 | 1,000 | - | - | 1,080,000 units 3,287 kEUR (fair value) | 4,815 |
| Muhamad Said Chahrour | 2021 | 240 | 23 | 500 | - | - | - | 763 |
| | 2020 | 200 | 23 | 300 | - | 40,000 units (59 kEUR fair value) | 680,000 units 2,127 kEUR (fair value) | 2,708 |
| Total | 2021 | 740 | 47 | 1,500 | - | - | - | 2,287 |
| | 2020 | 700 | 50 | 1,300 | - | 59 | 5,549 | 7,523 |

*SARs measured at the time of allocation

## *Compensation of the Supervisory Board of flatexDEGIRO AG*

The following people were Supervisory Board members at flatexDEGIRO AG:

| | |
|---|---|
| 2021 | Martin Korbmacher, Chairman of the Supervisory Board<br>Positions held:<br>Managing Director of Event Horizon Capital & Advisory GmbH<br>Managing Director of arsago ACM GmbH |
| | Stefan Müller<br>Positions held:<br>Chief Representative of Börsenmedien AG<br>Chief Representative of BF Holding GmbH<br>Chief Representative of GfBk Gesellschaft für Börsenkommunikation mbH<br>Managing Director of Panthera AM GmbH<br>Managing Director of Yigg GmbH |
| | Herbert Seuling<br>Positions held:<br>Managing Director of M & S Monitoring GmbH |
| 2020 | Martin Korbmacher, Chairman of the Supervisory Board<br>Stefan Müller<br>Herbert Seuling |

Mr Korbmacher sat on the following statutory Supervisory Boards of foreign and domestic companies in 2021:

- Chairman of the Supervisory Board of SGT German Private Equity GmbH & Co. KGaA (up to 23 June 2021: member)
- Chairman of the Supervisory Board of flatexDEGIRO Bank AG
- Chairman of the Supervisory Board of innoplexus AG (up to 8 March 2021: member)
- Member of the Supervisory Board of PTV Planung Transport Verkehr AG

Mr Müller sat on the following statutory Supervisory Boards of domestic companies in 2021:

- Chairman of the Supervisory Board of FinLab AG (up to 19 December 2021: Vice-Chairman of the Supervisory Board; then up to 21 March 2021: member)
- Vice-Chairman of the Supervisory Board of Heliad Equity Partners GmbH & Co. KGaA
- Member of the Supervisory Board of flatexDEGIRO Bank AG
- Vice-Chairman of the Supervisory Board of TubeSolar AG (since 23 November 2021)

Mr Seuling sat on the following statutory Supervisory Boards of domestic companies in 2021:

- Member of the Supervisory Board of Heliad Equity Partners GmbH & Co. KGaA
- Chairman of the Supervisory Board of TubeSolar AG (up to 5 December 2021: member)
- Vice-Chairman of the Supervisory Board of FinLab AG (up to 19 December 2021: member)
- Member of the Advisory Board of Bionero GmbH, Thurnau

Members of the Supervisory Board of flatexDEGIRO AG receive only fixed compensation of a regular nature. The compensation is set out in detail below, allocated according to compensation for Supervisory Board activities in the Group parent company flatexDEGIRO AG and to Supervisory Board work in Group subsidiaries (the respective temporary VAT rate has been applied in each case):

| In EUR | 2021 total | 2020 total |
|---|---|---|
| flatexDEGIRO AG | 285,600.00 | 282,405.00 |
| Subsidiaries | 273,796.76 | 305,290.00 |

The Supervisory Board received compensation for travel expenses relating to Supervisory Board work in the amount of EUR 0 (previous year: kEUR 1).

## NOTE 34 Earnings per share

### *Earnings per share (undiluted)*

The undiluted earnings per share is calculated by dividing the consolidated earnings of the Group attributable to the shareholders by the average number of the parent company's shares issued during the financial year.

The 1-to-4 share split performed during the reporting period was factored retrospectively into the earnings per share calculation and applied to the previous year's period to facilitate comparability.

| Issued shares (in pieces) | 2021 | 2020 |
|---|---|---|
| Number of issued shares as at 1. January (all outstanding, with actuarial consideration of the share split performed in 2021) | 109,092,548 | 78,382,548 |
| Number of new shares issued during the financial year | 700,000 | 30,710,000 |
| Time-weighted number of new shares issued during the financial year | 473,162 | 13,061,396 |
| **Average, time-weighted number of issued shares outstanding during the financial year (undiluted)** | **109,565,710** | **91,443,944** |

| Earning after taxes in kEUR | 2021 | 2020 |
|---|---|---|
| From continuing activities | 51,550 | 49,924 |
| From discontinued operations | - | - |
| **Total** | **51,550** | **49,924** |
| Undiluted post-tax earnings per share in EUR (with actuarial consideration of the share split performed in 2021) | | |
| From continuing activities | 0.47 | 0.55 |
| From discontinued operations | - | - |
| **Total** | **0.47** | **0.55** |

### *Earnings per share (diluted)*

Diluted earnings per share in the 2021 financial year amount to EUR 0.47. The diluted average number of shares outstanding in the reporting year was 110,050,991.

# NOTE 35 Share options plans

## *Share options plans for 2014 and 2015*

In order to ensure competitive total compensation for managers, flatexDEGIRO AG has created share options plans. The first share option plan was launched in 2014. Pre-emptive rights from this plan were first issued in 2015. Each pre-emptive right issued pursuant to the share options plan gives the holder the right to acquire one bearer share in flatexDEGIRO AG against payment of the set strike price. The strike price is determined on the basis of the average closing price of the share over a fixed period of time preceding adoption of the relevant resolution by the Annual General Meeting, minus a discount.

The maturity of these pre-emptive rights is six years from the date of issue; they may only be exercised upon expiry of a waiting period (vesting period) of four years. This requires that the stock exchange price of the share is exceeded by at least 100% on any stock market trading day within two years after the respective pre-emptive right (2014 Option Plan performance target) has been issued. Only in the event of a change of control as defined in the authorisation and, if applicable, in subsequent amendments to the option terms, or in the event of a delisting, may flatexDEGIRO AG pay, or the holders of pre-emptive rights demand cash compensation in lieu of shares (in some cases also before the end of the vesting period).

A second share option plan (2015 Option Plan) was launched in 2015 by means of another authorisation granted by the Annual General Meeting. The terms for this plan were modified based on the share price performance, with reference to the exercise condition that the stock market closing price of the share must now exceed the respective subscription price by at least 50% on any stock market trading day, within two years after the respective pre-emptive right (2015 option plan performance target) has been issued. The other terms remain the same as those applicable to the first plan.

## *Valuation model*

For each individual issue date, a separate options valuation was simulated on the basis of a Monte Carlo model. This model is based on the Kevin D. Brewer work, which is regarded as essential for the modelling of option models: “Geometric Brownian Motion, Option Pricing, and Simulation: Some Spreadsheet-based Exercises in Financial Modeling”.

The share price performance over six years is simulated 100,000 times using a Monte Carlo simulation method for each issue date. Each price is checked to see if it has cleared the hurdle (condition 1) and is higher than the strike price at the predefined exercise dates (condition 2). If this is not the case, a zero value is assigned on each exercise date and so the present value is also 0 on the issue date. If the value of the share is above the strike price on one of the pre-defined exercise dates, then the option has an intrinsic value, which is discounted to the issue date using a five-year (assumed average exercise date) risk-free interest rate (source: Bundesbank). It is assumed that the option is exercised on the first possible exercise date.

## *Pricing factors*

The first factor that goes into the model is the price of the share on the issue date (Xetra closing price). The options strike price is EUR 7.30 for the 2014 share option plan and EUR 12.79 for the 2015 share option plan. The volatility could not be derived from an implied volatility due to non-existent derivatives on the shares of flatexDEGIRO AG. Therefore, annual volatility was determined using the historic volatility of the share price (source: Bloomberg).

The risk-free interest rate for modelling of the six-year binomial expansion is based on the six-year interest rates valid in the respective issue months, based on the yield curve of listed German government bonds (source: Bundesbank). The number of trading days was assumed to be 250.

The hurdle is set out in the respective options plan. In the 2014 plan this is twice the issue price, and in the 2015 plan 1.5 times the issue price. Based on previous figures from the operational business, the transaction cost for options is only a few percent and as such is ignored for the purposes of this calculation.

## *Share options plan performance for 2014 and 2015*

The table below sets out the performance of issued and outstanding pre-emptive rights/options in accordance with the share split:

| Programme / year of issuance | Date of issue | Number issued | Exercise price in EUR | Price at date of issuance in EUR | Price per option in EUR | Total option value in kEUR |
|---|---|---|---|---|---|---|
| 2015 share options plan | 02/27/2020 | 80,000 | 3.20 | 6.96 | 1.50 | 120 |
| **Issued options for 2020** | | **80,000** | | | | **120** |
| 2015 share options plan | 03/08/2019 | 348,000 | 3.20 | 5.21 | 1.04 | 363 |
| **Issued options for 2019** | | **348,000** | | | | **363** |
| 2014 share options plan | 03/02/2018 | 140,000 | 1.83 | 6.76 | 1.28 | 179 |
| **Issued options for 2018** | | **140,000** | | | | **179** |
| 2014 share options plan | 04/01/2017 | 332,000 | 1.83 | 3.70 | 0.42 | 138 |
| 2015 share options plan | 04/01/2017 | 380,000 | 3.20 | 3.70 | 0.79 | 298 |
| 2014 share options plan | 07/03/2017 | 40,000 | 1.83 | 4.50 | 0.42 | 17 |
| 2015 share options plan | 07/03/2017 | 40,000 | 3.20 | 4.50 | 0.79 | 31 |
| **Issued options for 2017** | | **792,000** | | | | **484** |
| 2015 share options plan | 04/07/2016 | 158,000 | 3.20 | 3.86 | 0.93 | 147 |
| 2015 share options plan | 07/01/2016 | 40,000 | 3.20 | 3.08 | 0.64 | 26 |
| 2014 share options plan | 01/26/2016 | 80,000 | 1.83 | 4.63 | 0.49 | 39 |
| 2014 share options plan | 07/01/2016 | 40,000 | 1.83 | 3.08 | 0.49 | 20 |
| 2014 share options plan | 07/06/2016 | 200,000 | 1.83 | 3.25 | 0.49 | 98 |
| **Issued options for 2016** | | **518,000** | | | | **330** |
| 2014 share options plan | 01/26/2015 | 3,696,000 | 1.83 | 2.15 | 0.28 | 1,026 |
| 2014 share options plan | 07/08/2015 | 336,000 | 1.83 | 3.70 | 0.60 | 202 |
| 2014 share options plan | 08/24/2015 | 300,000 | 1.83 | 2.85 | 0.44 | 133 |
| 2015 share options plan | 09/28/2015 | 80,000 | 3.20 | 3.11 | 0.65 | 52 |
| 2015 share options plan | 10/01/2015 | 20,000 | 3.20 | 3.09 | 0.64 | 13 |
| **Issued options for 2015** | | **4,432,000** | | | | **1,425** |
| **Total issued options** | | **6,310,000** | | | | **2,900** |
| 2014 share options plan | 07/08/2015 | 336,000 | - | - | - | - |
| 2014 share options plan | 08/24/2015 | 300,000 | - | - | - | - |
| 2014 share options plan | 01/26/2016 | 80,000 | - | - | - | - |
| 2014 share options plan | 07/03/2017 | 40,000 | - | - | - | - |
| 2014 share options plan | 03/02/2018 | 140,000 | - | - | - | - |
| **Expired options** | | **896,000** | | | | |
| **Already exercised options** | | **4,906,000** | **-** | **-** | **-** | **-** |

## Option value

No other option rights were issued in the 2021 calendar year.

## Expenses from share options plans

In the 2021 calendar year, a pro rata expense of kEUR 144 (previous year: kEUR 203) was recognised in the profit and loss statement from the share option plans and added to the capital reserve. In this context, it was assumed that around 82% of the options granted would be exercised by the employees.

The expense was allocated pro rata temporis to the period from issuance of the option to the allocation date (vesting date). Allocation of expenses to the issued options is set out in the table:

| Programme / year of issue | Total value of options/ total expenditure in kEUR | Days | Expected allocation | 2021 expense to be recognised/ capital reserve in kEUR |
|---|---|---|---|---|
| 2015 | 1,060 | 365 | 82 % | 138 |
| 2014 | 1,793 | 365 | 82 % | 6 |
| **Total** | | | | **144** |

## 2020 Stock Appreciation Rights (SARs Plan 2020)

In addition to the share options plans, flatexDEGIRO AG launched the 2020 Stock Appreciation Rights Plan (SARs Plan 2020) in May 2020. Under the SARs Plan 2020, up to four million stock appreciation rights (SARs) can be issued to Management Board members and employees. These can be exercised by the beneficiary within an additional three years following an initial waiting period of three years. Furthermore, up to 1,600,000 more SARs can be issued under a purchase model. A requirement for the issuing of further SARs under the purchase model is the acquisition of shares in flatexDEGIRO AG. In 2021, a total of 1,135,832 SARs were issued to employees. Based on the stock split (1:4) in August 2021, the number of the SARs issued up to then increased by the same ratio.

## SARs valuation model

At flatexDEGIRO AG, the 2020 Stock Appreciation Rights Plan (SARs Plan 2020) is a share-based compensation that is accounted for as a cash-settled plan in accordance with IFRS 2. A provision for this is recognised as an expense over the vesting period. The expenses are recognised in personnel expenses.

The provision is valued using a suitable option pricing model (Black-Scholes formula) and takes into account the anticipated EPS at the expected exercise date. Other valuation assumptions, including share price, interest rate and volatility were determined on the basis of publicly available market data as at the balance sheet date.

## SARs performance

The SARs vest pro rata temporis over the three-year vesting period and entitle the holder to a cash payment only, 50% of which depends on the share price performance and 50% on the earnings-per-share performance.

A provision of kEUR 74,588 (previous year: kEUR 15,387) was set aside and expenses of kEUR 59,201 (previous year: kEUR 15,387) recognised accordingly as at 31 December 2021.

The intrinsic value of SARs already vested is kEUR 20,553 as at 31 December 2021.

## Sensitivity of assumptions

Management believes that no reasonably feasible change to any of the basic assumptions used to determine the respective valuation would cause material changes to the provision for the

SARs. In a simulation, adjustment of the EPS by +/- 5.0% resulted in an adjustment to the provision of less than +/- 10%. This effect will decrease disproportionately over the course of the vesting period.

## NOTE 36 Segment reporting in accordance with IFRS 8

flatexDEGIRO AG is required by IFRS 8 to report on its operating segments. The type of segmentation is based on the management approach. Segments are parts of a company on which separate financial information is available. This information is regularly analysed by the Management Board and management during the allocation of resources and as part of performance appraisal.

The Financial Services (FIN) segment includes products of B2C online brokerage, B2B white-label banking as well as electronic securities settlement processing, custody account management, and other banking services. The segment is derived from flatexDEGIRO Bank AG and Cryptoport GmbH.

The Technologies (TECH) segment covers all IT services, including development and operation of the Group's FTX Core Banking System (FTX:CBS). The segment also includes research and development work, and consists of the Group companies of flatexDEGIRO AG, financial.service.plus GmbH, and Xervices GmbH.

Services provided between the segments are charged at market rates / arm's length based on existing contracts. Expenses for the holding structure are allocated to both segments using the apportionment method. The accounting principles for all business transactions between the reporting segments meet IFRS requirements. Corresponding segment reports are submitted to the Management Board of flatexDEGIRO AG.

The Group generates revenue from the transfer of goods and services on a time-related basis exclusively from the Group companies based in Germany. In the 2021 financial year, flatexDEGIRO AG did not generate significant revenue (> 10%) from just one customer.

### Segment reporting for continuing activities in 2021

| In kEUR | FIN | TECH | Consolidation | Total |
|---|---|---|---|---|
| Revenues | 406,417 | 68,525 | -57,361 | 417,581 |
| Raw materials and consumables | 75,453 | 6,803 | -6,925 | 75,331 |
| Personnel expenses | 68,171 | 16,670 | -7,717 | 77,124 |
| Marketing and advertising | 45,794 | 9,167 | -8,891 | 46,069 |
| Other administration expenses | 52,134 | 23,676 | -33,827 | 41,982 |
| **EBITDA (adjusted)** | **164,864** | **12,209** | **-** | **177,073** |
| Personnel expenses for non-current variable compensation components | | | | 59,345 |
| Expenses in the personnel area connection with business combinations | | | | 5,641 |
| **EBITDA** | | | | **112,088** |
| Depreciation | | | | 31,827 |
| **EBIT** | | | | **80,261** |
| Financial result | | | | -5,845 |
| **EBT** | | | | **74,416** |
| Income tax expense | | | | 22,865 |
| **Consolidated net profit** | | | | **51,550** |

Segment reporting for continuing activities in 2020

| In kEUR | FIN | TECH | Consolidation | Total |
|---|---|---|---|---|
| Revenues | 247,341 | 38,855 | -24,707 | 261,489 |
| Raw materials and consumables | 57,868 | 5,046 | -13,469 | 49,445 |
| Personnel expenses | 37,684 | 18,438 | -5,525 | 50,597 |
| Marketing and advertising | 23,857 | 5,656 | -5,231 | 24,282 |
| Other administration expenses | 17,395 | 6,300 | -482 | 23,213 |
| **EBITDA (adjusted)** | **110,537** | **3,415** | **-** | **113,953** |
| Personnel expenses for non-current variable compensation components | | | | 15,528 |
| EBITDA | | | | 98,425 |
| Depreciation | | | | 24,639 |
| **EBIT** | | | | **73,786** |
| Financial result | | | | -3,919 |
| **EBT** | | | | **69,866** |
| Income tax expense | | | | 19,943 |
| **Consolidated net profit** | | | | **49,924** |

## NOTE 37 Financial risk management

The Management Board incorporates potential opportunities and risks into its business and risk strategy and adjusts this accordingly when necessary. At flatexDEGIRO AG, the monitoring and management of risks is a central component of the company's management tools.

In order to counter any risk exposure in business activities, flatexDEGIRO AG updates its risk inventory on a regular basis, as well as if events require it to do so. These include the following risk categories in relation to financial tools:

- Counterparty default risk (also referred to as default risk or credit risk): The risk of losses or missed profits due to unexpected default by a counterparty or the unforeseeable deterioration of a counterparty´s creditworthiness, in particular with regard to customers of flatexDEGIRO AG and bond issuers
- Market price risk: Risk of losses due to changes in market prices, in particular as a result of interest rate changes
- Liquidity risk: Risk of losses resulting from liquidity shortfalls

As the primary institution of the flatexDEGIRO Group, flatexDEGIRO AG assumes responsibility for the complete and comprehensive assessment, limitation, and control of the aforementioned risks. As such, it contributes significantly to the work involved in Group-wide

- risk identification,
- risk assessment,
- risk control, and
- risk monitoring and risk communication

flatexDEGIRO AG has therefore taken steps to enhance the existing extensive structural and procedural organisational measures that have already firmly established essential risk management and control processes in the relevant bank processes at a local level.

Measures implemented to standardise and produce a Group-wide, consistent risk management system have been concluded.

## *Default risk*

Essentially, default risk arises in any transaction that flatexDEGIRO AG conducts with a business partner, in particular with respect to loans to customers, trade receivables, but also to bonds in which flatexDEGIRO AG has invested. The maximum credit and default risk essentially corresponds to the book value of the financial assets and the off-balance-sheet business. Collateral received as security or other credit protections are not available. We refer to the notes below regarding further collateral received in connection with the granting of loans.

The impairment requirement is analysed individually if events make this necessary (if there are impairment triggers) and on each balance sheet date. Impairments are recognised, for instance, when a business partner faces unexpected economic problems.

In addition, a number of receivables are bundled into homogeneous groups to undergo group impairment tests.

Cash loans and other receivables are subject to a business-specific default risk which is analysed on a daily basis.

### Expected credit losses at an individual transaction and portfolio level

Group impairments must already be taken into account right from the initial recognition of the financial asset. The risk provision allocated to level 1 can be set aside both at an individual transaction level and at a portfolio level.

With regard to the credit strategy and the structure of the loan portfolios, please refer to the section entitled “Management and limitation of counterparty default risks” in the risk report of the Group Management Report.

For larger credit exposures, including those arising from surety holdbacks, the Group runs periodic and ad hoc reviews to determine whether the default risk at the individual transaction level has increased significantly.

For credit exposures with default or credit risks which are monitored and controlled in homogeneous portfolios by the bank’s credit risk management, the default risk must be assessed at the portfolio level, since assessment at an individual financial instrument level would result in changes in the default risk being recognised too late.

Risk provisions at portfolio level are calculated at least quarterly.

Parameters which are provided to fulfil the supervisory requirements of the Capital Requirements Regulation (CRR) are used to determine the expected credit loss (ECL). In order to determine the expected loss (EL) according to the CRR, multiplicative linking between probability of default (PD), loss given default (LGD), and the exposure amount in exposure at default (EaD), is carried out using the following formula:

$$\text{Loan loss or risk provisions (EL)} = PD \times LGD \times EaD$$

At a Group level, a loan loss provision is recognised in the amount of the expected credit losses that occur within the next twelve months.

Risk provisions for level 1 financial instruments must therefore be recognised in the amount of the 12-month ECL. The 12-month ECL corresponds to the loss expected over the remaining term resulting from a default outcome which may occur within the next twelve months. This requires the ECL to be weighed against the probability of default of the financial instrument within the next twelve months following the valuation date (hereinafter: 12-month PD; $PD_t^{12M}$). Using the calculation formula according to CRR as described above produces a 12-month ECL as follows:

$$ECL_t^{12M} = PD_t^{12M} \times LGD_t^{12M} \times EAD_t^{12M}$$

This corresponds to the portion of expected credit losses from default events anticipated within twelve months of the balance sheet date. If the credit risk has not increased significantly since the initial recognition, the financial instrument remains at level 1.

For an assessment at the credit portfolio level, individual transactions are grouped on the basis of the default risk characteristics of similar financial product groups.

The security-backed loans (Lombard and flatex-flex loans and margin loans) in Financial Services are loans secured by diversified deposits as security collateral in the custody accounts. The collateralisation value is set very conservatively with large discounts. Lombard and flatex-flex customers are immediately warned in a three-stage dunning process if the collateralisation limits are not met. Margin loans are monitored by margin calls with a two-day to intraday holding period.

The loans allocated to the diversified factoring portfolio in the financial services division are collateralised by deposited security collateral, contingency insurance, guarantees and assignments of claims, in particular sponsorship, TV, and advertising rights. The LGD is derived from the one-year historic recovery rate according to rating from the recent study by Moody's (Annual Default Study of 28 January 2021). As an EaD, the factoring receivables are calculated based on utilisation less trade credit insurance and security deposits.

### Determination of the significant increase in credit risk

In order to assess a significant increase in the risk of default, the default risk at the time of acquisition is compared with the default risk as at the balance sheet date.

A loan loss provision is recognised in the amount of the lifetime expected credit loss (LTECL) for those financial assets that have assumed a significant increase in credit risk since their initial recognition. This requires calculation of the ECL based on the lifetime probability of default (LTPD), which represents the probability of default over the residual maturities of the financial assets. Credit risk provisioning is higher at this stage as credit risk increases and the impact of a longer time horizon, compared to twelve months in Level 1, is taken into account.

The Group considers reasonable information that is relevant and available without undue burden when determining whether the credit risk (i.e., the default risk) of a financial asset has increased significantly since initial recognition. This includes quantitative and qualitative information based on the Group's previous experience, analyses, and assessments of default risk, including

- the financial instrument in question
- the debtor
- the debtor's geographic region
- forward-looking information (including macroeconomic factors)

### Procedure for early detection of increased default or credit risks

The procedure for early detection of increased default or credit risks is used to identify borrowers whose commitments are beginning to show latent or increased risks. It is designed to enable the Group to identify default risks in credit commitments at an early stage so that appropriate risk mitigation measures can be taken if necessary.

The monitoring of early warning signals in credit business is organised at various levels:

- Annual monitoring
- Systematic, event-oriented monitoring within the context of electronic dunning
- Systematic, event-oriented monitoring by credit agencies (SCHUFA and Creditreform)
- Event-oriented monitoring on the basis of other information (e.g., press reports)

The following are early warning signals in credit business, which make it easier to identify a potentially increased risk. If factors used to determine an increased default risk cannot be identified at an individual loan level, an investigation is carried out at a higher aggregated level (e.g., sub-portfolio).

Significant changes in the external market indicators of default risk for a particular financial instrument, such as credit default swap rates for borrowers and internal credit ratings, are used as early warning indicators.

The assessment of default risk at a debtor level may be more likely to produce divergent results than an individual transaction level assessment. Therefore, other financial instruments of the same borrower are also checked to see whether the default risk has increased significantly.

Account management, contractual compliance, and borrower behaviour (e.g. overdue payments), for example overdrafts on credit lines, non-compliance with agreements, covenants, and conditions, as well as interest and principal payments being missed by more than 30 days are red flags signalling an increased credit risk for the Group. When such early warning signs are detected, a test is carried out to determine whether any change in the external rating necessitates an increase in risk provisioning and possibly also allocation to a different level.

Actual or anticipated significant adverse changes to the borrower's regulatory, economic, or technological environment that significantly alter the borrower's ability to meet their debt obligations – such as a decline in demand for the borrower's products due to a change in technology – serve as further indicators of increased default risk.

Furthermore, significant changes in the value of the collateral for the obligation or the quality of the guarantees or collateral security of third parties that are likely to reduce the economic incentive of the borrower to make planned contractual payments, or that are likely to affect the probability of default, are recognised.

Any indications of contract breaches by the debtor which could lead, for example, to waivers of or additional conditions, pauses in interest payments, increases in the interest rate level, additionally required collateral or guarantees, or changes to the general contractual terms of the instrument, will trigger an analysis of possible heightened default risks.

### Framework for identifying financial assets at risk of default

Under IFRS 9, the Group's definition of impaired loans follows the definition of loans classified as impaired for regulatory purposes pursuant to Article 178 of the Capital Requirements Regulation (CRR).

The assessment of whether a financial asset is at risk of default focuses exclusively on default risk without taking into account the effects of credit risk mitigations such as collateral or guarantees. Specifically, a financial instrument is at risk of default and assigned to level 3 if the Group assumes that the debtor (borrower) will not meet its credit obligations to a Group company. This definition includes actions where the borrower has been granted a concession for economic or legal reasons that are qualitative indicators of credit impairment, or where contractual principal or interest payments by the debtor are more than 90 days overdue.

As part of the level assignment, financial instruments with an external investment grade rating are assigned to level 1 in the case of irrevocable addition, as well as subsequent measurement, since a lower default risk is expected in those cases. For financial instruments that have an investment grade rating, it is therefore unnecessary to investigate a significant increase in the default risk and perform an ongoing risk assessment.

Financial instruments with an external non-investment grade rating are also assigned to level 1 upon acquisition. If the aforementioned early warning signs occur in the course of subsequent measurement, a test is performed to determine whether there is a significant increase in the default risk, whether an increase in risk provisioning is necessary, and whether the financial instrument needs to be transferred out of level 1. The assessment is based, among other factors, on the external rating trend.

The default risk in level 1 essentially corresponds to that of an investment grade rating; in level 2 to a below-investment-grade rating; full repayment is not anticipated in level 3. Level 3 financial instruments are considered separately in terms of determining a loan loss provision.

The development of risk provision in 2021 was as follows:

| In kEUR | 12-month ECL | Total ECL maturity - unimpaired financial instruments | Total ECL maturity - impaired financial instruments | Total |
|---|---|---|---|---|
| **Risk provision at the beginning of the reporting period** | **693** | **389** | **14,486** | **15,568** |
| Changes in the amortisation of financial assets including newly issued or acquired financial assets | -208 | -226 | -227 | -662 |
| Changes due to disposals of financial instruments (including repayments, disposals) | - | - | -654 | -654 |
| Changes due to modifications without derecognition of assets | - | - | - | - |
| Reclassifications due to changes in credit quality | - | - | - | - |
| at total ECL maturity - non-impaired loans | - | - | - | - |
| at total ECL maturity - impaired loans | -32 | - | 32 | - |
| Changes in impairment for irrevocable loan commitments | -4 | - | - | -4 |
| **Risk provision at the end of the reporting period** | **449** | **163** | **13,636** | **14,248** |

The development of risk provision in 2020 was as follows:

| In kEUR | 12-month ECL | Total ECL maturity - unimpaired financial instruments | Total ECL maturity - impaired financial instruments | Total |
|---|---|---|---|---|
| Risk provision at the beginning of the reporting period | 851 | 665 | 10,256 | 11,772 |
| Changes in the amortisation of financial assets including newly issued or acquired financial assets | -253 | 349 | 3,929 | 4,024 |
| thereof: accruals to risk provision through acquired financial assets within the context of the acquisition of DeGiro B.V. | - | - | 301 | 301 |
| Changes due to disposals of financial instruments (including repayments, disposals) | -76 | - | - | -76 |
| Changes due to modifications without derecognition of assets | -5 | -14 | - | -19 |
| Reclassifications due to deterioration in credit quality | - | - | - | - |
| at total ECL maturity - non-impaired loans | 20 | - | - | 20 |
| at total ECL maturity - impaired loans | 160 | -611 | - | -451 |
| Changes in impairment to irrevocable loan commitments | -3 | - | - | -3 |
| **Risk provision at the end of the reporting period** | **693** | **389** | **14,486** | **15,568** |

The decline in risk provisioning totalling kEUR 1,320 (previous year: increase of kEUR 3,796) results in particular from the disposal of impaired financial instruments and the conservatively structured loan portfolio.

The changes in stock from the level assignment show the accruals and disposals that resulted from a change in level assignment during the reporting period. During transfer, stock is completely liquidated at the previous level and the target stock is added in full at the new level. Reclassifications due to credit deterioration relate to a receivable from a borrower in the other financing portfolio.

Level 1 (12-month ECL) had a gross carrying amount of kEUR 2,402,406 (previous year: kEUR 645,430). Of this, a gross carrying amount of kEUR 1,122,790 (previous year: kEUR 216,670) is attributable to security-backed loans (Lombard and flatex-flex loans, and margin loans). Due to the very conservative collateralisation system and low historical defaults, they are treated as financial instruments with an external investment grade rating for which a lower default risk is expected. If the security-backed loans fall below the collateralisation level, they are assigned to level 2 or 3. Furthermore, receivables from borrowers with an external investment grade rating from the factoring portfolio with a gross carrying amount of kEUR 113,780 (previous year: kEUR 162,840), of which kEUR 77,529 (previous year: kEUR 119,578) is attributable to football financing, are assigned to level 1. In addition, gross carrying amounts of kEUR 88,642 (previous year: kEUR 95,628), of which kEUR 81,218 is attributable to real estate financing, are assigned to level 1 from the other financing portfolio. Furthermore, the gross carrying amounts of level 1 are attributable to receivables from banks from the Treasury portfolio in the amount of kEUR 993,205 (previous year: kEUR 104,356), and to the irrevocable loan commitments in the amount of kEUR 27,744 (previous year: kEUR 22,761). For further details on irrevocable loan commitments, see Note 31 “Contingent liabilities and other financial obligations”.

Gross carrying amounts at level 2 (total ECL maturity of non-impaired financial instruments) amount to kEUR 9,568 (previous year: kEUR 25,431). This level includes security-backed loans with a significantly increased risk of default at a gross carrying amount of kEUR 726 (previous year: kEUR 1,906), and property financing on the watchlist with a gross carrying amount of kEUR 8,843 (previous year: kEUR 8,919).

Level 3 (total ECL maturity of impaired financial instruments) has gross carrying amounts totalling kEUR 8,698 (previous year: kEUR 9,068). These largely consist of the factoring portfolio with a gross carrying amount of kEUR 6,990 (previous year: kEUR 3,421) and security-backed loans with a gross carrying amount of kEUR 650 (previous year: kEUR 477).

Risk provisioning was reduced during the reporting period on account of the conservative loan portfolio and the disposal of impaired financial instruments. In view of the high collateralisation of the loan portfolio, no further additions due to the COVID-19 pandemic were necessary as at the reporting date. Considering the high level of collateralisation, there were no significant changes in risk provisioning as at the reporting date. Furthermore, new findings relating to individual exposures were taken into account in the calculation of loan loss provisions and the assignment to levels.

To validate the recoverability, 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 risk provisions of up to approximately kEUR 364, while a downgrading by two rating grades would result in increased risk provisioning of up to approximately kEUR 912. The scenarios are applied at level 1 and level 2.

The risk capacity analysis and related assumptions revealed no indication that a significant adjustment of the carrying amounts will be required in the next financial year. In addition, the analysis is viewed in comparison with collateralisation. Therefore, suitable requirements for the type of securities, creditworthiness, volatility, and liquidity of the securities accepted as collateral, conservative collateralisation rates, as well as ongoing monitoring of lines and securities, ensure that the security-backed loans utilised by customers are matched by sufficient deposited securities even in the event of falling prices. The factoring receivables are secured by commercial credit and verity insurance policies of major insurance companies; in addition, personal liabilities of the clients and security retentions are agreed. Factoring also includes football club financing, which is secured by the assignment of sponsorship, TV, and advertising rights as well as by means of credit default swaps. Property financing is secured by real assets, guarantees, assignment of other receivables and deposited securities. The diversified collateralisation structure in the aforementioned loan portfolio demonstrated again this year that the bank has established an extensive liability umbrella to counteract potential defaults and reduce risks.

## *Market price risk*

flatexDEGIRO Bank AG has extensive customer deposits. flatexDEGIRO Bank AG is exposed to an interest rate risk as these deposits are not invested at the exact same time and because yield curve gaps result: The market interest rate trend has a significant influence on the prices and valuation of the financial instruments of flatexDEGIRO Bank AG and may positively or negatively affect the Group's profitability.

By conservatively managing the timing of its customer deposits on the market ("conservative asset/liability management"), flatexDEGIRO AG limits its interest rate risk; as a result, there is currently no need for hedging transactions. However, flatexDEGIRO AG management reserves the right to take action if interest rates take an unfavourable turn or if the overall risk situation requires it.

The following table shows the sensitivity of the Group's profit before taxes and equity to possible fluctuations of +0.5 percentage points or -0.5 percentage points in market interest rates, with all other variables remaining the same:

| In kEUR | Change in market interest rate | Earnings before taxes (new) | Equity (new) |
|---|---|---|---|
| 2021 | +0.5 percentage points | 74,787 | 501,882 |
| 2021 | -0.5 percentage points | 74,043 | 496,888 |
| 2020 | +0.5 percentage points | 58,699 | 454,609 |
| 2020 | -0.5 percentage points | 41,149 | 437,059 |

The risk for financial instruments arising from exchange rates risks (currency risk) is considered not material at flatexDEGIRO AG.

## *Liquidity risk*

flatexDEGIRO AG monitors its liquidity regularly and ensures continuity of financing through the use of debt financing and operating leases. flatexDEGIRO AG has taken steps to guarantee that its ongoing expansion is financed and has introduced liquidity buffers in its internal reporting structure, which allows for insufficient financial resource risks to be monitored on a regular basis.

The remaining terms of the contractual liabilities are as follows:

| In kEUR | Total as at 12/31/2021 | Thereof: up to 1 year | Thereof: between 1 and 5 years | Thereof: more than 5 years | Previous year |
|---|---|---|---|---|---|
| Non-current liabilities to non-banks | 29,151 | 9,058 | 15,981 | 4,112 | 28,656 |
| Trade payables | 3,389 | 3,389 | - | - | 10,473 |
| Liabilities to customers | 2,810,861 | 2,810,861 | - | - | 2,089,213 |
| Liabilities to banks | 151,851 | 151,851 | - | - | 102,099 |
| **As at 12/31/2021** | **2,995,252** | **2,975,159** | **15,981** | **4,112** | **2,230,441** |

## *Risk concentration*

Risk concentration is of particular importance to flatexDEGIRO AG, especially with regard to potential cumulative counterparty default risks among bond issuers or partners in the Group's credit business ("cluster risks"). flatexDEGIRO AG drafts investment guidelines and a limit system derived from them, which generally prevents risk concentrations. In addition, the new loan portfolio model introduced in 2016, as well as the Group's established risk reporting system, allow countermeasures to be initiated as soon as potential risk concentrations become apparent. Monitoring is carried out with regard to possible concentration trends during maturity terms, in the geographic spread of counterparties, and in asset classes, but with a particular focus on possible risk concentrations in individual counterparties (outside the central banking sector). As at the balance sheet date of 31 December 2021, the nominal amount (after credit mitigation) of the highest receivable from a counterparty was EUR 36.9 million (previous year: EUR 73.8 million).

## *Capital management*

The Group's capital management objectives are designed to ensure continuation of the business as a going concern, and to meet shareholders' and other stakeholders' expectations regarding its performance. To date, flatexDEGIRO AG has made use of traditional equity financing (e.g., issuance of new shares) and debt financing. All equity and debt capital is managed as capital. The control factor governing the strategic capital structure is the equity ratio derived from the figures in the consolidated balance sheet. The stated goal of our long-term capital management is to further boost the equity ratio over the next few years. Compared to the previous year, there have been no material changes in terms of capital management.

# NOTE 38 Dividends

No dividends were paid to shareholders by flatexDEGIRO AG during the reporting period.

## NOTE 39 Auditors' fees

Fees for auditors recognised as expenses in the financial year are as follow:

| In kEUR | 2021 | 2020 |
|---|---|---|
| Audit of the financial statements | 1,066 | 1,439 |
| thereof: BDO AG | 508 | 948 |
| thereof: Baker Tilly GmbH & Co. KG | 462 | 282 |
| thereof: Mazars | 96 | 209 |
| thereof: for the previous year | 156 | 202 |
| Other assurance services | 152 | 409 |
| Tax advisory services | - | - |
| Other services | 50 | - |
| **Total** | **1,268** | **1,848** |

Expenses for audits of financial statements fell by kEUR 580 to kEUR 1,218. This mainly stems from a decline of kEUR 257 in other assurance services.

## NOTE 40 Events after the balance sheet date

### Establishment of a subsidiary in the UK

With a resolution passed in February 2022, the Supervisory Board granted approval for the establishment of a flatexDEGIRO AG subsidiary in the United Kingdom.

### Sale of factoring receivables

Effective as of 28 February 2022, individual receivables from the Factoring Plus portfolio will be sold to an external third party within the scope of a purchase agreement for the transfer of individual net assets. No material expenses are expected from sale and disposal of the receivables.

# INDEPENDENT AUDITOR'S REPORT

To the flatexDEGIRO AG, Frankfurt

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

### AUDIT OPINIONS

We have audited the consolidated financial statements of flatexDEGIRO AG, Frankfurt, and its subsidiaries (the group), which comprise the consolidated statement of financial position as at 31 December 2021, and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2021 to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the group management report (report on the position of the company and of the group) of flatexDEGIRO AG for the financial year from 1 January 2021 to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in section "OTHER INFORMATION".

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2021, and of its financial performance for the financial year from 1 January 2021 to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those parts of the group 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 consolidated financial statements and of the group management report.

### BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report 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 the "AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT section of our auditor's report. We are independent of the group entities 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 consolidated financial statements and on the group management report.

### KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2021 to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

We have identified the following matters as key audit matters:

1. Impairment of Goodwill
2. Valuation of the Stock Appreciation Rights Plan (SARs Plan 2020)

IMPAIRMENT OF GOODWILL

Matter

In the consolidated financial statements of flatexDEGIRO AG, goodwill amounting to € 181.1 million, corresponding to 4.91% of the consolidated total assets, is reported under the balance sheet item "Intangible assets". The goodwill was allocated to cash-generating units.

Cash-generating units with goodwill are tested for impairment by the company at least once a year and additionally if there are indications of impairment. The valuation is carried out using a valuation model based on the discounted cash flow method. If the carrying amount of a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized for the difference.

The assessment of the recoverability of goodwill is complex and requires numerous estimates and discretionary decisions 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 goodwill for the consolidated financial statements of flatexDEGIRO AG in terms of amount and the considerable uncertainties associated with the valuation, a particularly important audit matter applies.

The disclosures of flatexDEGIRO AG on goodwill are included in the sections "Note 6 Accounting policies", "Note 11 Intangible assets" and "Note 12 Impairment of derivative goodwill" of the notes to the consolidated financial statements.

Auditor’s Response

As part of our audit procedures on the internal control system, we first obtained an understanding of the measurement process and the significant assumptions made by the legal representatives in the planning for the measurement of goodwill. In addition, we assessed the effectiveness of selected relevant controls relating to the identification of impairment needs and the performance of the corresponding goodwill impairment tests.

In addition, we assessed the appropriateness of the key assumptions and discretionary parameters as well as the calculation method for the impairment tests. We reconciled the forecast of future cash surpluses in the detailed planning period with the multi-year plan approved by the Board of Management and satisfied ourselves of the Company's adherence to planning based on an analysis of plan-actual deviations in the past and in the financial year 2021. We verified the assumptions underlying the planning and the growth rates assumed in forecasting the cash flows beyond the detailed planning period by comparing them with past developments and current industry-specific market expectations. In addition, we critically examined the discount rates used based on the cost of capital calculated. Our audit also included the sensitivity analyses performed by flatexDEGIRO AG. Regarding the effects of possible changes in the cost of capital and the assumed growth rates, we additionally performed our own sensitivity analyses. We also satisfied ourselves of the mathematical accuracy of the valuation model used.

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

VALUATION OF THE STOCK APPRECIATION RIGHTS PLAN (SARS PLAN 2020)

Matter

In the consolidated financial statements of flatexDEGIRO AG, other provisions for long-term variable compensation in the amount of € 74.6 million are recognized under the balance sheet item "Provisions". The addition to provisions for the fiscal year is recognized in the income statement under personnel expenses for long-term variable compensation in the amount of € 59.2 million in connection with the Stock Appreciation Rights Plan 2020 (SARs Plan 2020).

For the SARs Plan 2020, a provision is recognized as an expense in the amount of the expected value 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 options is complex and requires numerous estimates and judgments by the legal representatives, in particular besides the development of the share price and the earnings per share (EPS) over the expected term until the option is exercised as well as the discount rate to be used.

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

The disclosures of flatexDEGIRO AG on the valuation of the SAR Plan 2020 are included in the sections "Note 25 Personnel Expenses" and "Note 35 Stock Option Plans" of the notes to the consolidated financial statements.

### 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 on the basis of historical information. In addition, we critically reviewed the discount rates used on the basis of 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 particular 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 group statement provided in section 1.11 of the group management report
- the group statement on corporate governance provided in section 1.2 of the group management report
- the responsibility statement by the legal representatives (balance sheet oath) presented in section 3 of the group management report
- the other parts of the annual report, except for the audited consolidated financial statements and group management report as well as our auditor’s report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an 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 consolidated financial statements, with the group 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 CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the group'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 unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated 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 group 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 group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated 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 opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group 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 consolidated financial statements and of the group 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 control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group 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.
- 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 group'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 consolidated financial statements and in the group 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 group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express audit opinions on the consolidated financial statements and on the group management report We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group 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 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 consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT, PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 (3A) HGBB

#### Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file "flatexDEGIRO__KA_2021.zip" (SHA256-Hashwert: efe463016db2b0e92ab4883e88330b3088e90beebfc76bf9164addd9ea4b0345f) 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 consolidated financial statements and the group 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 consolidated financial statements and the group 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 consolidated financial statements and the accompanying group management report for the financial year from 1 January 2021 to 31 December 2021 contained in the "Report on the audit of the consolidated financial statements and of the group management report 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 consolidated financial statements and the group 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 consolidated financial statements and the group management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 no. 2 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 unintentional 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 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 consolidated financial statements and to the audited group management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machinereadable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the consolidated general meeting on 29 June 2021. We were engaged by the supervisory board on 23 November 2021. We have been the group 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 an interim balance sheet in the context of the share split pursuant to Section 209 (2) of the German Stock Corporation Act (AktG)
- Audit of investment service providers in accordance with § 89 of the German Securities Trading Act for flatexDEGIRO Bank AG 2020
- Audit of the compensation report pursuant to Section 162 (3) of the German Stock Corporation Act (AktG) of flatexDEGIRO AG
- Regulatory Audit of flatexDEGIRO Bank AG (Austria)
- Audit monitoring in the context of an external audit

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

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format — including the versions to be published in the Federal Gazette — are merely electronic renderings of the audited consolidated financial statements and the audited group 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.

Frankfurt, March 17th 2022

BDO AG
Wirtschaftsprüfungsgesellschaft

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| Wirtschaftsprüfer (German Public Auditor) | Wirtschaftsprüfer (German Public Auditor) |