2022

ANNUAL REPORT

flatex DEGIRO

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Highlights

Highlights 2022/2023

02/02/2022

We are launching the DEGIRO Women initiative to help women take their finances into their own hands. One thing is clear: Financial security and wealth accumulation is not just for men. The initiative is enriched by the partnership with LINDA. and The Next Women.

08/03/2022

DEGIRO has been acclaimed as the "Best Equity Broker 2021" in our key growth markets of Spain, Portugal and Italy by Rankia, one of the world's leading financial communities. We achieved the top position in Spain for the sixth time in a row and in Portugal for the third time in a row.

05/14/2022

flatexDEGIRO extends sponsoring partnership with Borussia Mönchengladbach for another 5 years. flatex will stay on the jersey of the FohlenElf for at least the next two seasons.

05/31/2022

flatex launches a ChatBot in Germany. In 2022, the AI already answered several thousand enquiries. There are plans to expand this service for flatex Austria and DEGIRO in 2023.

06/30/2022

flatexDEGIRO becomes the main sponsor of Sevilla FC with its DEGIRO brand. After Borussia Mönchengladbach, flatexDEGIRO continues its successful sponsoring strategy to increase brand awareness even more at an international level. With almost 250,000 customers, Spain has become DEGIRO's second largest market in record time.

07/29/2022

flatex becomes the exclusive online brokerage partner of the North Rhine-Westphalia Police Union (GdP) and its over 46,000 members. Every year, around 3,000 new police officers start their service in North Rhine-Westphalia. Shared values such as safety, reliability and trust form the strong foundation of this partnership.

Highlights 2022/2023

08/01/2022

With the first interest rate increase of the ECB, flatexDEGIRO abolishes the negative interest rates for all customers of the group brands flatex, DEGIRO and ViTrade. Given the several billion euros of customer funds under custody, a positive interest rate environment offers considerable earnings potential for flatexDEGIRO.

10/07/20222

Thanks to its clear focus on the European core and growth markets, flatexDEGIRO welcomes its 100,000th customer in Portugal.

10/24/2022

Dr. Matthias Heinrich joins the Management Board of flatexDEGIRO Bank AG as the new Chief Risk Officer. In his role as Chief Risk Officer, he assumes responsibility for the bank's risk management and compliance.

12/09/2022

DEGIRO also surpasses 100,000 customers in Italy. This brings the number of markets with six-digit customers within the flatexDEGIRO Group to seven: The Netherlands, Germany, Spain, Austria, France, Portugal and Italy.

01/01/2023

In light of the Company's significant growth, flatexDEGIRO AG is expanding its Management Board. Following his successful six-year tenure, the Group's CFO, Muhamad Chahrour, will assume the role of Deputy CEO and Chief Operating Officer. Dr Benon Janos is his scheduled successor as Group CFO. Stephan Simmang joins the Management Board of flatexDEGIRO AG as Chief Technology Officer (CTO).

flatexDEGIRO abolishes custody fees for customers of the flatex and ViTrade brands in Germany. This gives new and existing customers the opportunity to build up their portfolio even more cost-effectively.

Group Key Performance Indicators

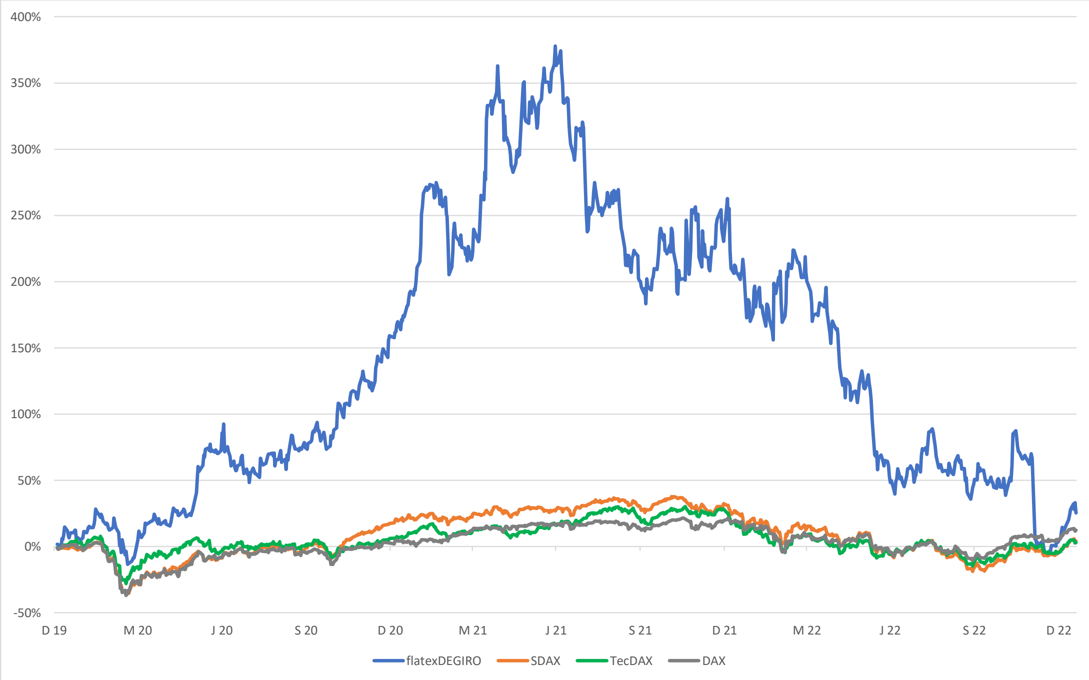
Group Key Performance Indicators

		2022	2021	Change in %
Brokerage key figures				
Transactions executed	number	67,028,752	91,015,832	-26.4
Customer accounts as of 12/31	number	2,398,401	2,062,164	+16.3
Customer accounts as a yearly average	number	2,230,283	1,696,568	+31.5
Transactions per customer account/year	number	30	54	-44.4
Customers assets under custody	mEUR	39,475	43,863	-10.0
thereof: custody volume	mEUR	36,228	41,038	-11.7
thereof: deposit volume	mEUR	3,247	2,825	+14.9
Employees (average)	number	1,219	1,050	+16.1
Financials				
Revenues	kEUR	406,963	417,581	-2.5
Adjusted revenue*	kEUR	368,522	417,581	-11.7
EBITDA	kEUR	183,283	112,088	+63.5
EBITDA-margin	in %	45.0	26.8	+67.8
Adjusted EBITDA*	kEUR	144,986	177,073	-18.1
Adjusted EBITDA-margin*	in %	39.3	42.4	-7.2
EBT	kEUR	147,297	74,416	+97.9
EBT-margin	in %	36.2	17.8	+103.1
Adjusted EBT*	kEUR	109,001	139,401	-21.8
Adjusted EBT-margin*	in %	29.6	33.4	-11.4
consolidated net profit	kEUR	106,186	51,550	+106.0
Adjusted consolidated net profit*	kEUR	78,579	96,542	-18.6
Adjusted earnings per share (undiluted)*	EUR	0.72	0.88	-18.2
Adjusted cost-income ratio*	in %	42.9	49.9	-14.0
Adjusted profit margin*	in %	21.3	23.0	-7.4
Balance sheet and cash flow statement				
Equity	kEUR	608,272	499,385	+21.8
Total assets	kEUR	4,095,167	3,690,589	+11.0
Equity ratio	in %	14.9	13.5	+9.8
Operating cash flow	kEUR	113,316	125,028	-9.4
Adjusted return on tangible equity (ROTE)*	in %	40.9	60.9	-32.8
Segments				
	Revenues** kEUR	333,929	406,417	-17.8
Financial Services (FIN)	Adj. EBITDA kEUR	89,256	164,864	-45.9
	Revenues** kEUR	86,423	68,525	+26.1
Technologies (TECH)	Adj. EBITDA kEUR	55,730	12,209	+356.5
	Revenues kEUR	-51,830	-57,361	+9.6
Consolidation	Adj. EBITDA kEUR	-	-	-

* The figures for Adjusted 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 remuneration (see also Note 34) and expenses from business combinations relating to personnel (see also Note 26). 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.

**Revenues in the segments do not include income from the release of provisions for long-term variable compensation.

The flatexDEGIRO AG share



		2022	2021	Change in %
Number of shares outstanding as of 12/31	number	109,892,548	109,792,548	+0.1
Number of shares outstanding - year average	number	109,879,425	109,565,710	+0.3
Share capital as of 12/31	kEUR	109,893	109,793	+0.1
Market capitalisation as of 12/31	mEUR	695	2,324	-70.1
Annual closing price as of 12/31	EUR	6.33	21.22	-70.2
Annual highest price	EUR	22.22	29.28	-24.1
Annual lowest price	EUR	5.69	15.78	-63.9
Earnings per share (undiluted)	EUR	0.97	0.47	+106.4
Adjusted earnings per share*	EUR	0.72	0.88	-18.2
Book value per share (undiluted)	EUR	5.54	4.59	+20.7
Dividend per share	EUR	-	-	-

* The amounts are recorded with the 27.9% tax rate assumed by the Group. 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 leading online broker

2.4 million

2.4 million customer accounts in 16 countries currently trust in our independent and unique offer.

67 million

We processed > 67 million transactions for our customers in the last 12 months on more than 50 trading venues worldwide.

300 billion

We process > €300 billion in transaction volume annually for our customers without ever taking a risk position in trading.

600 million

€600 million in equity is the basis of our daily actions and the proof of sustainable solvency.

40 %

> 40% material return on equity makes us one of the most effective and efficient financial services providers in Europe.

1,300

Around 1,300 employees consider it their responsibility to provide our customers with the best possible platform every day.

A reliable partner when it matters most

What makes us different?

Absolutely everything we do, we do in-house. Our user-friendly and intuitive app lets anyone trade easily and on the go. Whether you're a saver, investor or trader. At the same time, we offer the security and reliability of a bank, fully integrated IT with > 99.9% up-time and around 600 million euros of equity in the group.

We believe that this combination makes us a partner for our customers unlike any other in Europe.

flatex

DEGIRO

VITRADE

Outstanding success in growing markets

Our non-current growth benefits from strong trends.

New generation of investors

that accumulates and invests wealth (Generation Y) isn't negatively affected by historical stock market crashes ("What's the DotCom bubble?")

Growing digitalisation

is increasing the acceptance of online banking and online brokerage ("I can invest and manage my assets from my mobile phone").

Problems with state pension systems

force people to take long-term-oriented measures themselves and governments to establish tax-incentivised investment schemes ("Will existing pension systems survive the next 30 years?").

Easier access

to a wide range of iconic brands drives trading interest in the capital market ("I can easily invest in companies and brands I like and use").

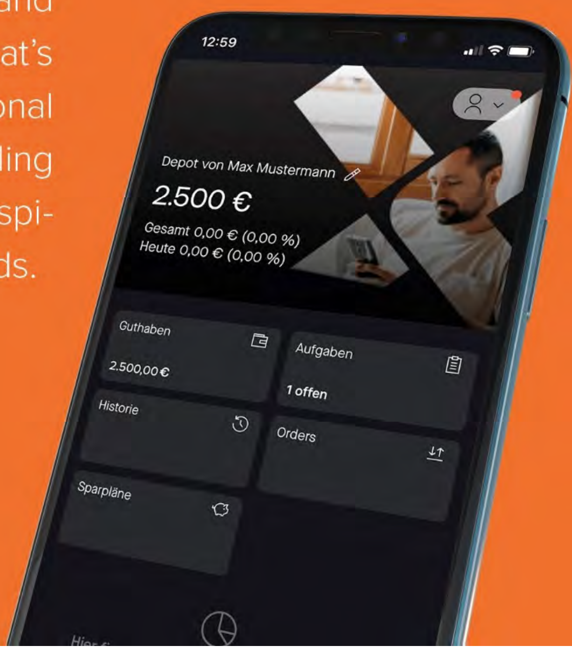
Financial education **True Stories of Investing**

Our goal is to provide access to investing for anyone who wants to shape their financial future intelligently and responsibly. We do this with a high-quality, user-friendly and cost-effective investment platform, but also with education.

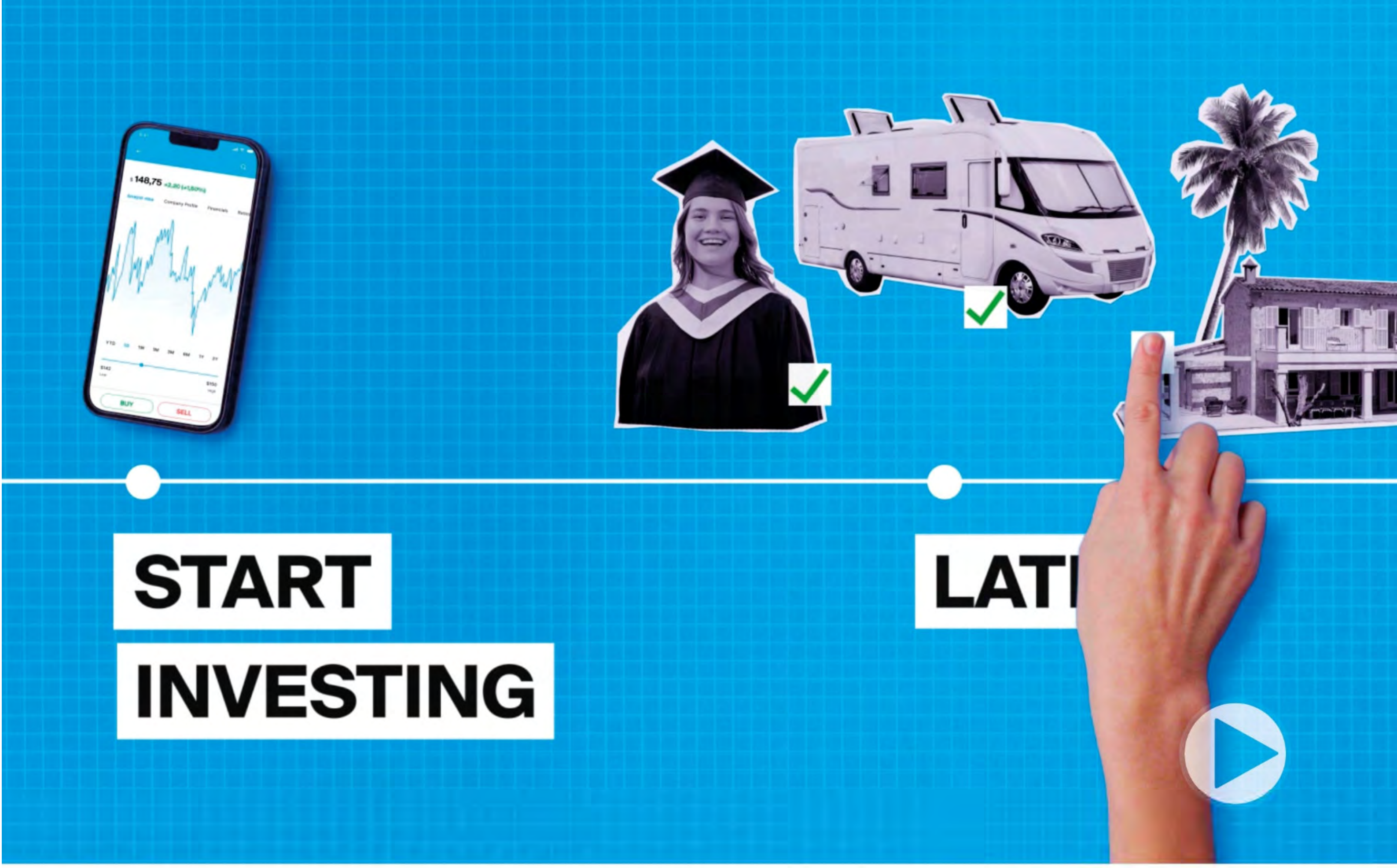
In our documentary "True Stories of Investing", journalists, professors, behavioural scientists, former ministers and investors refute the biggest misconceptions about investing. They also explain some important lessons that every investor should know. Speakers include behavioural scientists and pioneers such as Hersh Shefrin (professor at Santa Clara University and best-selling author of "Beyond Greed and Fear") and Wendy De La Rosa (TED speaker and PhD candidate at Stanford University), Vanguard CEO Sean Hagerty, Impact investor Mark van Baal and former F1 World Champion Nico Rosberg and BBC journalist Rory Cellan-Jones.

Customer approach **Anyone can invest with the professionals**

Intuitive access to relevant information is crucial for any investment decision. With the current deluge of news and data, it's more important than ever to smartly filter out what's unimportant and focus on what really matters for personal investment decisions. We feel responsible for making trading easier, more informed and safer for our customers and inspiring them to take their financial future into their own hands.



flatex
Investing with professionals


START
INVESTING

Our Team **#Diversity matters**

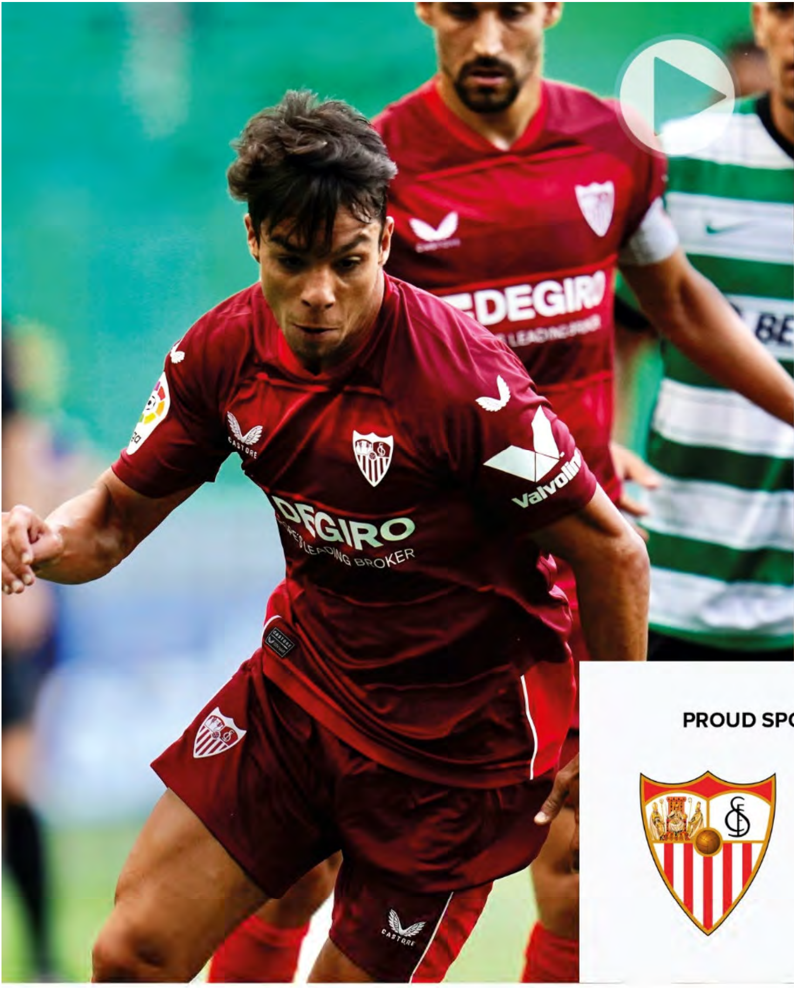
top EMPLOYER COUNTRY YEAR
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Top 2023 Company kununu

As an innovative growth company, we build our teams from the best technology, banking and brokerage experts in Europe – an aspiration that we, as an employer, set ourselves anew every day.

Despite the market trend, we've taken on more staff in 2022 and are proud of 434 new employees who've decided to rethink online brokerage together with us. This ensures that we don't just set new standards in our growth, but above all in the quality that enables our customers to successfully take charge of their financial future.

Group-wide employee surveys attest to flatex-DEGIRO's attractiveness as an employer, as do a number of external awards such as the "Top Employer" seal, which we won for the first time in Germany in 2022.



PROUD SPONSOR OF

Partnerships
Main sponsor with Europe's top clubs

Easy access to the capital market doesn't end with offering our customers the best product range on one of the most convenient and secure platforms at incredibly attractive conditions. We want to sustainably create awareness with even more people about how long-term investing can make a positive contribution to personal retirement provision. We draw the necessary attention to this socially important topic together with our strong partners, Borussia Monchengladbach and Sevilla FC. United by an unparalleled brand fit and a common goal: to keep transforming our markets by constantly challenging the status quo and leveraging our success on a European level.

Customer contacts **Driving innovation**

For almost two decades, we've been putting our customers first and doing our best to always be the reliable partner at their side – in good and bad times.

We're delighted that, after two years in which we were unable to hold any face-to-face events due to COVID-19, we were once again able to directly engage with around 2,500 customers at more than 50 events across Europe in 2022.

Our customers give us new stimuli for improvements and innovations – they're our daily impetus to constantly optimise the services we offer.

Letter from the Management Board

Letter from the Management Board

Dear Shareholders and Friends of flatexDEGIRO AG,

The past business year was challenging in many respects, especially due to the considerable restraint of retail investors throughout the industry. However, it was simultaneously one of the best years in our company's history from a financial point of view. For this, we would like to especially thank our 1,293 employees, whose ongoing commitment, outstanding professional competence and entrepreneurial thinking have always been, are and will always be the cornerstone of our joint corporate success.

The massive industry-wide decline in trading activity was caused by a number of extraordinary external factors. Rising inflation rates were further fuelled by the outbreak of the war in Ukraine and related price increases in the energy and food sectors. From mid-2022, central banks such as the US Federal Reserve (FED) and the European Central Bank (ECB) reacted to this with steep increases in key interest rates. In addition to the general uncertainty in the market due to further geopolitical tensions and the global COVID-19 pandemic, which has not yet been fully overcome, cost-cutting programmes by many global companies caused further uncertainty with regard to growth and future earnings power. This applies in particular to US technology stocks, which are very popular with private investors. Finally, fears of recession and uncertainties about energy supply were added to the mix.

Especially after the record trading numbers of the two previous years particularily, the nature of this trend reversal was foreseeable, however no one could have guessed at the beginning of the year how severe it would be. The first significant effects were already evident in the financial sector in the summer in the form of large waves of layoffs and rigid cost-cutting programmes among weaker competitors.

With flatexDEGIRO, we were able to continue our profitable growth even in this difficult environment, demonstrating the sustainable strength of our customer offering and our business model. We welcomed over 460,000 new customers and generated total revenues of 407 million euros. Taking into account income from the release of provisions for long-term variable compensation, this "Adjusted turnover" amounted to 369 million euros. The purely operating result (Adjusted EBITDA) reached 145 million euros. This corresponds to a margin of 39 percent. Thanks to the above-mentioned release of provisions, we were able to more than double our consolidated net profit to 106 million euros compared to the previous year. Our operating cash flow was well above 100 million euros again in 2022.

This means that, despite the worst trading environment in decades, we have succeeded in expanding our competitive position and boosting the Group's financial position. This has enabled us to expand the strong and solid basis on which we intend to continue our profitable growth in the coming years.

However, this growth brings its own challenges when it comes to structurally necessary adjustments to our organisation, processes and procedures. The audit report of the Federal Financial Supervisory Authority (BaFin), which was finalised at the end of the year, made this more than clear to us. As a team, we are committed to addressing the identified weaknesses as quickly as possible in coordination with BaFin. Our aim is to prepare flatexDEGIRO even better organisationally for future growth. The personnel changes and reinforcements, structural and procedural adjustments and an overall higher degree of automation will significantly contribute to this and are likely already eliminate temporarily increased capital requirements in the current financial year.

As management, we will adapt our actions to the respective market situations without losing sight of continuing our profitable growth. We made appropriate strategic decisions, and successfully implemented them by the end of 2022. These include the termination of further parts of our B2B business, in which we offer our banking services to third-party providers, the consolidation of our flatex and DEGIRO brands in Austria and the Netherlands, and the discontinuation of our activities in the two peripheral markets of Norway and Hungary. This will not result in any significant loss of brokerage revenues or transactions but will free up important internal capacities so that we can focus on the essentials.

The expansion of our Group and Bank Management Board at the start of 2023 is reflecting the growth we have already achieved as well as the growth we are aiming for in the coming years, which we expect to remain at least 50 to 100 per cent above the average customer growth rates of our listed peers.

General market growth and the winning of additional customers from competitors through continuous enhancements of our product and service offerings will contribute to this expansion of our customer base. Together with our partners BNP Paribas and Société Générale, we now allow our DEGIRO customers to trade certificates and leverage products in all major markets under very attractive conditions. At flatex, we are also in the process of rolling out the intuitive user interface “flatex next” for desktop applications. Customers of all Group brands have benefited from the complete abolishment of any negative interest on cash accounts since August 2022. We also abolished the custody fee at flatex and ViTrade as of 1 January 2023.

Expanding our customer offering will not just help us to grow further – It will also help making us even more profitable. We can already say with certainty that the changed interest rate environment in 2023 will significantly contribute to this growing profitability.

Even assuming that our customers’ trading activity will not pick up again in 2023, we as the management team are extremely confident that we will be able to increase the Adjusted revenues as well as the Adjusted EBITDA margin and the Adjusted EBT margin in the current year.

Finally, we would like to extend our gratitude to our shareholders and all other stakeholders who have repeatedly expressed their confidence in us over the past months.

We look forward to adding another chapter to flatexDEGIRO’s success story in the coming year.

With best regards,

Frank Niehage, LL.M
CEO

Muhamad Chahrour
Deputy CEO & COO

Dr. Benon Janos
CFO

Stephan Simmang
CTO

Report of the Supervisory Board

Report of the Supervisory Board

Dear Shareholders,

Referring to 2022, the flatexDEGIRO Group can once again look back on a successful financial year, despite an extremely challenging market environment: the COVID 19 pandemic had not yet been fully overcome globally in the reporting year and was still showing its effects economically. Additionally, Russia's war of aggression against Ukraine caused more than just unspeakable human suffering. It also brought about geopolitical, energy policy and economic upheavals of unpredictable intensity (including high inflation, sharp increases in energy and consumer prices, energy supply uncertainties, interest rate reversals and fears of recession), which had a strong impact on the trading activity of private investors throughout Europe. Consequently, the 2022 financial year was certainly one of the most difficult years for the online brokerage industry in Europe for a long time. Despite the industry-wide slump in trading activity, the reporting year was nevertheless successful for the flatexDEGIRO Group. This delightful business development is due in particular to the consistent further development of the growth and internationalisation strategy we have adopted, which has had a decisive impact on the year under review. The significant growth from a formerly disruptive online broker with a focus on Germany and Austria to the leading online brokerage company in Europe today, which is no longer considered a "small, non-complex institution" by the supervisory authorities, also entails significantly higher regulatory requirements (especially with regard to business organisation, processes and procedures). In the reporting year, this was reflected in the expansion of both the Management Board of flatexDEGIRO Bank AG and, from 01 January 2023, the Management Board of flatexDEGIRO AG following the licensing of flatexDEGIRO AG as a financial holding company, with the reorganisation and relief of the Management Board divisions. This was also reflected in additional personnel reinforcements and structural measures in various areas, as well as in at least temporarily increased capital requirements both at Group level and at flatexDEGIRO Bank AG – with the latter met entirely from the financial resources of flatexDEGIRO AG as of the reporting date of 31 December 2022. The Supervisory Boards of both flatexDEGIRO AG and flatexDEGIRO Bank AG also benefited from the expertise of an additional Supervisory Board member in the reporting year. There are plans to propose a further expansion of the Supervisory Board to the 2023 Annual General Meeting of flatexDEGIRO AG.

Cooperation with Management Board

In the 2022 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 continuously advised and supervised the Management Board in its management of the Company and provided support on strategically important issues relating to the Company's further development. The benchmarks for this monitoring were, in particular, the legality and regularity, appropriateness, strategic importance, sustainability and economic efficiency of the management and Group management. 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 an essential 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, about the course of business during the year and the situation of the Group, about the risk situation and risk management, about all matters and issues of relevance to the Company from the areas of legal affairs, human resources, internal auditing and compliance, about the focal points of innovation and, while providing reasons, about deviations of the business development from the original planning and about other important events. In particular, the reports of the Management Board included all relevant information on the overall economic situation and the aforementioned challenging market environment. The status and results of regulatory audits carried out in the Group during the reporting year were continuously discussed in detail, and approaches to solutions and measures were discussed and reviewed. 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 reviewed the plausibility of the reports and other information distributed by the Management Board and critically evaluated and questioned them.

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 current business transactions and topics (in particular regarding development, strategy, planning, the risk situation, risk management, the internal control system, regulation, compliance and internal auditing) as well as significant events in 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. The Supervisory Board received comprehensive risk report on a a monthly basis.

Meetings of the Supervisory Board and focal points of its activities

In the course of the 2022 financial year, the Supervisory Board held a total of 15 Supervisory Board meetings (five ordinary and ten extraordinary) at which it discussed the Company's current business performance, important individual business transactions, and Management Board measures requiring its approval. In addition, ten meetings of the committees took place in the reporting year. The meetings were held in person or, due to the ongoing COVID 19 pandemic in 2022, as a so-called "hybrid meeting", i.e. an in-person meeting with the option of participating virtually, or were held as a video or telephone conference as indicated below:

Panel	In-Person meetings	Hybrid-meetings	Video-conferences	Telephone-conferences
Supervisory Board-plenum	1	4	9	1
Audit Committee	---	---	3	---
or (since 08/16/2022:) Joint Risk and Audit Committee	1	---	2	---
Nomination Committee	1	---	1	---
Remuneration Control Committee	1	---	1	---

In addition, resolutions were passed in six cases outside of meetings by means of written votes cast by circular resolution or by common electronic means of communication; five of these resolutions were passed by the Supervisory Board plenum and one by the Audit Committee.

The attendance rate of the Supervisory Board members at the Supervisory Board meetings was 100 %, as was that of the committee members at the respective committee meetings. A tabular overview of the individual attendance at the plenary and committee meetings can be found below in the corresponding section. The Supervisory Board met regularly – at least some of the time – without the Management Board. Members of the Management Board only attended meetings at which the auditor or Group auditor was called in as an expert if the Supervisory Board or the committee explicitly deemed their participation necessary. 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.

In the past financial year, a particular focus of the Supervisory Board's activities was the continued implementation of the focused growth and internationalisation strategy and the structural measures required in connection with the approval of flatexDEGIRO AG as the Group's financial holding company in accordance with Section 2f of the German Banking Act ("*KWG*"), the monitoring of the regulatory audits conducted in the Group and the supervision of the structured and swiftest possible solution of the findings identified in the process.

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

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

In the meeting on 28 January 2022, the Supervisory Board addressed the variable remuneration for the Management Board and the amount of the bonus payments for the full 2021 financial year for flatexDEGIRO AG as a whole. In addition, the Supervisory Board, exercising the authorisation granted to it for this purpose, resolved upon an adjustment to the Articles of Association due to subscription shares issued in the previous year by partially utilising the Conditional Capital 2015.

On 23 February 2022, the Supervisory Board passed the resolutions required to hold the virtual Annual General Meeting on 17 May 2022 (based on Section 1 (1), (2) and (6) in conjunction with Section 7 (1) of Article 2 of the Act on Measures in Company, Cooperative, Association, Foundation and Condominium Law to Combat the COVID 19 Pandemic, as amended on 10 September 2021). The resolutions were based on the ongoing high level of uncertainty regarding the further course and end of the COVID-19 pandemic, to avoid health risks for those involved in the Annual General Meeting, and to obtain the urgently needed planning certainty.

In connection with the finalisation of the audit of the Company's annual financial statements for the 2021 financial year, and following a detailed review of compliance with the recommendations of the German Corporate Governance Code as amended on 16 December 2019 and published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on 20 March 2020 (*"GCGC 2020"*), the Supervisory Board resolved at its meeting on 14 March 2022 to issue an updated Declaration of Conformity. The Supervisory Board also adopted the remuneration report on 14 March 2022 in accordance with Section 162 of the German Stock Corporation Act (AktG).

At the balance sheet meeting on 24 March 2022, the Supervisory Board had the Management Board explain in detail the annual and consolidated financial statements as at 31 December 2021, 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 assured itself of the independence of the auditor of the annual financial statements and consolidated financial statements, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg (hereinafter referred to as *"BDO"* or *"auditor"*). The audit of the annual financial statements, together with the management report, and of the consolidated financial statements, together 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 audit reports of the auditor and of the Audit Committee including its resolution recommendations. Similarly, the review of the combined corporate governance statement for flatexDEGIRO AG and the Group for the 2021 financial year, even insofar as it should not be audited by the auditor, and taking into account the corresponding audit report of the Audit Committee and its recommended resolutions, did not give rise to any objections. After a detailed discussion and in accordance with the recommendations of the Audit Committee, the

Supervisory Board approved the annual financial statements and consolidated financial statements prepared by the Management Board, and the combined corporate governance statement. The annual financial statements as at 31 December 2021 and the combined corporate governance statement were therefore adopted. There were also no objections following the examination of the separate 2021 non-financial Group report; in accordance with the resolution recommendation of the Audit Committee, this report was also adopted. The Report of the Supervisory Board concerning the 2021 financial year was then examined and approved.

At the meeting on 01 April 2022, the Supervisory Board first reviewed the independence of the auditor, and then adopted the agenda for the virtual Annual General Meeting on 17 May 2022. At the same time, it adopted the corresponding resolution proposals of the Supervisory Board to the Annual General Meeting (with regard to the auditor election proposal, based on the resolution recommendation together with the accompanying statements of the Audit Committee).

In preparation for the Annual General Meeting, the Supervisory Board resolved in a Supervisory Board meeting held on 26 April 2022, exercising the authorisation granted to it for this purpose, to make adjustments to the Articles of Association on the basis of subscription shares that had previously been issued in the reporting year by partially utilising the Conditional Capital 2015.

At the Supervisory Board meeting on 28 April 2022, the Supervisory Board approved the signing of a settlement agreement regarding outstanding receivables of the Company from the acquisition of DeGiro B.V.

The first subject of the Supervisory Board meeting on 17 May 2022 was the Management Board's report on the status of the processing of the findings from the special IT audit of the Company (*"Special IT Audit 2020"*) carried out in 2020 by the Federal Financial Supervisory Authority (*"BaFin"*) in accordance with Section 44 of the German Banking Act (KWG) and a planned workshop with BaFin on this. The Management Board's reporting also addressed the own funds of the flatexDEGIRO Group and the planned audit review of the half-year results, the status of the crypto project, in particular the change of name of the wholly-owned subsidiary Brokerport Finance GmbH to Cryptoport GmbH and the planned (and subsequently actually completed) submission of the complete licence application for the crypto securities registry, the measures for the continuation of the business of flatexDEGIRO Bank AG in the UK after Brexit under the DEGIRO brand (proceeding according to plan), and the status of a possible sale of the factoring activities of flatexDEGIRO Bank AG. The Supervisory Board was then informed about the status of the special audit of flatexDEGIRO Bank AG in accordance with Section 44 of the German Banking Act (KWG) (*"Special Audit 2022"*), which was ongoing at that time, and the organisational steps initiated by the Management Board in this context, such as the change in the allocation of business, the increase in personnel and the sustainable realignment of staff departments. The Supervisory Board then addressed the report of the Internal Audit Department. The meeting also covered the ESG measures already taken by the Management Board and those in preparation, especially with regard to the upcoming legal and regulatory adjustments and new regulations, such as the replacement of the Non-Financial Reporting Directive by the Corporate Sustainability Reporting Directive (*"CSRD"*) and the expansion of the EU taxonomy. At the end of the meeting, the Management Board reported on a planned off-site meeting to review the organisational structure of the Bank and the Group as well as a possible adjustment in connection with the licensing procedure of flatexDEGIRO AG as a financial holding company pursuant to Section 2f of the German Banking Act (KWG).

At the Supervisory Board meeting held on 31 May 2022, following a detailed review of compliance with the recommendations of the GCGC 2020, the Supervisory Board adopted an updated Declaration of Conformity, which took into account the amendments to the Articles of Association resolved by the Annual General Meeting on 17 May and which had in the meantime become effective through entry in the Commercial Register, as well as the admission of the Company as a financial holding company pursuant to Section 2f KWG.

In the Supervisory Board meeting on 29 June 2022, the Supervisory Board dealt with measures which, in view of the admission of flatexDEGIRO AG as a financial holding company in accordance with Section 2f KWG and the resulting responsibility for group-wide risk management and the increased requirements for proper business organisation, appeared to make sense from an organisational and management point of view. Among other things, the Supervisory Board approved the granting of genuine general powers of attorney to the Global Heads for the Human Resources, Compliance and Legal divisions, authorising them to represent the Company jointly with a Management Board member or a athorised representative (Prokurist) authorised to represent the Company in the same manner.

At the Supervisory Board meeting on 16 August 2022, the Supervisory Board received a detailed report on the key issues of the first half of the reporting period from the Management Board's perspective, such as the extension of the sponsorship agreement with Borussia VfL 1900 Mönchengladbach GmbH for a further five years (at least two of which with the Company as the main sponsor) and the new sponsorship partnership with the Spanish first division team FC Sevilla as well as the crypto project including the potential cooperation with the Stuttgart Stock Exchange. Other reporting topics included the guidance for the current 2022 financial year, which was substantiated by the Management Board on 21 June 2022 as part of the preparations for the auditor's review of the H1/2022 half-year financial report, and flatexDEGIRO's external visibility at numerous events as a sponsor, organiser or participant. The Supervisory Board addressed in detail topics relating to information technology, in particular, the project set up to remedy the findings from the Special IT Audit 2020 as well as – in each case relating to flatexDEGIRO Bank AG – the status of the Special Audit 2022 and the audit pursuant to Section 35 (1) sentence (1) of the German Deposit Guarantee Act (Einlagensicherungsgesetz). The measures already taken prior to the completion of the Special Audit 2022, such as the increase in personnel in various staff departments and the analysis (benchmarking report) on the business organisation prepared by an auditing firm commissioned by the Company, were discussed. In view of the admission of flatexDEGIRO AG as a consolidating financial holding company of the flatexDEGIRO Group on 24 May 2022. The meeting also touched on the results of the off-site meeting on the organisational structure of the Group and the structural consulting commissioned from a management consulting firm. Subsequently, the Supervisory Board addressed the quarterly reports of the Group audit for the first and second quarters of 2022 and discussed the work of the Internal Audit Department in depth. The marketing strategy and the effects of the marketing measures (especially the football sponsorship) on the growth of the customer base and the brand awareness and preference of flatexDEGIRO were then discussed. This was followed by a report on the work of the Audit Committee, in particular its discussion of the scope and results of the auditor's review of the consolidated half-year financial report as of 30 June 2022. Furthermore, the Supervisory Board resolved to reconstitute the existing Audit Committee and to establish a Joint Risk and Audit Committee (hereinafter also referred to as *"Joint Risk and Audit Committee"*, irrespective of the date of consideration – whether before or after 16 August 2022), and to establish a Nomination Committee and a Remuneration Control Committee. This was followed by the planning of further training measures for the members of the Supervisory Board for the second half of 2022 and the adoption of an adjusted Declaration of Conformity, which took into account the establishment of the committees as well as the revised version of the German Corporate Governance Code of 28 April 2022 (*"DCGK 2022"*). Other topics of discussion included sustainability issues such as the establishment of an Ethics Sustainability Committee and the preparation of the non-financial reporting for the reporting year. The Supervisory Board also addressed the upcoming legal and regulatory requirements from the European Sustainability Reporting Standards (*"ESRS"*) and the CSRD.

In the Supervisory Board meeting held on 18 November 2022, the Supervisory Board discussed in detail the content and effects of the letter from BaFin on the report on the Special Audit 2022 of flatexDEGIRO Bank AG and discussed measures to be taken to ensure compliance with all relevant key figures. Following the meeting, the Supervisory Board approved a contribution of EUR 50 million by the Company to the free capital reserve (Section 272 (2) No. 4 of the German Commercial Code - HGB) of flatexDEGIRO Bank AG (initially made to the free capital reserve of the wholly-owned subsidiary flatex Finanz GmbH, subject to the subsequent corresponding contribution to the free capital reserve of flatexDEGIRO Bank AG, in each case without issuing shares). The contribution to the free capital reserve was made from free equity of flatexDEGIRO AG to strengthen the equity base of flatexDEGIRO Bank AG.

In another meeting also held on 18 November 2022, the Supervisory Board resolved to specify the option terms for the stock appreciation rights (*"SARs"*) from the Company's Stock Appreciation Right Plan 2020.

In its meeting on 29 November 2022, the Supervisory Board extensively addressed the result of the Special Audit 2022 and the increased regulatory requirements arising from it. The projects set up to process the findings as quickly as possible and in a structured manner were discussed. The management of these projects has been taken over by Mr Steffen Jentsch, member of the Management Board of flatexDEGIRO Bank AG, who already played a leading role in the Special IT Audit 2020. The meeting also covered the positive effects of the strengthening of the equity base of flatexDEGIRO Bank AG on the regulatory ratios and the consequences of the classification by BaFin as no longer a "small and non-complex" institution. The Management Board then reported on issues relating to the organisational structure, the Internal Control Systems project that had been launched, and personnel measures such as the appointment of new individuals in management positions and the appropriate increase in personnel in various staff departments. The Supervisory Board was kept informed by the Management Board also about the processing status so that it could take further steps immediately if necessary. After detailed discussion, the Group strategy 2023-2025, the IT strategy 2023-2025 and the 2023 planning presented by the Management Board were approved (with the exception of the IT CapEx budget 2023, which was to be dealt with in a separate meeting). The meeting also covered the organisational structure of the entire flatexDEGIRO Group, including a possible expansion of the Management Board at the level of flatexDEGIRO Bank AG and at the level of flatexDEGIRO AG, the amendment of the business allocation plans at both levels, and reporting on the status of the group-wide Internal Control System. In addition, the Supervisory Board addressed issues of cyber security, reporting on marketing including a discussed abolition of custodian fees as of 01 January 2023, the status of the audit pursuant to Section 35 (1) sentence (1) of the German Deposit Guarantee Act (Einlagensicherungsgesetz), the report of the Group Audit Department on the 3rd quarter of 2022 and the report on the work of the Joint Risk and Audit Committee including explanations on the whistleblower system.

In accordance with the corresponding recommendation of the Nomination Committee of 01 December 2022, the Supervisory Board resolved by circular resolution on 02 December 2022 to expand the Management Board of flatexDEGIRO AG to four members and to appoint Dr Benon Janos and Mr Stephan Simmang as members of the Company's Management Board with effect from 01 January 2023; both individuals have accepted the mandate. In this context, the Supervisory Board approved the amendment of the schedule of responsibilities of the Management Board of the Company with effect from 01 January 2023.

In a meeting held on 21 December 2022, following a detailed discussion, the proposed IT CapEx Budget 2023 was approved.

In another meeting, also held on 21 December 2022, the Supervisory Board conducted a self-assessment of the efficiency of its task performance and that of the Joint Risk and Audit Committee with the aid of externally prepared assessment sheets. After extensive discussion within the Board, the Supervisory Board determined its efficiency and that of the Joint Risk and Audit Committee. Regarding the Nomination Committee and the Remuneration Control Committee, which were only established on 16 August 2022, an assessment will be made in the course of the committees' further activities. On 21 December 2022, a resolution was also passed on the remuneration for a new member of the Management Board.

Organisation of the Supervisory Board's work

To increase efficiency, taking into account the specific requirements of its work, and in accordance with the legal regulations of the German Stock Corporation Act (AktG) and the German Banking Act (KWG), the Supervisory Board has formed the committees listed below with the following members.

Panel	Supervisory Board members
Joint Risk and Audit Committee (or before 16 August 2022: Audit Committee, in corresponding composition)	Herbert Seuling (Chairman) Martin Korbmacher Stefan Müller
Nomination Committee (existing since 16 August 2022)	Martin Korbmacher (Chairman) Aygül Özkan Stefan Müller
Remuneration Control Committee (existing since 16 August 2022)	Martin Korbmacher (Chairman) Herbert Seuling Aygül Özkan

By resolution of the Supervisory Board of 16 August 2022, a Joint Risk and Audit Committee was established by restructuring the Audit Committee that already existed at the beginning of the reporting year. It was established after a thorough discussion of the reasons for merging the committees and retaining the composition of the members of the previous Audit Committee. The Committee held six meetings in the reporting year. It also passed one resolution using other common means of communication.

The committee addressed the topics for which German and European law as well as the German Corporate Governance Code stipulate responsibilities for the Committee. These topics include the audit or monitoring of accounting and the accounting process, including sustainability reporting and its implementation, the effectiveness of the internal control system, the risk management system, the internal audit system and the compliance management system as well as the audit of the financial statements.

The main focal points of the Committee's work in the reporting year were the examination of the annual financial statements and the consolidated financial statements 2021, including the associated management report and Group management report, including the Management Board's proposal for the appropriation of profits, the combined declaration of the Management Board and the Supervisory Board on corporate governance with regard to the declarations made by the Management Board, and the separate non-financial Group report, the auditor's reports and the preparation of the Supervisory Board's resolution on these items. Regarding the audit of the annual financial statements and the consolidated financial statements, the Committee particularly focused on the key audit matters described in the respective auditor's report (*"Key Audit Matters"*), including the audit procedures performed. The Audit Committee informed the Supervisory Board about the results of its examinations after an intensive review and, taking into account the auditor's report, recommended, among other things, that the Supervisory Board approve the annual financial statements as at 31 December 2021 and the management report for the 2021 financial year and endorse the Management Board's proposal for the appropriation of profits. In the reporting year, the Committee also closely examined the half-year consolidated financial statements as of 30 June 2022 and the associated management report as well as the remuneration report of the Company.

In addition, the Committee particularly addressed the selection and independence of the auditor and the additional services provided by the auditor, submitted its recommendation to the

Supervisory Board for the auditor proposal to the Annual General Meeting 2022 (ruling out both undue influence by third parties and any contractual clauses restricting the freedom of selection) and issued the audit engagement to the auditor for the annual and consolidated financial statements 2022 (as well as the engagement for the audit review of the consolidated half-year financial statements as of 30 June 2022), including the information and disclosure requirements recommended by the German Corporate Governance Code. It addressed the fee agreement, the determination of key audit matters and the discussion with the auditor on the assessment of audit risk, audit strategy and audit planning as well as the audit results. The auditor also reported to the Committee on the quality of the audit so that the Committee could assess its quality using appropriate indicators. Based on the results of the Committee's review, there were no concerns about the independence of the auditor or the quality of the audit. The Committee continuously checked with the auditor, especially before recommending the approval of the annual financial statements and the consolidated financial statements for the 2021 financial year, including the respective management report, as well as on the occasion of the auditor's review of the half-year consolidated financial statements and management report, that the accounting-related internal control system and the accounting processes gave no cause for objection.

The Joint Risk and Audit Committee supported the Supervisory Board in particular in monitoring and assessing the effectiveness of the Group's internal control system, risk management system and internal audit system. It reviewed and monitored the measures initiated to remedy the deficiencies identified by the auditor, the internal audit department and by the supervisory authorities in the course of supervisory audits and received regular reports on the internal management of findings as well as on the status and progress of the remediation of identified deficiencies. In view of the Special Audit 2022 initiated at flatexDEGIRO Bank AG, it extensively addressed the control processes of flatexDEGIRO Bank AG and advised on approaches to solutions and measures to be taken. As part of this process, it discussed in detail an overall action plan to be developed by the Management Board and coordinated with BaFin, including milestone planning and a traffic light system.

The Committee also dealt with the current status of the whistleblower system set up with regard to the expected Whistleblower Protection Act and with tax aspects following the acquisition of factoring.plus.GmbH in 2018.

In preparation for the balance sheet meeting in the 2023 financial year, taking into account the audit reports of the auditor and after its own detailed examination, the Joint Risk and Audit Committee recommended that the Supervisory Board approve the annual and the consolidated financial statements for the 2022 financial year, including the associated management and group management report and the combined corporate governance statement, and that it 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 relevant departments were also available for reports and questions on individual agenda items at the committee meetings; the Management Board was informed of this without delay.

The Nomination Committee, established by resolution of the Supervisory Board on 16 August 2022, met twice during the reporting year and extensively addressed succession planning and appointment issues for the Management Board and Supervisory Board and, in particular, with the annual assessment of the structure, size, composition and performance of the Company's Management Board and Supervisory Board. Taking into account the legal and regulatory requirements, especially given the admission of flatexDEGIRO AG as a financial holding company in accordance with Section 2f KWG and the resulting general increase in regulatory requirements, as well as the monitory issues identified in the course of the Special Audit 2022 at flatexDEGIRO Bank AG, for which flatexDEGIRO AG is responsible as the leading company in the Group, the Nomination Committee drew up recommendations for the appointment of Dr Benon Janos and Mr Stephan Simmang as members of the Management Board. For appropriate reasons, it also recommended that the Supervisory Board continue to explore suitable further candidates for the Supervisory Board.

The Remuneration Control Committee, also established by resolution of the Supervisory Board on 16 August 2022, met twice in the reporting year. With focus on the planned expansion of the Management Board as of 01 January 2023 and the associated reorganisation of departmental responsibilities, the Remuneration Control Committee reviewed the structure of the Management Board remuneration system in the version approved by the Annual General Meeting on 29 June 2021. It also discussed a group-wide remuneration system for employees to be adopted, in particular for risk takers and heads of control functions, which takes into account the additional requirements for flatexDEGIRO Bank AG as a credit institution in accordance with the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung). The Remuneration Control Committee assisted the Supervisory Board in monitoring the involvement of the internal control units and other relevant departments in the design of the remuneration systems and assessed the effects of the remuneration systems.

The content and results of the committee meetings were regularly reported by the respective committee chairmen in the plenary sessions.

Individualised disclosure of meeting attendance

The attendance rate of the members at the meetings of the Supervisory Board and its committees was 100% in each case. It is disclosed below in an individualised form:

	Supervisory Board plenum		Audit Committee or (since 08/16/2022:) Joint Audit and Risk Committee		Nomination Committee		Remuneration Control Committee	
(number of meetings/ attendance in %)	Number	in %	Number	in %	Number	in %	Number	in %
Martin Korbmacher Chairman of the Supervisory Board	15/15	100	5/5	100	2/2	100	2/2	100
Stefan Müller Vice Chairman of the Supervisory Board	15/15	100	5/5	100	2/2	100	---	---
Aygül Özkan (since 24 May 2022)	8/8	100	---	---	2/2	100	2/2	100
Herbert Seuling	15/15	100	5/5	100	---	---	2/2	100
		100		100		100		100

Supervisory Board and Management Board membership

At the beginning of the reporting year, the Supervisory Board consisted of Mr Martin Korbmacher (Chairman of the Supervisory Board), Mr Stefan Müller (Deputy Chairman) and Mr Herbert Seuling. Pursuant to the resolution of the Annual General Meeting of 17 May 2022, which became effective upon its entry in the Commercial Register on 24 May 2022, the Articles of Association of the Company were amended to the effect that the Supervisory Board is composed of four (instead of previously three) members. On 17 May 2022, the Annual General Meeting elected Ms Aygül Özkan as the fourth member of the Supervisory Board from the time this amendment to the Articles of Association came into effect. At the end of the reporting year, the Supervisory Board therefore consisted (as is currently the case) of Mr Martin Korbmacher (Chairman of the Supervisory Board), Mr Stefan Müller (Deputy Chairman), Ms Aygül Özkan and Mr Herbert Seuling. The Supervisory Board intends to propose tot the Annual General Meeting in 2023 an amendment to the Articles of Association and to expand the Supervisory Board by a fifth member.

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

With effect from 01 January 2023, the Supervisory Board appointed Dr Benon Janos and Mr Stephan Simmang as additional members of the Management Board and approved a change in the allocation of responsibilities. Both individuals have accepted the mandate. Since 01 January 2023, the Management Board has therefore consisted of Mr Frank Niehage as Chairman of the Board and Chief Executive Officer, Mr Muhamad Said Chahrour as Deputy Chairman of the Board and Chief Operating Officer (COO), Dr Benon Janos as Chief Financial Officer (CFO) and Mr Stephan Simmang as Chief Technology Officer (CTO).

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.

The corporate governance of flatexDEGIRO AG and the Group is explained in detail in accordance with Principle 23 of the GCGC 2022 in the combined corporate governance statement for the 2022 financial year; this will be available on the website of flatexDEGIRO AG at https://flatexdegiro.com/de/investor-relations/corporate-governance for at least five years.

The current Declaration of Conformity within the meaning of 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 effective it as a whole and how effective it's committees fulfil their duties (self-assessment in accordance with recommendation D.12 of the GCGC 2022). This includes the organisational, personnel and content-related performance of the respective committee, the structure and processes of cooperation within the committee, and the provision of information, particularly by the Management Board. The last self-assessment was carried out on 21 December 2022 by using externally prepared questionnaires and concerned the efficiency of the work of the Supervisory Board plenum as well as that of the Joint Risk and Audit Committee. As both the Nomination Committee and the Remuneration Control Committee were only formed on 16 August 2022, the regular assessment of the efficiency of their task performance, which was also planned, was reserved for a later date. The work of the Supervisory Board and the Joint Risk and Audit Committee was assessed as efficient overall and evaluated positively. The results also confirmed that meetings are organised and conducted efficiently, and that there is an adequate supply of information. In view of the strong growth of the Company, the Supervisory Board, in line with the recommendation of the Nomination Committee, favours an expansion of the Supervisory Board from four to five members. Accordingly, the election of an additional member to the Supervisory Board will be proposed to the Annual General Meeting in 2023. No fundamental need for change has been identified beyond this.

The Chairman of the Supervisory Board took part in discussions with investors in the 2022 financial year, and remains ready, to an appropriate extent, to hold meetings with investors on matters specific to the Supervisory Board.

Training and continuing education measures

In the year under review, the members of the Supervisory Board and the Audit Committee took responsibility for the training and further education measures required for their tasks. The company supported them by offering and organising information events and workshops with internal and external speakers, among other things. The training measures carried out in the reporting year to maintain and expand the required expertise included both external modular training and internal briefings and training sessions. In particular, the topics of external training were accounting and financial reporting, monitoring of financial reporting, the auditor and control systems, minimum requirements for the risk management system and its review, internal auditing, the function and responsibility of the mandatory committees at specialist banks, compliance and the Institutional Remuneration Ordinance (Institutsvergütungsverordnung), requirements of banking supervision and regulation. Special training seminars focusing on accounting and financial reporting were also attended. In addition, the members of the Supervisory Board and the committees were informed in internal briefings on an ongoing basis about current amendments to legislation and relevant legislative procedures, about relevant regulations due to the admission as a financial holding company, including any changes in accounting and auditing approaches, about the development of sustainability reporting and about innovations in corporate governance topics.

New members of the Supervisory Board can meet with the members of the Management Board and managers with specialist responsibility to exchange views on fundamental and current issues and in this way gain an overview of the relevant topics (onboarding). Individual introductory meetings were arranged within the Group for Ms Aygül Özkan, a new member of the Supervisory Board in the reporting year, to introduce her to the industry and the Company's situation and thereby make it easier for her to take up office. Additionally, Ms Özkan, who had already been appointed as a member of the Supervisory Board of flatexDEGIRO Bank AG at the beginning of the year under review, attended a structured seminar with a focus on risk management by credit institutions, the subjects of which were essentially the relevant corporate law framework for CRR credit institutions, the balance sheet, the earnings situation, the risk situation and current regulatory framework conditions.

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. If applicable, the members of the Supervisory Board consult with each other on how to deal with any conflict of interest that may arise.

Annual and consolidated financial statement audit for 2022, combined corporate governance statement for the 2022 financial year, and separate 2022 non-financial Group report

The Supervisory Board has reviewed whether the annual and consolidated financial statements, as well as the other financial reporting, meet the applicable requirements with regard in particular to legality, regularity, and appropriateness. This also involved an audit of the combined corporate governance statement for flatexDEGIRO AG and the flatexDEGIRO Group as well as the separate non-financial Group report as at 31 December 2022.

BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg (BDO) has audited the annual and consolidated financial statements as at 31 December 2022, and the management report and Group management report for the 2022 financial year, including the accounting records, and has provided an auditor's report without restrictions 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 supplementary German legal provisions to be applied pursuant to Section 315e (1) of the German Commercial Code (Handelsgesetzbuch, "*HGB*"). The auditor conducted the audit in accordance with Section 317 of the German Commercial Code (HGB) and the EU Regulation on Auditors of the Financial Statements (No. 537/2014) in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW).

BDO acted for the first time (and without interruption since then) as auditor of flatexDEGIRO AG and the flatexDEGIRO Group for the financial statements for the 2015 financial year. Signatories of the relevant auditor's report for the 2022 financial year audit were Mr Lukas Rist, auditor, and

Mr Marvin Gruchott, auditor, as the responsible auditor. Both individuals signed off on the auditor's report for the first time with the 2021 financial year audit.

Both prior to its resolution on the election proposal to the Annual General Meeting to elect BDO as auditor and group auditor for the financial year 2022 and as auditor for any audit review of interim financial reports in the financial years 2022 and 2023 until the next Annual General Meeting, and subsequently, the Supervisory Board – like the Joint Risk and Audit Committee – regularly reviewed the required independence of BDO, most recently in the context of the balance sheet meeting, and satisfied itself of this, also taking into account non-audit services.

Following the Annual General Meeting 2022, which had followed the election proposal of the Supervisory Board, the Joint Risk and Audit Committee, represented by its Chairman, commissioned BDO with the audit. In the meeting on 21 November 2022, the Joint Risk and Audit Committee had BDO explain its audit schedule and agree on the focal points of the audit.

The specified accounting documents, together with the Management Board's proposal for the appropriation of net retained profits, the combined corporate governance statement for flatexDEGIRO AG and the flatexDEGIRO Group and the separate non-financial Group report as at 31 December 2022, were sent to all members of the Joint Risk and Audit Committee and the Supervisory Board in good time. The same applies to the written BDO audit reports. The Joint Risk and Audit Committee and the Supervisory Board had already received drafts of these documents in advance. The annual financial statements and the consolidated financial statements, including the management report and the Group management report as well as the Management Board's proposal for the appropriation of profits, were discussed in detail in the presence of the auditor at the meeting of the Joint Risk and Audit Committee on 13 March 2023. The Joint Risk and Audit Committee particularly addressed the key audit matters described in the respective auditor's report, including the audit procedures performed. The review by the Joint Risk and Audit Committee also included the combined corporate governance statement for flatexDEGIRO AG and the flatexDEGIRO Group and the separate non-financial Group report as at 31 December 2022, including the information on the EU taxonomy. The Supervisory Board thoroughly 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 appropriateness, and noted the BDO audit reports and the reports and recommendations of the Joint Risk and Audit Committee as a result of its review. It paid particular attention to the key audit matters contained in the auditor's reports, to the resulting risks for the respective financial statements, to the audit procedures described in each case and to BDO's conclusions in each case.

At the Supervisory Board's balance sheet meeting on 24 March 2023, the auditor participated in the relevant agenda items in addition to the Management Board and reported on the scope and focus as well as on the main results of its audits. 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 detail with the auditor. No material weaknesses in the accounting-related internal control system were identified by the auditor. The Special Audit 2022 identified deficiencies in the areas of risk management and money laundering prevention. The implementation of the measures ordered is monitored by a special representative appointed by BaFin. With regard to risk management, the auditor has made an assessment corresponding to the result of the Special Audit 2022. The Supervisory Board monitors the progress of the measures taken by the Management Board to eliminate deficiencies. Supplementary questions from the Members of the Supervisory Board were answered comprehensively by the auditor. The Supervisory Board noted and approved the audit results presented by BDO. Based on the final result of the audit by the Joint Risk and Audit Committee and its own review, the Supervisory Board had no objections to raise; this also relates to the Management Board's proposal for the appropriation of profits and the combined corporate governance statement, even insofar as it is not need to be audited by the auditor. In this context, the separate non-financial Group report as at 31 December 2022 prepared by the flatexDEGIRO Group for the 2022 financial year was also discussed extensively after explanation by the Management Board. Like the Joint Risk and Audit Committee, the Supervisory Board had no objections following its review of the separate non-financial Group report for the 2022 financial year. In accordance with the recommendation of the Joint Risk and Audit Committee, the combined corporate governance statement was adopted and the separate non-financial Group report for the 2022 financial year was approved. In accordance with the recommendation of the Joint Risk and Audit Committee, the Supervisory Board approved the annual financial statements and the consolidated financial statements of the flatexDEGIRO Group for the 2022 financial year prepared by the Management Board; the annual financial statements are therefore adopted. The Supervisory Board concurred with the Management Board's proposal on the appropriation of profits. The Supervisory Board concurs in its assessment of the situation of the Company and the Group with that of the Management Board in its respective management report. The report of the Supervisory Board was adopted at the end of the meeting after a thorough review.

Remuneration report pursuant to Section 162 AktG

The remuneration report for the 2022 financial year was prepared by the Management Board and Supervisory Board pursuant to Section 162 (1) sentence 1 AktG. The auditor formally audited the remuneration report separately with regard to the existence of the disclosures pursuant to Section 162 (1) and (2) AktG without objections and issued an unqualified opinion on it.

A word of thanks

The Supervisory Board expresses its appreciation and special thanks to the members of the Management Board and to all employees of both flatexDEGIRO AG and all Group companies who have worked with great personal commitment over the past year to contribute to the extremely positive development of the Company in these exceptionally challenging times.

Frankfurt, 24 March 2023

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”) has been 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 2022 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 including 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. 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 technology, 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. flatexDEGIRO considers itself to be one of the largest retail online brokers in Europe in terms of geographic scope and the number of transactions settled and customers serviced.

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 16 European countries.

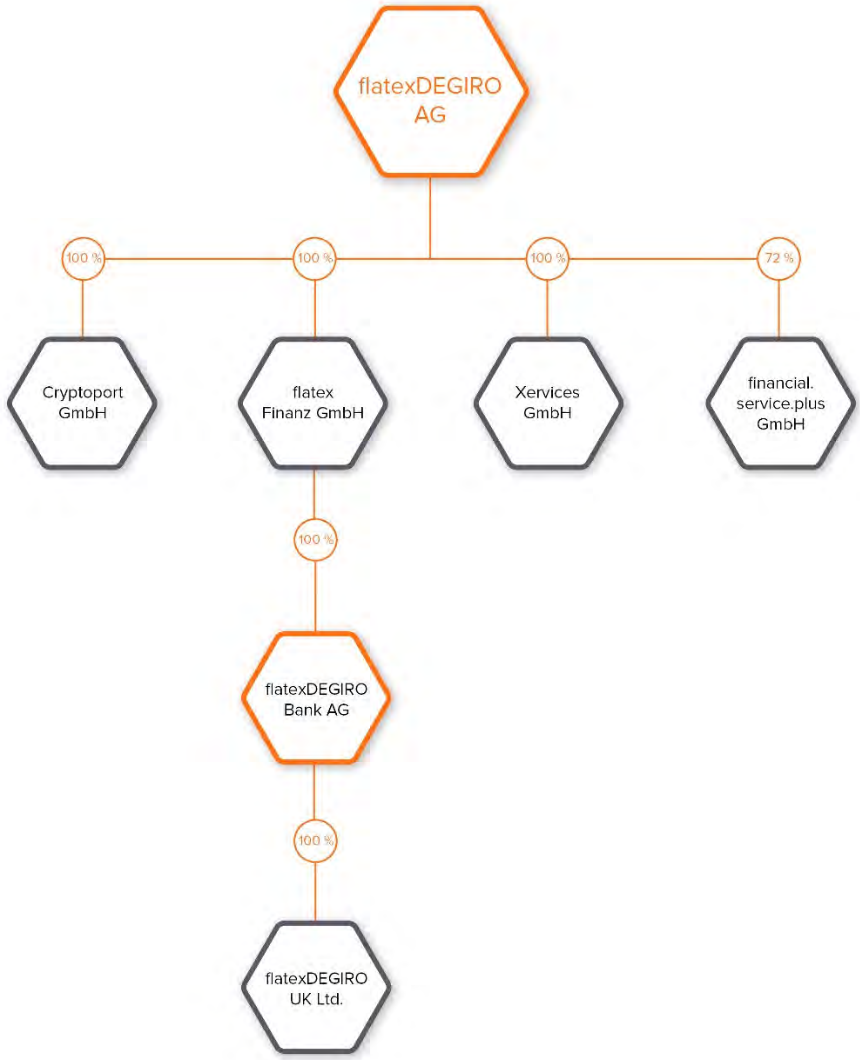
The consolidated financial statements presented here are those of flatexDEGIRO AG and its subsidiaries.

flatexDEGIRO AG is a German company with registered offices in the Omniturm, Grosse Gallusstrasse 16-18, 60312 Frankfurt. 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, with has its registered office in Amsterdam, a subsidiary in the United Kingdom under the name flatexDEGIRO UK Ltd. with registered office in London, and a branch office in Austria under the name flatexDEGIRO Bank AG, with its registered office in Vienna.

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



The following change to our Group's corporate structure took place in the 2022 financial year: flatexDEGIRO UK Limited was founded as a subsidiary of flatexDEGIRO Bank AG when it was entered in the Companies House (Commercial Register) in London on 16 February 2022.

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 2022:

Frank Niehage, LL.M.

CEO

Muhamad Said Chahrour

Group 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:

Dr. Matthias Heinrich

Chief Risk Officer

Dr. Benon Janos

CFO, flatexDEGIRO Bank AG

Steffen Jentsch

Chief Information Officer

Stephan Simmang

Chief Technology Officer

Christiane Strubel

Chief HR Officer

Giscard Monod de Froideville

Chief Marketing Officer

Dr Matthias Heinrich joined the Management Board of flatexDEGIRO Bank AG as Chief Risk Officer with effect from 24 October 2022. He succeeded Jörn Engelmann, whose contract expired at the beginning of 2023.

In order to accommodate the significant growth of the Company and to strengthen the corporate management, the Supervisory Board of flatexDEGIRO AG has decided to expand the Management Board of flatexDEGIRO AG by two additional members and to expand the role of the Group CFO, Muhamad Chahrour. Following his successful six-year tenure as Group CFO, Muhamad Chahrour has been appointed Deputy CEO and Chief Operating Officer (COO) of both flatexDEGIRO AG and flatexDEGIRO Bank AG with effect from 1 January 2023. Dr Benon Janos, previously and still Chief Financial Officer (CFO) of flatexDEGIRO Bank AG, succeeded Muhamad Chahrour as Group CFO. Stephan Simmang also joined the Management Board of flatexDEGIRO AG and flatexDEGIRO Bank AG as Chief Technology Officer (CTO) on 1 January 2023.

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

Martin Korbmacher
(Chair)

Stefan Müller
(Vice-Chair)

Aygül Özkan
(Supervisory Board member)

Herbert Seuling
(Supervisory Board member)

Aygül Özkan was elected to the Supervisory Board of flatexDEGIRO AG by resolution of the Annual General Meeting on 17 May 2022. Ms Özkan has already been a member of the Supervisory Board of flatexDEGIRO Bank AG since 1 January 2022. From 2010 to 2013, Aygül Özkan was Minister for Social Affairs, Women, Family, Health, Construction and Integration in Lower Saxony. She demonstrated her business expertise in management positions at Deutsche Telekom AG, the Dutch TNT and PCC Services GmbH, a subsidiary of Deutsche Bank AG. Since September 2020, she has been Deputy Managing Director of the German Property Federation (ZIA). Through its membership in the Federation of German Industries (BDI) and its European office in Brussels, ZIA represents around 37,000 companies in the real estate industry at the German and European levels. Aygül Özkan was named a Young Global Leader by the World Economic Forum in Davos in 2011. She was also a member of the Federal Executive Board of the Economic Council of the Christian Democratic Union (CDU) from 2010 to October 2021.

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 Remuneration system of the Management Board and Supervisory Board

The members of the Management Board of flatexDEGIRO AG receive fixed and variable remuneration components as well as a 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 remuneration component.

For further disclosures, we refer to Note 34 in the notes to the consolidated financial statements.

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 109,892,548.00 and is divided into 109,892,548 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%

   As of the balance sheet date (31 December 2022), the following shareholdings based on indirect or direct equity participation exceed 10 % of the voting rights:

   - Mr Bernd Förtsch, Germany, notified us on 27 September 2022 that his voting right share in flatexDEGIRO AG on 21 September 2022, held directly or indirectly, was 20,635,848 voting rights or 18.78 %. In addition, Mr Förtsch was entitled to 80,000 voting rights or 0.07 % from instruments, bringing the total voting rights to 18.85 %. At this point in time, the total number of voting rights in accordance with Section 41 of the German Securities Trading Act (WpHG) was 109,892,548, with 1,586,428 voting rights or 1.44 % of voting rights held directly by Mr Förtsch; 19,049,420 voting rights or 17.33 % of voting rights were attributed to Mr Förtsch via his equity participants 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 12.38 % 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 12.38 % 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.

The equity participations reported to us and place as at 31 December 2022 that exceed 10 % of the voting rights are shown in the notes to the Annual Financial Statements for flatexDEGIRO AG, under the disclosures in accordance with to 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

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

6. 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., and 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 affet 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 242,000 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.

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

8. Significant agreements of the company that are subject to the condition for a change of control resulting from an acquisition offer, including the resulting effects, and compensation agreements of the company that have been concluded with the members of the Management Board or with employees in respect of takeover offer

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 gains 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.
  3. The adjustment payments specified under 1. and 2. are in each case calculated pro-rata until the expiry of the currently valid contractual term.
  4. Together, the compensation payments may amount to a maximum of two total annual remuneration amounts (compensation cap). The total remuneration for the expired financial year is taken as a basis for calculating the cap.
  5. If the total remuneration for the expired financial year is expected to be significantly higher or lower, this must be used as the basis.

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, represents the essential part of the business in the FIN segment, while the TECH segment represents the operational IT business of flatexDEGIRO AG. Above all, the combination of the two segments FIN and TECH enables flatexDEGIRO AG to 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.

As part of a business process outsourcing (BPO), flatexDEGIRO Bank AG carries out selected banking processes for existing business partners.

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

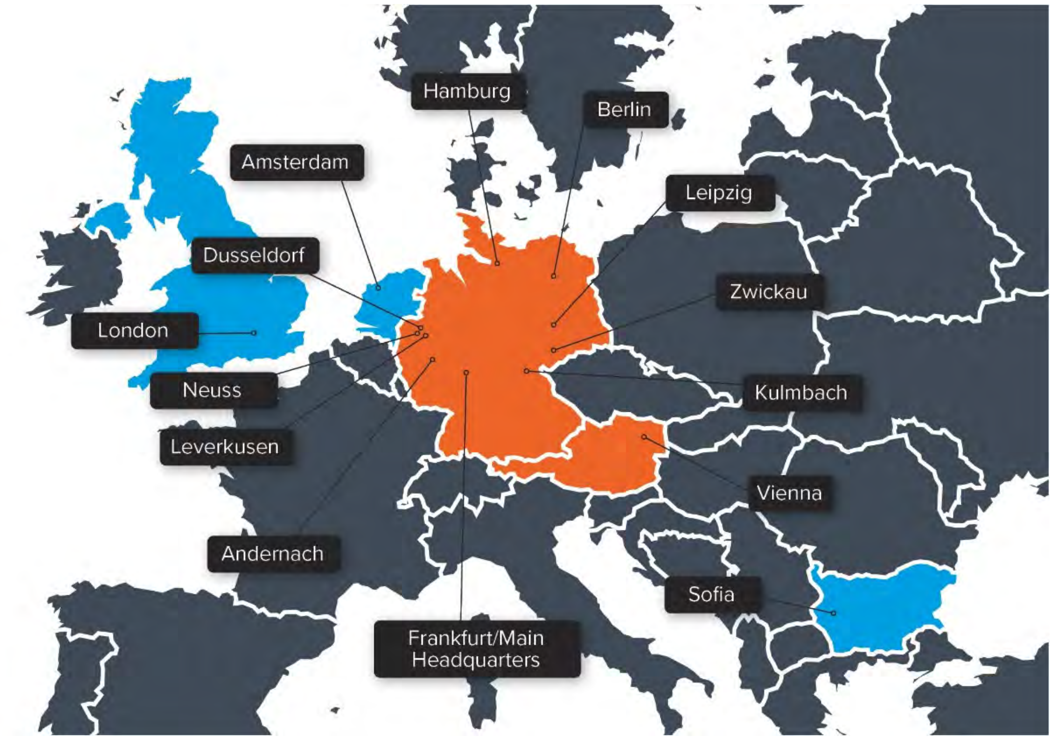
Technologies segment

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 performance data centres of flatexDEGIRO AG, which guarantee secure and redundant operation. The combination of software and IT infrastructure has created a scalable system that allows flatexDEGIRO AG to process a high number of transactions using its own systems. This means flatexDEGIRO was capable to process 67 million transactions for 2.4 million customer accounts across the Group in 2022.

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, Great Britain, Austria and Bulgaria. Group-wide, a total of 1,293 employees (previous year: 1,129) 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. For this purpose, flatexDEGIRO generally offers hybrid working models to all employees. 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.

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

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

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

1.7 Products and services

The flatexDEGIRO Group offers full service from a single source; from end customer business in the field of online brokerage to efficient securities settlements and payment transactions processing, as well as the development and operation of innovative IT technologies. 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.

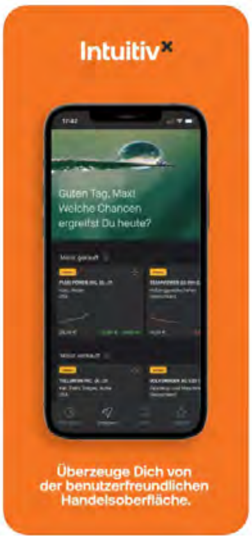
The products and services of flatexDEGIRO AG are based on an ecosystem which has two dimensions: Software as a Service (SaaS) and Banking as a Service (BaaS).

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 reflect online broker businesses 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. A roll-out of flatex-next for desktop applications is planned for 2023.



Customers can trade stocks, ETFs, ETPs and many other products online, both at stock 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. flatex offers over 4,000 savings plans for ETF and funds in Germany on a permanent basis without a trading commission (plus standard market spreads, allowances and product costs). After the European Central Bank (ECB) increased the deposit facility rate from minus 0.5 % to 0 % at the end of July 2022, flatexDEGIRO also immediately stopped charging negative interest on all group brands with effect from 1 August 2022. As of 1 January 2023, flatex and ViTrade also abolished the partially levied custody account fee of 0.1 % on the custody account volume.

An average of 30 transactions per customer account in 2022 attests to the active customer base of flatexDEGIRO, although trading activities have decreased compared to the previous year due to the market environment across the industry. The success of our online brokerage business was further driven by the Group's transparent pricing model, which focuses on cost-effective pricing, the comprehensive and independent product portfolio, and the stable, convenient, and customer-focused platforms.

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

The Group's self-developed, standardised core banking system (FTX:CBS), incorporating a fully automated infrastructure for securities orders and settlement which requires limited staff supervision, is the basis for a fixed-cost-oriented cost structure 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 over the past few years, the Group has managed to fundamentally reduce its internal costs per transaction. However, the decline in the number of transactions in the past financial year compared to the record level of the previous year has led to an increase in internal costs per transaction on a one-year basis. In principle, low internal costs per transaction and further fixed cost degression with an increasing number of transactions allow the Group to further expand the attractiveness of its pricing models while increasing margins per additional transaction. 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 was transferred to the much stronger sister brand

DEGIRO in the past financial year. 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 services.

flatex customers benefit from the many direct trading partners available to them. The fee model, which has existed in its basic version since 2006, dispenses with the volume-based charges that are familiar in securities trading, in favour of a fixed price of EUR 5.90 for German stock exchange trading plus any stock exchange fees. In addition, over 4,000 ETF and fund savings plan products can be used for saving on a commission-free basis (plus standard market spreads, allocations and product costs). 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 15 European countries. In Austria, the existing DEGIRO offering was transferred to the much stronger sister brand flatex in the past financial year. In addition, business activities in the peripheral markets of Hungary and Norway were terminated at the end of 2022. With a total of only around 6,000 customer accounts, the discontinuation of business operations in these two countries is not significant in operational and financial terms but increases the internal focus on important growth markets.

DEGIRO customers have access to almost 50 European and non-European stock markets, including in the USA, Australia, Japan and Hong Kong, via user-friendly trading platforms developed in-house. 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. Adjustments to the price-performance ratio are intended help to further expand the strong 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. These transactions are only subject to a handling fee of EUR 1 per transaction. Additional currency, connectivity or external product and spread charges may apply.

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).

Securities settlement

flatexDEGIRO Bank AG has accounts with the central securities depositories Clearstream and Euroclear for share and securities transactions. This allows flatexDEGIRO Bank AG to carry out the securities settlement of its own transactions. flatexDEGIRO Bank AG also has the status of General Clearing Member at Eurex Clearing for the shares and securities business. 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. For example, services are offered in the areas of employee participation and business process outsourcing (BPO).

The services for existing business customers will be continued in a 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)

As a by-product of the online brokerage business, the Group holds over EUR 3 billion in customer funds as of 31 December 2022. In the past business year, the interest rate environment, especially the ECB's deposit facility rate, increased significantly. The ECB raised the deposit facility in several interest rate steps from minus 0.5 % in July 2022 to 2.00 % in December 2022. In connection with the customer funds deposited mainly with the Bundesbank, which do not bear interest for customers, the increased interest rates and possible further increases create considerable earnings potential for flatexDEGIRO in the mid-double-digit million-euro range.

Lending business

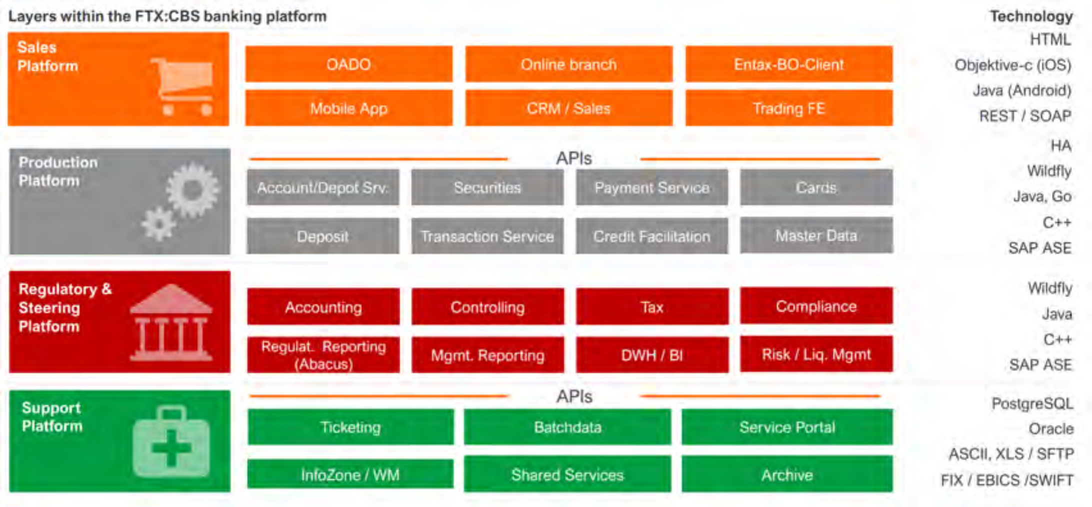
flatexDEGIRO Bank AG already significantly revised its credit strategy in the 2021 reporting year and placed the focus on low-risk securities-backed lending business (margin-loans). The remaining loan portfolio was gradually reduced through maturity or redemption. This also includes the factoring portfolio. Supplementary real estate financing as a treasury substitute was also strategically discontinued at the end of 2022.

Treasury

The treasury department pursues a broad diversification of money and capital investments, including overnight and fixed-term deposits, bank and government bonds, cash loans and mortgage bonds as well as UCITS (Undertakings for Collective Investment in Transferable Securities) and special funds (Alternative Investment Funds, "AIFs"). Under the internal investment guideline, the management of interest-bearing own investments is based on the respective current business and medium-term planning as well as a regular review of target achievement during the year. The protection of the invested capital is the primary focus.

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 productions processes for account and custody management, cash deposit, securities settlement, payments, money market and foreign exchange transactions and loans. Software solutions such as WebFiliale and WinFiliale, as well as solutions such as corporate payments, tools for professional trading and market data and 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. On the software side, support is provided, among other things, by connecting a Cloud ERP General Ledger (SAP Business ByDesign©) based on S/4HANA 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.

In addition to FTX:CBS, the Limit Order System (abbreviation: L.O.X.) of the group subsidiary Xervices GmbH is able to ensure technical order forwarding and to monitor the limit orders of approx. 20 European brokers against the price feed of connected issuers with approx. 700,000 products.

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 16 European countries, meaning it covers all important European markets.

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

1.9 Goals and strategies

flatexDEGIRO AG has set itself the target of becoming a leading, independent European "financial supermarket", and as such seeks, either itself or via partnership models, to offer financial products on its platform that go beyond today's product offering. This could include, for example, a digital asset management offering or access to insurance products. 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. By leveraging economies of scale and an efficient centralised business organisation, flatexDEGIRO also aims to further increase profitability and value creation for its shareholders through this growth.

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 aims to sustainably increase its customer base by dynamically expanding its product and service offering, innovative and easy-to-understand trading applications and an increased media presence. At the same time, the number of securities transactions processed should continue to grow depending on the trading activity of the customers. 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. These include not least the continued significantly negative real interest rates, a rising affinity for online activities, easier access to capital market products and systemic problems in a large number of state pension systems, where apportionment-based method are heavily burdened due to demographic change.

Following the acquisition of DEGIRO in July 2020, the Group intends to achieve organic growth with its online brokerage brands in its current markets by attracting new customers with its cost-effective pricing model and 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. On the other hand, there are customers who use the brokerage service for active trading, resulting in portfolios with a more short-term orientation. flatexDEGIRO will continue to expand the flatex and DEGIRO brands in both directions.

With flatex next, a user interface was introduced in Germany at the end of 2020 that is easier to understand compared to the interface that existed until then and is therefore also more user-friendly for less experienced customers. In this way, flatexDEGIRO wants to give everyone easy access to the capital market. 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 investments can be interesting both from a yield perspective and in terms of their contribution to environmental protection and social responsibility and equality. Promoting this form of investment can contribute to more sustainable economic development. This is why it is flatexDEGIRO's goal to make ESG products visible, for example, shares in companies that pay attention to the environment, society and good corporate governance. This is why the stock, ETF and fund search already includes the category "flatex green".

The Group is also pursuing marketing strategies aimed at expanding awareness of both brands in Europe. Digital marketing with a clear focus on financial market training and information is in the foreground here. An extensive information and training 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. With videos, interactive formats and topic-led events (online and offline), a wide selection of information sources will be offered. With "The Art of Investment", flatexDEGIRO launched a TV documentary in January 2022 which conveys important foundational knowledge for private investors. In four episodes, renowned journalists, professors, behavioural researchers 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. This could include online brokers that have higher costs per transaction, higher costs in customer acquisition or inefficient product partnerships or are unable to cope with the increasing regulatory requirements. Processes and systems, marketing strategies, the award-winning product and service offering, and the Group's experienced management team have the potential to increase profits and create value.

The Group has no current plans to expand outside Europe.

Focus on securities margin loans

With its "flatex flex" line of credit, flatexDEGIRO offers flatex customers a fully secured loan with a conservative mechanism of the customer's custody holdings. The "flatex flex" margin loan can be used at the borrower's discretion, and not only for trading-related expenditures. By now, the Group has refocused its credit book entirely on security backed margin loans.

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 the offering further in the 2021 and 2022 financial years. In November 2022, the German Federal Financial Supervisory Authority (BaFin) informed flatexDEGIRO Bank AG as part of the presentation of the results of a special audit pursuant to section 44 of the German Banking Act, among other things, that credit risk mitigations applied in relation to securities loans issued by DEGIRO are currently not applicable due to procedural weaknesses. While this finding neither directly affects the commercial business nor directly restricts products, it increases the own funds requirements while the credit risk mitigation techniques are not applicable. The Management Board expects the additional own funds requirements to be fully covered by the consolidated 2022 Group net result. flatexDEGIRO is working hard to remedy the identified deficiencies and aims to successfully implement the necessary procedural measures in 2023. Until the approval by BaFin, securities loans at DEGIRO will be added to the risk-weighted assets with a higher weighting, which will lead to an increase in the total amount of the group's risk-weighted assets and a corresponding own fund requirement. The corresponding own fund requirement at the level of flatexDEGIRO Bank AG was already fully covered during the year by the intra-group allocation of EUR 50 million from Group funds.

1.9.2 Goals in the Technology segment

The operational goal of the Technologies segment is to provide high-quality IT services for its own online brokerage business, including compliance with legal and regulatory requirements, and to support efficient business operations by remaining stable and performing well.

For regulatory and risk minimisation reasons, there is also a focus on technical harmonisation and a continued increase in the degree of automation in internal processes.

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 plattforms and the L.O.X. OTC trading platform.

1.10 Financial goals of the Group

The Group's key financial goals include generating sustainable profits and restoring and maintaining 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 the existing business models and an up-to-date human resources policy.

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 participation programmes
- Flexible working arrangements
- Full coverage of external childcare costs for very young children
- Sport and health provision, physiotherapy and fitness programmes
- Employee discounts for the purchase of IT equipment
- Non-cash benefits card for discounted non-cash purchases
- Introduction of corporate benefits as an employee incentive initiative
- Company pension scheme with additional employer contributions
- Activities to promote occupational health and safety

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

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 its strategic decisions flatexDEGIRO AG considers its social responsibility, as well as the interests of over 1,200 employees, its investors, clients, suppliers and other stakeholders.

flatexDEGIRO does not own any buildings but acts as a tenant at all locations. Natural gas is used to generate heat at various locations, meaning that the resulting direct CO_2 emissions (Scope 1 emissions) must be taken into account. Furthermore, direct CO_2 emissions (Scope 1 emissions) are generated through use of our vehicle fleet. A large portion of our emissions are generated indirectly through the purchase of electricity and heat (Scope 2 emissions). flatexDEGIRO also strives to avoid emissions that occur upstream or downstream in the value chain (Scope 3 emissions).

flatexDEGIRO aims to reduce Scope 1 and 2 emissions by at least 70% by 2026 (base year 2020). Scope 3 emissions are considered in their situational context (e.g. commuting), and we intend to reduce these by up to 30% on an event-driven basis (base year 2020).

The separate annual non-financial Group report in accordance with Section 315b of the German Commercial Code (HGB) is available to download from the Company's website under Investor Relations > Reports & Financial Calendar (www.flatexdegiro.com/en/investor-relations/reports-financial-calendar).

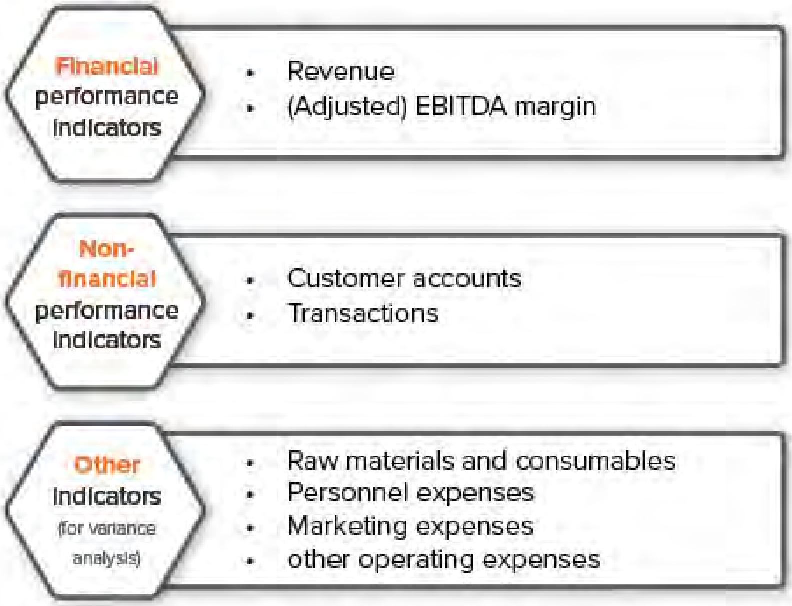
The Group engages in continuous dialogue with all relevant stakeholders. These include our customers, employees, business partners, shareholders, associations and public authorities, and also politicians and scientists. In the course of these exchanges, we seek to gather new ideas, appreciate different 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 intends to continue its responsible corporate governance in the future and to keep meeting its social obligations and incorporating 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:



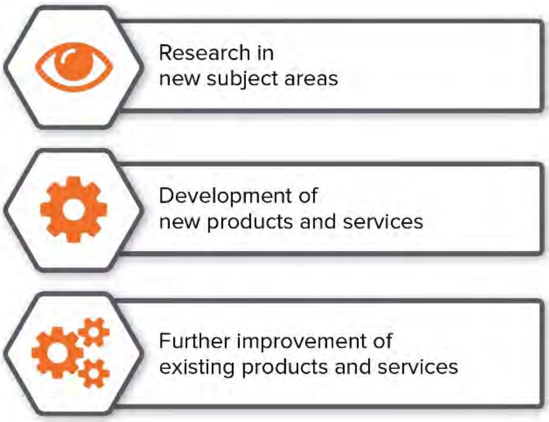
The financial and non-financial performance indicators ensure the comparability of commercial framework data in international markets.

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 the performance indicators, we aim to identify changes in business development at an early stage and enable countermeasures to be 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 reporting framework. 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 382 personnel in the technological development areas of Product and Project Management, Systems Architecture, Development and Quality Assurance (previous year: 363 employees). This represented a proportion of 30 % of total employees on the reporting date (previous year: 32 %)

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

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

Research activities take place exclusively within the TECH segment. Personnel expenses amounting to 0.21 % (excluding personnel expenses for long-term incentive schemes) were invested in the area of R&D (previous year: 0.98%). 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.

The further development of the core banking system (FTX:CBS) and the flatex platform (flatex-next), as well as the development of potential partnerships in the field of digital asset management and cryptocurrency trading, and the technical integration of DEGIRO resulted in costs for pure R&D amounting to kEUR 26,875 in the past fiscal year (previous year: kEUR 15,501). The R&D cost ratio (in relation to total revenue) was 6.6 % (previous year: 3.6 %). The total depreciation of finished internally generated intangible assets was kEUR 7,134 (previous year: kEUR 6,632). The Management Board also expects an R&D cost ratio in the mid-single-digit percentage range in relation to turnover for the following years.

2 Economic Report

2.1 Macro-economic and sector-specific parameters

Global economy

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

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

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

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

[1] https://energiestatistik.enerdata.net/erdgas/bilanz-handel-welt-data.html.
[2] https://energiestatistik.enerdata.net/oelprodukte/welt-oel-bilanz-handel-data.html.
[3] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation_in_the_euro_area#Euro_area_annual_inflation_rate_and_its_main_components.
[4] https://www.bls.gov/opub/ted/2022/consumer-prices-up-9-1-percent-over-the-year-ended-june-2022-largest-increase-in-40-years.htm.
[5] https://ec.europa.eu/eurostat/documents/2995521/15725146/2-06012023-AP-EN.pdf/885ac2bb-b676-0f0d-b8b1-dc78f2b34735
[6] https://www.bls.gov/opub/ted/2023/consumer-price-index-2022-in-review.htm
[7] https://www.ecb.europa.eu/press/govcdec/mopo/html/index.de.html

Although the normalisation process will take some time, it will lead to significantly stronger growth in the overall economy in 2023.[8]

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

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

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

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

Macroeconomic framework conditions in Europe

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

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

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

[8] For the full paragraph: ifo Institute (publisher): ifo Konjunkturprognose Winter 2022: Inflation and Recession. Special issue December 2022.
[9] Ibid.
[10] IfW Kiel (publisher): Kiel Economic Reports: World Economy in Winter 2022. No. 97 (2022/Q4). 21 December 2022.
[11] IMK (publisher): IMK Report: Economic policy prevents deep recession. No. 178. December 2022.
[12] IW Cologne (publisher): IW Economic Forecast Winter 2022: Economic activity in the grey zone. No. 67/2022. 14 December 2022.
[13] IfW Kiel (publisher): Kiel Economic Reports: Euro area in autumn 2022. No 94 (2022/Q3). 08 September 2022.

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

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

Industry-specific conditions affecting the Financial Services sector

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

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

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

The Ukraine conflict and the associated trade embargoes also caused distortions in the commodity exchanges during the year. While the oil price for a barrel of Brent crude was still

[14] European Central Bank (publisher): Eurosystem staff macroeconomic projections for the euro area. December 2022.
[15] Deutsche Bank Research (publisher): Germany: Economy in a nutshell. 11 January 2023.

quoted at USD 76.08 in January 2022, prices of around USD 130.00 were recorded due to supply shocks in the spring and summer. The weakening demand since August resulted in a price of USD 80.26 at the end of 2022.[16]

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

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

Industry-specific conditions affecting the Technology sector

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

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

2.2 Business performance and position of flatexDEGIRO AG (Group)

The Group's business performance in 2022 was essentially shaped by a series of events, some of which were external.

Strong decline in trading activity across the industry

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

As early as the beginning of 2022, rising inflation rates pointed to a possible increase in interest rates by major central banks worldwide. In the first weeks and months of the year, this led to significant price reductions, especially for high-growth technology stocks. The outbreak of the war in Ukraine caused the mood in the capital markets to deteriorate significantly once again. The economic effects of the sanctions imposed as a result led to a further increase in inflation rates, driven primarily by sharply rising energy prices. Central banks and issuing banks reacted

[16] Sachverständigenrat (publisher): Jahresgutachten 2022/23: Tackling the energy crisis in solidarity; shaping a new reality. December 2022.
[17] European Central Bank (publisher): Press release: Monetary policy decisions. 15 December 2022.
[18] ifo Institut (publisher): ifo Economic Forecast for Winter 2022 Inflation and Recession. Special issue December 2022.
[19] Bitkom, IDC: ICT market figures. January 2023

to this by raising key interest rates several times, which put additional pressure on the stock markets.

The first quarter of 2022 showed comparatively good trading activity on the part of customers, but this declined in the subsequent quarters, in some cases significantly. Over the year, the trading activity of flatexDEGIRO customers decreased from an average of 54 transactions per year in 2021 to 30 transactions per year in 2022.

Sustained customer growth

Even in this challenging environment, flatexDEGIRO continued its customer growth in 2022 and gained over 460,000 new customer accounts (gross) (previous year: around 800,000). As in previous years, flatexDEGIRO's growth was significantly higher than that of comparable European companies – insofar as they have published official figures. Overall, the number of customer accounts rose to 2.40 million at the end of the year (previous year: 2.06 million). This already takes into account the closure of customer accounts in the B2B area and in connection with the consolidation of the brand portfolio in Austria and the Netherlands. flatexDEGIRO exceeded 100,000 customer accounts in Portugal and Italy in the past financial year. In total, flatexDEGIRO now has more than 100,000 customer accounts in seven countries: the Netherlands, Germany, Spain, Austria, France, Portugal and Italy.

Effects of a positive interest rate environment

Until July 2022, the ECB's deposit facility was minus 0.5 %. To date, flatexDEGIRO has transparently passed on part of the resulting burden from customer deposits to its customers, but not completely. For example, DEGIRO waived the calculation of the negative interest rate for customer deposits up to EUR 2,500. VIP customers at flatex were also exempt from these negative interest rates. With the increase of the deposit facility at the end of July 2022, flatexDEGIRO reacted to the elimination of this burden and completely lifted the negative interest rates for all customers with effect from 1 August 2022.

In further interest rate steps, the ECB raised the deposit facility even more to up to 2 % in the second half of 2022. Due to the fact that the majority of customer deposits are held directly with the German Federal Bank (Bundesbank), flatexDEGIRO benefits from this now positive interest rate environment in the form of rising interest income. These positive effects were felt for the first time in the Company's figures in the fourth quarter of 2022.

Expansion of trading-related revenue per transaction

In the interest of all stakeholders, flatexDEGIRO continuously strives to achieve an optimal balance between sustainable, profitable growth and the most attractive customer offering possible. Given the sharp rise in inflation rates and generally rising interest rates, flatexDEGIRO carried out a comprehensive review of its price-performance ratio in the 2022 financial year and made corresponding adjustments. In doing so, the Management Board took care not to jeopardise the attractiveness of the overall offer. Accordingly, despite high inflation rates, only the processing fee at DEGIRO was raised by 50 cents per transaction. The interest rate for securities loans was raised by 100 base points at both DEGIRO and flatex with effect from 1 January 2023. This corresponds to slightly less than half of the interest rate increases by the ECB from July to December 2022 (250 base points, from -0.5 % to 2.0 %). In return, flatexDEGIRO has abolished the partially levied custody fees at flatex in the amount of 0.1 % p.a. on the custody volume, also with effect from 1 January 2023. Overall, the Management Board expects that the measures taken will have a positive effect on the revenue generated per transaction.

Focus driven forward

flatexDEGIRO sees its greatest growth and earnings potential in a targeted expansion of its online brokerage offering in the core markets (Netherlands, Germany, Austria) and the growth markets (Spain, France, Portugal, Italy, Switzerland, UK and Ireland). Accordingly, activities in the non-brokerage-related B2B business were scaled back, including the off-boarding of a five-digit number of customers in this area. In online brokerage itself, flatexDEGIRO took the decision to withdraw from the peripheral markets of Hungary and Norway, where DEGIRO services around 6,000 customer accounts. In addition, the consolidation of the brands was advanced. In Austria, DEGIRO customers were migrated to the much larger flatex brand as part of this process. A similar process took place in the Netherlands, where a migration from flatex to the much larger DEGIRO brand took place. The Management Board does not expect this to have any significant effect on the number of transactions to be processed in the future. However, the internal resources freed up can be used in a more targeted manner for profitable growth in other markets.

The focus was also intensified in the credit area. In the future, flatexDEGIRO will concentrate even more on issuing margin loans to customers as well as on investing additional customer funds with the Bundesbank. Direct pre-financing in the football sector was completely discontinued in 2022. Interim financing in the real estate sector will also be completely scaled back by flatexDEGIRO. These and comparable activities were carried out in the historical context of a negative interest rate environment in order to minimise the resulting burden.

Special audit in accordance with Section 44 KWG

In 2022, the German Federal Financial Supervisory Authority (BaFin) conducted a special audit at flatexDEGIRO Bank AG in accordance with Section 44 of the German Banking Act (KWG). The audit report was submitted in November 2022. BaFin ordered flatexDEGIRO Bank AG to ensure that its business organisation regarding risk management and money laundering prevention is in order. A special representative appointed by BaFin monitors the implementation of the ordered measures. Depending on the progress made in remedying deficiencies, measures may be adjusted after BaFin’s review in consultation with the special representative. Initial measures to remedy identified deficiencies have already been taken. The Management Board’s main focus is on a structured process that ensures that all necessary changes are processed and implemented quickly, efficiently and completely.

The Management Board aims to remedy some significant deficiencies in the current 2023 business year already, particularly those relating to the applicability of credit risk mitigation techniques for financial collateral pursuant to Articles 197 & 198 CRR.

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

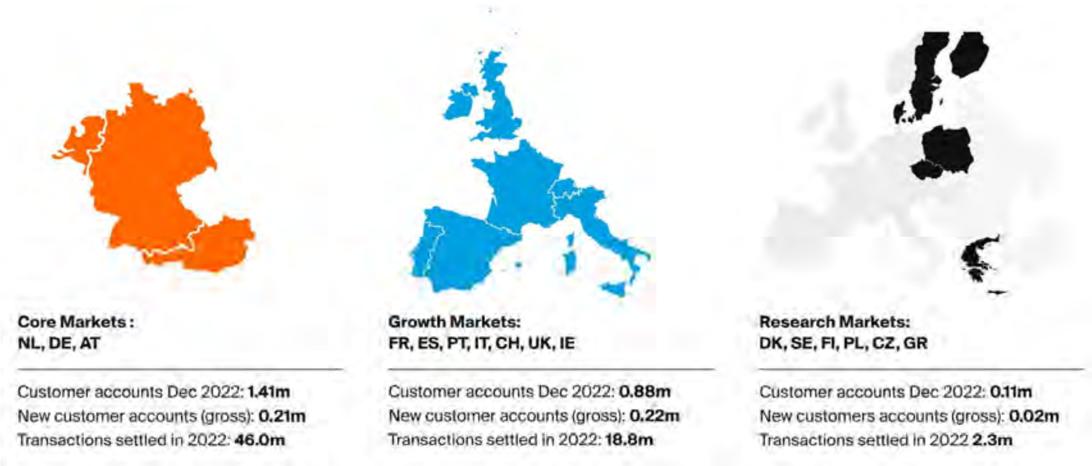
2.3 Business performance in the Financial Services segment

In financial year 2022, the Group processed a total of 67.0 million securities transactions (2021: 91.0 million).

The number of customer accounts under management rose from 2.06 million to 2.40 million. As of the reporting date 31 December 2022, the Group had customer assets under custody in the amount of EUR 39.5 billion (EUR 36.2 billion in custody account volume and EUR 3.2 billion in customer deposits). The reason for the decline compared to the previous year’s value (31 December 2021: EUR 43.9 billion) was primarily due to sharply declining stock markets in 2022 and the associated lower valuation of the investments held. Overall, flatexDEGIRO recorded a net inflow of funds amounting to EUR 5.9 billion in 2022.

With a presence in 16 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 remaining markets (Denmark, Sweden, Finland, Poland, the Czech Republic and Greece) are included in the Research Markets grouping. flatexDEGIRO withdrew from the markets Norway and Hungary, which were also previously assigned to the Research Markets, in the course of 2022.

Both the Core Markets and the Growth Markets grew strongly in 2022 with 213,000 and 225,000 new customer accounts (gross) respectively. In terms of customer accounts as of 31 December 2021, this represents 18 % growth in Core Markets and 35 % growth in Growth Markets. The strategic decisions to part with a five-digit number of customers in the B2B business and to consolidate the flatex and DEGIRO brands in Austria and the Netherlands in 2022 led to a deliberate reduction in the number of customer accounts in the Core Markets. As these are mainly customer accounts from the B2B business, the Management Board does not expect any significant impact on the number of future transactions or other operational and financial key figures.



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. In addition, in the past financial year flatexDEGIRO worked on offering its customers a digital asset management service. This is set to take place via a partnership with Whitebox GmbH, for which services are already being provided within the scope of account/deposit custody and brokerage business.

The number of securities transactions executed in the online brokerage business segment fell by 26.4 % to 67.0 million transactions compared to the previous year, driven by lower trading activity by retail investors across the industry.

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. This customer growth has continued at a slower pace in 2022. 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, and the subsequent active dissemination of the documentary on the Company's websites, among other places, flatexDEGIRO is also pursuing the goal of breaking down common misconceptions about investment in the capital market, and thereby increasing potential customers' understanding of the possible benefits of long-term investment.

The Management Board considers that it is well on its way to further driving customer growth in the online brokerage segment.

Development of the non-brokerage segment

Business Process Outsourcing (BPO)

As part of the BPO, extended services are provided clients business. The contribution to earnings from the management of deposit platforms amounted to kEUR 1,613.9 in the past financial year (previous year: kEUR 929.8; +73.6 %). The current interest rate policy has led to a strong increase in demand for call money and time deposit accounts, enabling a significant increase in the profit contribution.

Employee Participation

The cooperation with Equatex AG in the administration of share-based payment programmes was continued in 2022. The Bank's securities holdings under custody in this business segment amounted to EUR 7.1 billion as of 31 December 2022, unchanged from the previous year's level (EUR 7.1 billion). 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 operated with Prosegur Deutschland GmbH was discontinued at the end of 2022.

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

Deposits

Liabilities to customers increased from approximately EUR 2,811 million in the previous year to EUR 3,201 million as at 31 December 2022. The increase is due to factors including the growth in new customers for the DEGIRO and flatex brands.

Treasury investments

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.

Lending business

In the lending business, flatexDEGIRO Bank AG is focusing on the low-risk securities-backed lending business. The remaining loan portfolio was already significantly reduced in the reporting year. Direct football financing was discontinued completely. The Bank's factoring business was also terminated during 2022.

By far the most substantial part of the lending 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.

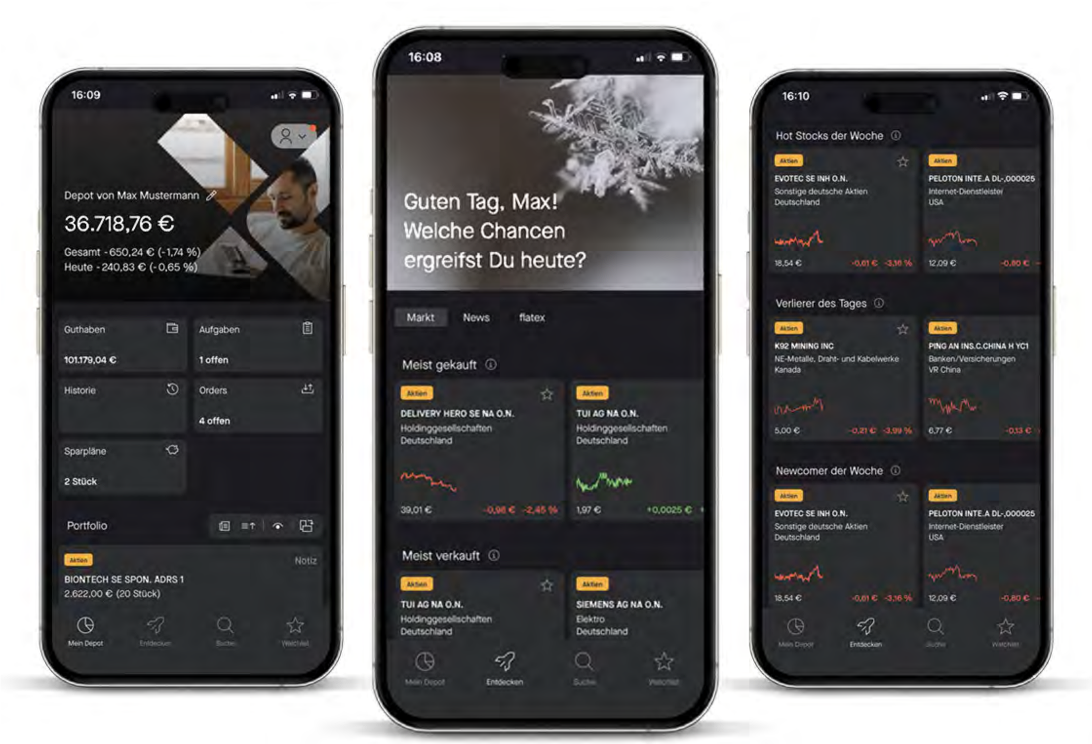
2.4 Business performance in the Technologies segment

Further adjustments were also made to the flatexDEGIRO technology platform in 2022 as part of the ongoing harmonisation of systems in connection with the acquisition of DEGIRO. These relate both to the IT infrastructure and the FTX:CBS core banking system. It was possible to significantly optimise capacity utilisation in the core banking system in this process.

In 2022, Xervices offered its connected issuers and brokers a high-performance service based on its scalable solution using the L.O.X. platform.

In April 2022, flatexDEGIRO announced to its customers that it would offer direct access to digital asset management in partnership with Whitebox. This is primarily intended to appeal to less trading-active and less capital market-active customers, with flatexDEGIRO offering them another form of investment where they don't have to make their own investment decisions regarding specific securities. The technical preparation of this partnership was a major project in the Technologies segment in 2022. A Memorandum of Understanding (MoU) was also signed with the Boerse Stuttgart Group in May 2022. The aim of this agreement is the joint evaluation of a partnership that would allow flatexDEGIRO to offer its customers the opportunity to trade in cryptocurrencies. Essential technical preparatory work was also carried out for this in the past financial year.

By further developing flatex-next, including the introduction of the desktop application planned for 2023, flatexDEGIRO is striving to provide customers of the flatex brand with even simpler and more intuitive access to the capital market and therefore to appeal to an even broader layer of potential customers. Furthermore, permanent optimisation of the trading platforms is at the forefront of daily development work.



The basis of further development for the FTX:CBS core banking system is 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 based on 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, FTX:CBS will continue to be provided to existing customers in the B2B business as a standard solution. The combined implementation of regulatory requirements and shared business operations are key contributors to the cost efficiency of IT services.

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 2021 financial year for the current reporting period and the key figures actually achieved.

	2022 plan	2022 actual
Number of customer accounts	2.7 - 2.9 million	2.4 million
Number of transactions	95 - 115 million	67.0 million
Revenues	significant increase, more than +10 %	-2.8 %
Adjusted EBITDA	significant increase, more than +10 %	-18.9 %

*including effects from the release of provisions for long-term variable compensation.

The forecast in the 2022 Annual Report was made at a time when neither the duration nor the far-reaching political and economic consequences of the war in Ukraine were foreseeable. Nor were the resulting rise in energy prices, the sharp increase in during the year and the subsequent drastic interest rate hikes by central banks. In the opinion of the management, it was primarily these factors that led to a sharp decline in trading activity from the second quarter of 2022.

For this reason, the originally issued forecast for the 2022 financial year was not achieved. flatexDEGIRO reacted to this and adjusted its expectations over the year to the respective circumstances and communicated them transparently to the market.

In the course of these adjustments, the Management Board decided in June 2022 to base its forecast primarily on financial indicators such as revenue and adjusted EBITDA margin.

2.6 Earnings position

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

Revenues in 2022 amount to kEUR 406,963 (previous year: kEUR 417,581). Adjusted for income from the release of provisions in connection with the long-term incentive schemes, the purely operating revenues (Adjusted revenues) amounted to kEUR 368,522. After deducting raw materials and consumables amounting to kEUR 65,199 (previous year: kEUR 75,331) the net turnover amounted to kEUR 341,764 results (previous year kEUR 342,249).

Commission income in 2022 amounts to kEUR 272,228 (previous year: kEUR 339,707). After deducting the commission expenses which are recognised in raw materials and consumables used, amounting to kEUR 50,642 (previous year: kEUR 61,082), the net commission income balance is kEUR 221,586 (previous year: kEUR 278,624) and has therefore decreased by 20,5 %. This decline results from the customers trading activity compared to the previous year.

Interest income amounts to kEUR 71,519 (previous year: kEUR 59,345). Interest expenses in the financial year amount to kEUR 8,594 (previous year: kEUR 7,539), meaning that the interest result increased to kEUR 62,925 (previous year: kEUR 51,806). The growth mainly results from an improving interest rate environment in the second half of 2022 and the resulting positive interest on deposits with the German Federal Bank (Bundesbank). General customer growth also contributed to the increase.

Other operating income essentially includes income from the release of provisions for long-term incentive schemes in the amount of kEUR 38,441 (previous year: kEUR 0). Income from the provision of IT services in the amount of kEUR 11,762 (previous year: kEUR 12,401) is also included. After deducting expenses for IT services of kEUR 1,614 (previous year: kEUR 1,917) recognised in other operational expenses, the remaining earnings from IT services amount to kEUR 10,148 (previous year: kEUR 10,484).

Personnel expenses amount to kEUR 68,207 (previous year: kEUR 142,110). The largest part of the decrease is due to non-cash provisions for the Stock Appreciation Rights Plan introduced in June 2020, which were built in the amount of kEUR 59,201 in the 2021 financial year. In 2022, no personnel expenses are included in this regard, as the corresponding provisions were not built but reversed (see above explanations on other operating income). Furthermore, the capitalised development costs increased to kEUR 26,875 (previous year: kEUR 15,501). In addition, the previous year included expenses from business combinations in the personnel area in the amount of kEUR 5,641, which arose in connection with the merger of DeGiro B.V. into flatexDEGIRO Bank AG.

The slight increase in marketing and advertising expenses to kEUR 48,871 (previous year: kEUR 46,069) is mainly due to the focused growth strategy in key European markets, including the sponsorship of the Spanish football club Sevilla FC in the middle of 2022.

Other administrative expenses in the reporting year at kEUR 41,403 (previous year: kEUR 41,982) remained almost unchanged.

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

In the financial year 2022, an EBITDA of kEUR 183,283 (previous year: kEUR 112,088) was achieved. The Adjusted EBITDA without provisions for long-term incentive schemes amounts to kEUR 144,986 (previous year: kEUR 177,073). The consolidated net profit is kEUR 106,186 (previous year: kEUR 51,550). Excluding provisions for long-term incentive schemes, the adjusted consolidated net profit amounted to kEUR 78,579 (previous year: kEUR 96,542).

The financial performance indicators are summarized as follows:

In kEUR	2022	2021
EBITDA	183,283	112,088
+/- Adjustment from personnel expenses (+) / sales (-) for long-term incentive schemes (formation or release of provisions)	-38,297	59,345
+ Adjustment from expenses in the personnel area in connection with business combinations	-	5,641
= Adjusted EBITDA	**144,986**	**177,073**
EBT	147,297	74,416
+/- Adjustment from personnel expenses (+) / sales (-) for long-term incentive schemes (formation or release of provisions)	-38,297	59,345
+ Adjustment from expenses in the personnel area in connection with business combinations	-	5,641
= Adjusted EBT	**109,001**	**139,401**
- Tax expenditure of Adjusted EBT[1]	30,422	42,859
= Adjusted consolidated net profit	**78,579**	**96,542**
Issued shares outstanding as of 12/31	109,892,548	109,792,548
Earnings per Share	0.97	0.47
= Adjusted EPS	**0.72**	**0.88**

[1] The amounts are recorded with the 27.91% 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 priorities in the financial management of the Group are to always secure a comfortable level of liquidity and to maintain operational control of the inflow and outflow of funds. The effects of 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	12/31/2022	12/31/2021	Change in kEUR	Change in %
Subscribed capital	109,893	109,793	100	0.1
Additional paid-in-capital	230,687	230,323	364	0.2
Retained earnings	160,801	110,857	49,944	45.1
Consolidated net profit	106,186	51,550	54,636	106.0
Shares of minority shareholders	653	536	117	21.7
Other earnings/losses	54	-3,673	3,727	-101.5
Total	**608,272**	**499,385**	**108,887**	**21.8**

The change in subscribed capital is due to the options from the 2015 share option programme being exercised in the reporting year in the amount of kEUR 100 (previous year: kEUR 241). The entry in the commercial register was made on 15 May 2022.

Capital structure

The capital structure of the Group is as follows:

In %	12/31/2022	12/31/2021	Change in percentage points
Equity ratio	14.9	13.5	1.4
Debt ratio	85.1	86.5	-1.4

LIABILITIES

Reported liabilities of flatexDEGIRO AG totalling kEUR 3,486,894 as at 31 December 2022 (previous year: kEUR 3,191,204) with the vast majority being short-term in nature (kEUR 3,361,927, previous year: kEUR 3,055,988) and consisted mainly of customer deposits with flatexDEGIRO Bank AG (kEUR 3,201,490, previous year: kEUR 2,810,861).

There were non-current financial liabilities in the amount of kEUR 124,967 (previous year: kEUR 135,216). These primarily included liabilities from the Stock Appreciation Rights Plan in the amount of kEUR 36,147 (previous year: kEUR 74,588), from leases in the amount of kEUR 33,610 (previous year: kEUR 23,758), pension obligations amounting to kEUR 5,366 (previous year: kEUR 11,530) as well as deferred tax liabilities amounting to kEUR 40,854 (previous year: kEUR 19,947).

In addition, there were contingent liabilities from irrevocable unutilised credit commitments in the amount of kEUR 1,354 (previous year: kEUR 27,744). The irrevocable credit commitments essentially consist of credit lines in the area of receivables-based finance which have been granted but not yet utilised.

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 mainly involved the expansion of the flatex-next app to version 3.0, the further development of a desktop app for trading at flatex and DEGIRO and the further development of the Company's proprietary OTC platform L.O.X. The technical prerequisites for the expansion of offerings regarding digital asset management (in partnership with Whitebox) and the evaluation of access to trading in cryptocurrencies (in partnership with Börse Stuttgart Group) were also advanced. Furthermore, in connection with the special audit by BaFin, initial measures to remedy identified deficiencies were already initiated and partially implemented during the audit.

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:

CASH FLOW

In kEUR	12/31/2022	12/31/2021
Cash flow from operating activities	113,316	125,028
Cash flow from investments	-49,408	-26,087
Cash flow from financing activities	-9,957	-1,336
Free cash flow before banking operations	53,951	97,605
Cash flow from banking operations	552,428	265,304
Non-cash movements in equity	2,381	219
Cash and cash equivalents at the beginning of the period	1,618,252	1,255,124
Cash and cash equivalents at the end of the period	**2,227,012**	**1,618,252**

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	12/31/2022	12/31/2021
Assets	**4,095,167**	**3,690,589**
Non-current assets	563,906	531,023
Current assets	3,529,833	3,158,312
Non-current assets held for sale	1,428	1,255
Liabilities and shareholders' equity	**4,095,167**	**3,690,589**
Equity	608,272	499,385
Non-current liabilities	124,967	135,216
Current liabilities	3,361,927	3,055,988

The increase in the balance sheet total by kEUR 404,578 is mainly due to the increase in balances with central banks.

The non-current assets are shown below:

NON-CURRENT ASSETS

In kEUR	12/31/2022	in %	12/31/2021	in %	Change in kEUR	Change in %
Goodwill	181,087	32.0	181,087	34.0	0	0.0
Internally generated intangible assets	74,010	13.1	54,268	10.2	19,742	36.4
Customer relationships	106,583	18.9	114,710	21.6	-8,127	-7.1
Other intangible assets	40,367	7.1	36,491	6.9	3,876	10.6
Property, plant and equipment	47,182	8.3	34,110	6.4	13,072	38.3
Financial assets and other assets	3,045	0.5	1,668	0.3	1,377	82.5
Equity instrument measured at fair value through profit of loss (FVPL-EQ)	81,943	14.5	79,291	14.9	2,652	3.3
Non-current loans due to customers	961	0.2	22,098	4.2	-21,137	-95.7
Financial assets at fair value through profit or loss (FVPL)	28,729	5.1	7,299	1.3	21,430	293.6
Non-current assets held for sale	1,428	0.3	1,255	0.2	173	13.8
Deferred tax assets	-	-	-	-	-	100.0
Summe	**565,334**	**100.0**	**532,278**	**100.0**	**33,057**	**6.2**

The goodwill item consists of the purchase price allocations for DeGiro B.V. acquired in the 2020 financial 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 by kEUR 19.742 primarily results from capitalised development services on FTX:CBS, minus the ongoing depreciation for already completed assets.

The Customer relationships item mainly consists of customer relationships received as part of the acquisition of DeGiro B.V. in the 2020 financial year.

The current assets are shown below:

CURRENT ASSETS

In kEUR	12/31/2022	in %	12/31/2021	in %	Change in kEUR	Change in %
Inventories and work in progress	6	0.0	7	0.0	-1	-11.3
Trade receivables	25,194	0.7	26,176	0.8	-982	-3.8
Other receivables	9,912	0.3	6,774	0.2	3,138	46.3
Financial assets measured at fair value through other comprehensive income (FVOCI)	311,015	8.8	148,913	4.7	162,103	108.9
Cash loans due to local authorities	-	-	333	0.0	-333	-100.0
Current loans due to customers	944,542	26.8	1,335,275	42.3	-390,733	-29.3
Other receivables due to banks	12,151	0.3	22,582	0.7	-10,431	-46.2
Bank balances	-	-	232,945	7.4	-232,945	-100.0
Cash reserve	40	0.0	610,613	19.3	-610,573	-100.0
Balances with central banks	2,067,489	58.6	547,808	17.3	1,519,681	277.4
Receivables due to banks (on demand)	159,483	4.5	226,886	7.2	-67,403	-29.7
Deferred tax assets	-	-	-	-	-	100.0
Total	**3,529,833**	**100.0**	**3,158,312**	**100.0**	**371,522**	**11.8**

The changes in current assets mainly relate to the Financial Services segment and result from the cash at banks of flatexDEGIRO Bank AG.

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

Due to several external factors such as geopolitical conflicts, sharply increased energy costs and inflation rates as well as interest rate hikes by major central banks, the trading activity of retail investors has dampened over the course of 2022 across the industry. This also had a corresponding effect on flatexDEGIRO. In this challenging environment, the operating business fell short of original expectations. Nevertheless, flatexDEGIRO recorded one of the best years in its corporate history, considering 2022's financial reseults, measured in terms of revenue, EBITDA and net income. In addition to the positive effect from the release of provisions for long-term incentive schemes the continued customer growth and measures taken at an early stage to increase average commissions per transaction also contributed to this. These were partly already initiated in December 2021 through the optimisation of the price list at DEGIRO and took full effect in 2022.

At mEUR 407.0, the Group's revenue was slightly below the previous year's figure (mEUR 417.6). This reported turnover includes releases from provisions in connection with long-term incentive schemes in the amount of mEUR 38.4. Without these releases, which did not occur in the previous year, the comparable revenue (adjusted revenue) in 2022 would have been mEUR 368.5, a decrease of 12 % compared to 2021. The main driver of the decline in turnover was the lower trading activity of customers, which fell by 44 % on average. The Group's client growth compensated for a good part of this subdued activity, resulting in the number of settled transactions being only 26 % lower than in the previous year. The improved monetisation of transactions had a positive effect on revenue development. An increase in interest income on customer deposits held at the German Federal Bank from October 2022, and therefore limited to the last three months of the year, also had a positive effect.

The Adjusted EBITDA margin in the 2022 financial year was 39.3 % (previous year: 42.4 %). Due to the large operating leverage that flatexDEGIRO has because of its fully integrated business model, fluctuations in revenue have a direct effect on the operating result and the margins achieved through a change in transactions. Personnel costs, which are reported at a lower level in the income statement, have counteracted this effect. Rising interest income on customer deposits held at the Bundesbank generally has a positive effect on the Group's Adjusted EBITDA margin, as the higher interest on the deposits is not offset by comparable additional expenses. The same applies to increases in prices and fees in online brokerage.

flatexDEGIRO has also continued to invest in new customer acquisition in 2022. The associated marketing expenses were slightly above those of the previous year. Before marketing and advertising expenses, Adjusted EBITDA margin was 52.6 % (previous year: 53.4 %). The net income for the year is kEUR 106,186 (previous year: kEUR 51,550).

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 2022. All major markets in the brokerage business showed significant growth in terms of new customers.

Another positive development in the past financial year was the continuous technical harmonisation of the systems following the takeover of DEGIRO in 2020 and their further development, especially with regard to improving and expanding the customer offering.

Strategically, the management has continued to focus the Group on growth in online brokerage. The business relationship with a five-digit number of customers in the B2B area was terminated. flatexDEGIRO also withdrew from the peripheral markets of Norway and Hungary (around 6,000 customer accounts combined). In Austria, the migration of the DEGIRO brand to the much stronger flatex brand, and vice versa in the Netherlands, where the flatex brand was migrated to DEGIRO, was completed.

Overall, the Management Board of flatexDEGIRO AG views the Company's business performance as positive, particularly due to the fact that it continued to operate profitably even in this challenging overall market situation, while simultaneously expanding its customer base significantly.

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 Note 42.

2.13 Forecast and opportunities report

The period for business development forecasts refers to the 2023 financial year.

The outlook for the development in 2023 is still extremely uncertain in respect to the expected trading activity of private investors. This is due to ongoing geopolitical conflicts, continued high inflation rates in Europe and the expectation that the European Central Bank (ECB) will continue to raise interest rates in the current financial year. In 2022, it became apparent that investor trading activity had decoupled from market volatility in an environment with such negative sentiment for equity investments. This also appeared to override the usual seasonal patterns.

Despite the challenging environment of the past financial year, flatexDEGIRO succeeded in operating profitably and at the same time significantly expanding its customer base.

In the opinion of the Management Board, this shows that flatexDEGIRO AG's adopted strategy with its primary focus on the online brokerage business and the associated lending business is proving successful. The Management Board is confident that a positive development of key financial ratios can be achieved in 2023, especially given the strong increase in interest income in the now positive interest rate environment. It is the explicit goal of the Management Board to continue pursuing the existing strategy and implementing it in a focused manner.

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 key subject areas at flatexDEGIRO were corporate governance and compliance, customers and products, employees, the environment, and fulfilling its societal responsibility. 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 at a continuous rate. To supplement the feedback and development discussions we hold with all employees in the current financial year, we have conducted a Group-wide employee survey to continuously measure employee satisfaction. We cover environmental aspects in our decisions both in connection with increased visibility of ESG products on our trading platform and in relation to the reduction of Scope 1 and 2 emissions (at least minus 20 %). In addition to switching the majority of our sites to green energy (2022: 100% of all office locations in Germany), further electrification of our vehicle fleet should contribute to achieving the target.

The prediction of performance indicators is generally subject to a certain degree of uncertainty from the annual perspective.

Financial Services segment

The expected revenue and earnings development in the Financial Services segment is determined by the commission income generated in the online brokerage area as well as the interest income from secured margin loans to existing brokerage customers and from the conservative investment of customer funds (for example with the German Federal Bank or in government bonds with good credit ratings).

After several years of strong expansion of the customer base, flatexDEGIRO expects further customer growth in 2023 and expects annual growth rates to be at least 50 % to 100 % above the average of other listed peers, which was around 6 % in 2022. Client trading activity is difficult to forecast. For 2023, the Management Board assumes in its base scenario that the trading activity of retail investors will remain at the level shown from the second to the fourth quarter of 2022 (annualised average of 26 transactions per customer account).

flatexDEGIRO generates interest income from the investment of customer funds held under custody. This is partly in the form of margin loans, which are in turn made available to our customers, as well as deposits, for example with the German Federal Bank, or the purchase of government bonds with good credit ratings. In its forecast for 2023, the Management Board assumes a total volume of customer funds under custody averaging around EUR 3.5 billion per year, of which around EUR 0.9 billion is expected to be used for the margin loan business. The interest income generated on the remaining customer funds in custody depends largely on the level of the ECB deposit facility and is expected to be above 2.5 %, depending on any interest rate increases or decreases during the 2023 financial year.

Technologies segment

The successful, and where necessary automated, integration of DEGIRO into the business processes of flatexDEGIRO AG – in addition to organic growth on both sides – is still the focus in the technology area of flatexDEGIRO AG. This is supplemented by technical support in the processing of the points which arose from the special audit by BaFin pursuant to Section 44 KWG and was completed in 2022.

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 aligned with it. This will result in a sustainable increase in business activity with increasing use of economies of scale.

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.

Plan assumptions and forecasts for key performance indicators

In June 2022, the Management Board decided to focus primarily on financial indicators in its forecast. Commercial performance indicators such as customer growth or the number of transactions processed continue to be closely monitored and have also been made available to the public in the form of a monthly report since the beginning of 2023. However, they do not represent significant control variables for the management.

The expected development of the Company is based on the above assumptions regarding the development of the Financial Services and Technologies segments. The trading activity of private investors, which has a significant influence on the overall development of the Financial Services segment, is difficult to forecast. This is why the Management Board uses a scenario presentation to illustrate the expected overall development.

From the Management Board's perspective, this indicates the potential for a slight or moderate increase in Adjusted Revenue*, Adjusted EBITDA* margin and Adjusted EBT* margin in 2023 compared to the previous year. The corresponding expectations are shown in the following table.

	Group	
	2023	2022
Adj. Revenues* in kEUR	slight increasing	368,522
Adj. EBITDA* margin in %	moderate increasing	39.5
Adj. EBT* margin in %	moderate increasing	29.7

*Excluding effects from the release/creation of provisions for long-term incentive schemes.

Description	Extent of change
Moderate	+/- 0% to 3%
Slight	+/- 3% to 10%
Significant	+/- 10% to 20%
Strong	More then +/- 20%

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 lies in the expansion of the Group’s value creation following the acquisition of DEGIRO.

In addition, the current market environment offers catch-up potential in the online brokerage segment in the event of an improvement in general capital market sentiment. Rising interest rates on the part of central banks also have the potential to further improve the Group’s earning power.

Opportunities in the Financial Services segment

Trading activity by retail investors has declined sharply across the industry in 2022 due to external factors. The disappearance of these negative influencing factors – for example, due to the end of the war in Ukraine, a significant decline in inflation and/or a clear signal from the relevant central banks regarding the end of the interest rate increase cycle – could have a positive impact on the mood on the capital markets and the trading activity of our customers. Due to the operating leverage that flatexDEGIRO has through its fully integrated business model with a high proportion of fixed costs, an increase in activity, and therefore in the number of transactions processed, would have a significantly positive effect on the Group’s earnings and financial position.

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 a good position to continue reaping the benefits from these growth trends and gain additional market share in the future.

Selective additions through the offer of additional products as well as the consolidation of existing partnerships form an additional basis for future success. Optimisations of the price-performance ratio also offer the opportunity to accelerate customer growth, for example through the abolition of negative interest rates in the wake of the ECB’s first interest rate hike in July 2022 or the abolition of partially charged custody account fees as of 1 January 2023 for the flatex and ViTrade brands. Other price changes in this context have the potential to further improve the Group’s revenue and earnings situation.

Opportunities in the Technologies segment

Increased customer growth and transaction volumes, the need for technical implementation of 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. As the technical integration of DEGIRO progresses and the number of transactions is expected to increase in the medium term, the powerful IT platform will enable economies of scale to be leveraged, which will further optimise 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. Since the start of the military conflict in Ukraine in February 2022, all of the Group's business areas / portfolios have been continuously monitored in this context as part of monthly risk reporting and any necessary control measures have been implemented. The Management Board incorporates the emerging opportunities and potential threats into its business and risk strategy and adjusts it accordingly as necessary. Monitoring and managing the risks of the Group is a central component of the Company's management tools at flatexDEGIRO AG.

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

In accordance with Section 2f (1) of the German Banking Act (KWG), flatexDEGIRO AG has been the superordinate institution of the Group since 2022. It is responsible for the Group-wide tasks of risk controlling in accordance with the "Minimum Requirements for Risk Management" (MaRisk) AT 4.4.1. It thereby contributes significantly to the cross-departmental and Group-wide tasks anchored in risk management and risk controlling processes i.e. identification, assessment, management, monitoring and communication of risks. A group-wide risk strategy is intended to ensure uniform risk management procedures and methods for all group companies. In this sense, the look-through procedure is applied in the risk-bearing capacity calculation in order to look through to the level of the individual companies.

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

Risk identification and risk assessment

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

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

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

Risk management

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

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

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

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

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

Risk monitoring and risk communication

Management is supplied with current figures pertaining to the risk and earnings position at flatexDEGIRO AG by means of daily reports. Such reports also ensure continuous ad-hoc reporting: as a central (risk) management tool, the daily risk cockpit reporting provides daily information on the performance indicators, risk ratios and limit utilisation levels required for management as well as on the development of relevant early warning indicators. It also contains comments on control-relevant issues and, where appropriate, recommendations for necessary adjustments. In addition, for each business area that is significant from a risk perspective, it includes monthly and annual target achievement levels as well as comparisons with the previous year's P&L.

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

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

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

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

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

Managing and limiting counterparty default risks

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

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

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

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

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

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

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

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

In the context of the Ukraine crisis and the exclusion of all Russian securities from international trading venues, as well as the subsequent global decline in value on all world financial markets (MSCI World -17.7 % in 2022)[20], the bank has not experienced any significant defaults on its securities-backed loans due to its conservatively set loan-to-value ratios. flatexDEGIRO AG does not have any active business relationships with the Russian and Ukrainian markets, neither with Russian or Ukrainian companies or banks, nor with any European subsidiaries of them.

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

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

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

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

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

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

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

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

Managing and limiting market price risks

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

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

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

The following existing sub-risk types are considered here:

Interest rate risk

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

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

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

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

[21] IFRS9 Stage 1 & 2.

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

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

The ratio was maintained throughout the year.

Credit spread risk

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

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

Property price risk

The Group is invested in a diversified German residential property portfolio through two special fund constructions. The focus is on residential properties in the medium rental price segment, with investments in economically strong, regional German cities and their respective metropolitan areas. This involves a risk of loss due to changes in property market prices. The Group uses a VaR approach (99.9 % confidence level; one-year observation horizon) for measuring property price risk.

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

FX risk

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

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

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

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

Managing and limiting liquidity risks

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

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

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

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

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

Finally, flatexDEGIRO Bank AG carries out ongoing liquidity monitoring and appropriate financial planning / liquidity planning in the Group's financial accounting department. The measures implemented, in combination with a "liquidity business continuity plan", ensure a comfortable liquidity level with adequate reserves for the Group's payment obligations, also and particularly in the case of unforeseen events such as unfavourable market developments or payment deferrals and client defaults.

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

Control and limitation of operational and other risks

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

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

Dependency on software and other EDP risks

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

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

Personnel risks

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

Legal risks

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

Outsourced processes

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

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

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

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

Reputational risk

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

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

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

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

Other risks

flatexDEGIRO AG currently includes general business risks in other risks.

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

Technological developments and changing customer behaviour can significantly influence the market conditions for financial services. They may open up opportunities for flatexDEGIRO AG's financial products, but they may also negatively impact demand for the Group's products and services and so reduce its financial success.

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

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

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

Overall risk position of the financial holding group

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

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

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

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

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

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

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

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

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

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

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

Management Board assessment of the overall risk situation

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

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

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 the comprehensive rights to information, audit and access needed to perform these activities.

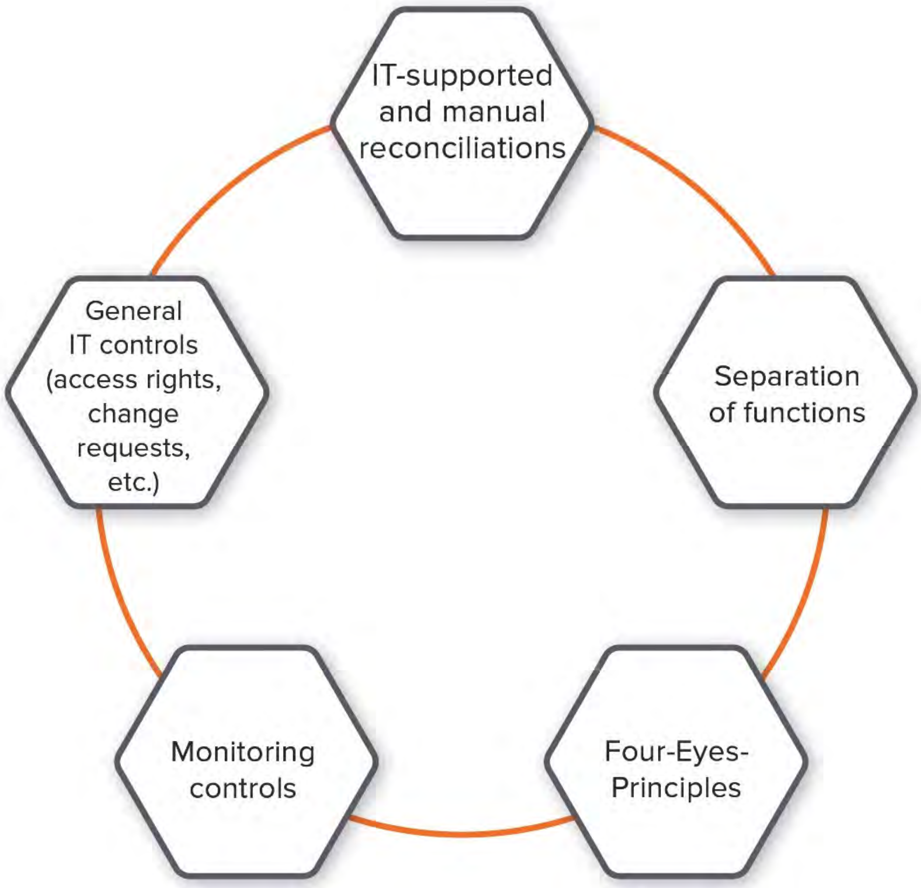
The accounting-related ICS of flatexDEGIRO AG comprises the principles, procedures and measures to ensure the correctness of accounting. It is continuously developed and aims to achieve the following: The consolidated financial statements of flatexDEGIRO AG should be prepared in accordance with International 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 aims to ensure that the annual financial statements of flatexDEGIRO AG and the management report are prepared in accordance with the provisions of commercial law.

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 on a Group-wide basis. 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.

In the 2022 financial year, the German Federal Financial Supervisory Authority (BaFin) conducted a special audit at flatexDEGIRO Bank AG in accordance with Section 44 of the German Banking Act (KWG). Deficiencies were found in the areas of risk management and money laundering prevention. The implementation of the measures ordered is monitored by a special representative appointed by BaFin. The Management Board is striving to remedy some significant deficiencies already in the 2023 financial year, especially those relating to the applicability of credit risk mitigation techniques for financial collateral.

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, 14 March 2023

flatexDEGIRO AG

Frank Niehage
CEO, Chair of the Management Board

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

Dr. Benon Janos
CFO, Member of the Management Board

Stephan Simmang
CTO, Member of the Management Board

Notes

IFRS Consolidated Balance Sheet

as at 31 December 2022

In kEUR	Note	12/31/2022	12/31/2021
Assets		**4,095,167**	**3,690,589**
Non-current assets		**563,906**	**531,023**
Intangible assets	11	402,047	386,557
Goodwill	11	181,087	181,087
Internally generated intangible assets	11	74,010	54,268
Customer relationships	11	106,583	114,710
Other intangible assets	11	40,367	36,491
Property, plant and equipment	13	47,182	34,110
Financial assets and other assets		3,045	1,668
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	14	81,943	79,291
Financial assets measured at fair value through profit or loss (FVPL)	14	28,729	7,299
Non-current loans due to customers	14	961	22,098
Current assets		**3,529,833**	**3,158,312**
Inventories and work in progress		6	7
Trade receivables		25,194	26,176
Other receivables	15	9,912	6,774
Other current financial assets	14	1,267,709	1,507,103
Financial assets measured at fair value through other comprehensive income (FVOCI)	14	311,015	148,913
Cash loans to local authorities		-	333
Current loans due to customers	14	944,542	1,335,275
Other receivables due to banks	14	12,151	22,582
Cash and cash equivalents	14	2,227,012	1,618,252
Bank balances	14	-	232,945
Balances with central banks	14	2,067,489	547,808
Cash assets	14	40	610,613
Receivables due to banks (on demand)	14	159,483	226,886
Non-current assets held for sale	**9**	**1,428**	**1,255**

In kEUR	Note	12/31/2022	12/31/2021
Liabilities and shareholders' equity		**4,095,167**	**3,690,589**
Equity		**608,272**	**499,385**
Subscribed capital	16	109,893	109,793
Additional paid-in-capital	16	230,687	230,323
Retained earnings	16	267,040	158,734
Shares of minority shareholders	10	653	536
Liabilities		**3,486,894**	**3,191,204**
Non-current liabilities		**124,967**	**135,216**
Non-current liabilities to non-banks	17	42,600	29,151
Pension obligations	18	5,366	11,530
Provisions for long-term variable compensation components	36	36,147	74,588
Deferred tax liabilities	30	40,854	19,947
Current liabilities		**3,361,927**	**3,055,988**
Trade payables	14	3,696	3,389
Liabilities to customers	19	3,201,490	2,810,861
Liabilities to banks	20	82,795	151,851
Other financial liabilities	21	6,271	26,568
Tax provisions	23	46,152	32,559
Other provisions	22	21,522	30,761

IFRS Consolidated Profit and Loss Statement

for the financial year from 1 January to 31 December 2022

In kEUR	Note	2022	2021
Revenues	24	**406,963**	**417,581**
thereof commission income		272,228	339,707
thereof interest income		71,519	59,345
thereof interest income from financial instruments (amortised cost)		64,002	53,127
thereof other operating income		63,216	18,529
Raw materials and consumables	25	65,199	75,331
Net revenue		**341,764**	**342,249**
Personnel expenses	26	68,207	142,110
Current personnel expenses	26	68,063	77,124
Expenses in the personnel area in connection with business combinations	26	-	5,641
Personnel expenses for long-term variable compensation components	26, 36	144	59,345
Marketing and advertising expenses	27	48,871	46,069
Other administrative expenses	28	41,403	41,982
EBITDA[1]		**183,283**	**112,088**
Depreciation	11-13	32,005	31,827
thereof impairment losses	38	1,420	-
EBIT[1]		**151,278**	**80,261**
Financial result	29	-3,980	-5,845
EBT[1]		**147,297**	**74,416**
Income tax expenses	30	41,112	22,865
Consolidated net profit		**106,186**	**51,550**
thereof: Majority shareholders' share of income		**106,069**	**51,542**
thereof: Minority shareholders' share of income		**117**	**8**
Earnings per share (undiluted) in EUR	35	**0.97**	**0.47**
Earnings per share (diluted) in EUR	35	**0.97**	**0.47**

[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 71

IFRS Consolidated Statement of other Comprehensive Income

for the financial year from 1 January to 31 December 2022

In kEUR	Note	2022	2021
Consolidated net profit		**106,186**	**51,550**
Income and expense items recognised directly in equity			
Pensions	**18**	**5,591**	**2,485**
Actuarial gains/losses		5,329	2,217
Remeasurement of plan assets		285	283
Reimbursement rights		-23	-16
Securities		**-179**	**317**
Change in value reported in equity		-179	317
Deferred taxes	30	**-1,685**	**-884**
Pensions		-1,740	-781
Securities		56	-103
Total other income		**3,727**	**1,917**
Comprehensive income		**109,913**	**53,467**

IFRS Consolidated Cash Flow Statement

as of 31 December 2022

In kEUR	Note	2022	2021
Consolidated net profit		**106,186**	**51,550**
Depreciation and amortisation/appreciation on property, plant and equipment and intangible assets	11, 13	29,697	30,069
Increase/decrease in inventories		1	1
Increase/decrease in trade receivables		982	-12,135
Increase/decrease in trade payables	14	307	-7,084
Increase/decrease in other receivables, financial investments, and other assets	14, 15	-4,515	-4,882
Increase/decrease in provisions, pension obligations and deferred taxes	18,22,30	19,098	8,307
Increase/decrease in provision for long-term variable compensation components	36	-38,441	59,201
Cash flow from operations		**113,316**	**125,028**
Cash outflow/inflow for the investment/disposal in/from intangible assets	11	-33,194	-17,801
Cash outflow/inflow for investment/disposal in/from property, plant and equipment	13	-9,549	-2,360
Outgoing/incoming payments for usage rights investments*	13	-6,665	-5,927
Cash flow from investments		**-49,408**	**-26,087**
Inflow from equity injections by shareholders of the parent company		320	1,782
Increase/decrease long-term liabilities to non-banks	17	4,426	-3,119
Payment of purchase price component DeGiro B.V.*	21	-14,702	-
Cash flow from financing activities		**-9,957**	**-1,337**
Free cash flow prior to accounting changes to the banking business		**53,951**	**97,604**
Increase/decrease in long-term loans to customers	14	21,137	40,799
Increase/decrease in financial assets measured at FVOCI	14	-162,103	-39,545
Increase/decrease in financial assets measured at FVPL	14	-24,082	-11,742
Increase/decrease in cash loans to local authorities	14	333	36
Increase/decrease in short-term loans to customers	14	390,733	-491,938
Increase/decrease in other receivables due from banks	14	10,431	9,754
Increase/decrease in liabilities to customers	19	390,629	721,648
Increase/decrease in liabilities to banks	20	-69,056	54,734
Increase/decrease in other financial liabilities	21	-5,595	-18,442
Cash flow from accounting changes to the banking business		**552,428**	**265,304**
Non-cash movements in equity*		2,381	219
Change in cash and cash equivalents		**608,760**	**363,128**
Cash and cash equivalents at the beginning of the period		**1,618,252**	**1,255,124**
Cash and cash equivalents at the end of the period		**2,227,012**	**1,618,252**

*Compared to the previous year, the “Outgoing/incoming payments for usage right investments” line item has been newly inserted under the Cash flow from investments line item. Under this item, the newly capitalised rights of use are netted with the change in the corresponding liabilities. The item “Outgoing payment, DeGiro B.V. purchase price components” was also added under the cash flow item from financing activities.

IFRS Consolidated Statement of Changes in Equity

as at 31 December 2022

In kEUR	Subscribed capital (Note 16)	Additional paid-in capital (Note 16)	Retained earnings (Note 16)	Actuarial gains/losses (Note 16)	Unrealised gains/losses from financial instruments measured at fair value through other comprehensive income (Note 16)	Total	Minority interests (Note 10)	Total equity
As at 12/31/2020 and 01/01/2021	**27,273**	**310,916**	**112,707**	**-4,318**	**-1,273**	**445,305**	**528**	**445,833**
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 and 01/01/2022	**109,793**	**230,323**	**162,407**	**-2,614**	**-1,059**	**498,850**	**536**	**499,385**
Issue of shares	100	220	-	-	-	320	-	320
Issue of new shares	-	-	-	-	-	-	-	-
Contributions to / withdrawals from reserves	-	144	-1,489	-	-	-1,345	-	-1,345
Changes in the scope of consolidation not involving a change of control	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-
Other earnings/losses	-	-	-	5,591	-1,864	3,727	-	3,727
Consolidated net profit	-	-	106,069	-	-	106,069	117	106,186
As at 12/31/2022	**109,893**	**230,687**	**266,987**	**2,977**	**-2,923**	**607,621**	**653**	**608,272**

List of abbreviations

Para.	Paragraph
Adjusted EBIT	Earnings before interest and taxes adjusted for personnel expenses attributable to long-term incentive schemes
Adjusted EBITDA	Earnings before interest, taxes, and depreciation and amortisation adjusted for personnel expenses attributable to long-term incentive schemes
Adjusted EBITDA before marketing and advertising expenses	Earnings before interest, taxes and depreciation and amortisation adjusted for personnel expenses attributable to long-term incentive schemes 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 long-term incentive schemes before marketing and advertising expenses
Adjusted EBT	Earnings before taxes adjusted for personnel expenses attributable to long-term incentive schemes
AG	Aktiengesellschaft (public limited company)
GTC	General Terms and Conditions
PC/MC	Procurement/manufacturing costs
AktG	Aktiengesetz (German 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
re.	Regarding
resp.	Respectively
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 Rechnungslegungs Standards (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
FVPL-EQ	Financial equity instruments measured at fair value through profit or loss
FTX:CBS	flatex Core Banking System
GAAP	Generally Accepted Accounting Principles
GBP	Pound sterling
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 Resources
HRB	Handelsregister Abteilung B (commercial register department B)
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rates
IC	Interpretations Committee
IFRIC	International Financial Reporting 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
ITK	Information technology and telecommunication
i. n. s.	in the narrower sense
i. s. o.	in the sense of

i. c. w.	in conjunction with
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
Ltd.	Limited
LTECL	Lifetime expected credit loss
LTPD	Lifetime probability of default
LVaR	Liquidity value-at-risk
L.O.X.	Limit order system
acc. to	according to
MaRisk	Minimum requirements for risk management
EUR million	millions of euros
mbH	mit beschränkter Haftung (with limited liability)
m	Million
b	Billion
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
above	above-mentioned
UCITS	Undertakings for Collective Investments in Transferrable Securities
OTC	Over the counter
PD	Probability of default
PEPP	Pandemic Emergency Purchase Programme
PFOF	Payment for Orderflow
p. a.	per annum
rd.	Around
RiskMap	Risk assessments attained from the risk inventory
ROE	Return on Equity
ROTE	Return on Tangible Equity
RoU	Right of Use
s.	See
SaaS	Software as a Service
SARs	Stock Appreciation Rights
SDAX	Small-cap German share index
SE	Europäische Aktiengesellschaft (European public limited company)
SICAV	Investment shareholder with variable share capital
SLA	Service-level agreement
sog.	referred to as
SPPI	Solely Payments of Principal and Interest
TECH	Technologies
EUR k	thousands of euros
i.a.	among others
UK	United Kingdom
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
pl.	plus
CGU	Cash-generating unit

Consolidated notes as at 31. December 2022

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 Frankfurt commercial register under the company number HRB 103516. The registered business address is Omniturm, Grosse Gallusstr. 16-18, 60312 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 parent company of the flatexDEGIRO Group and the parent financial holding company in accordance with Section 2f (1) KWG.

The consolidated financial statements are approved for publication by the Management Board. 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 elements, 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.

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 based on the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted into European law by the European Union (EU), and follow the supplementary provisions of commercial law applicable under Section 315e HGB. 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 August 2019 was most recently updated and adopted by the Supervisory Board and the Management Board on 16 December 2022 and is publicly available on the flatexDEGIRO AG website at https://flatexdegiro.com/en/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 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 at 1 January 2021 merged with flatexDEGIRO Bank AG with retroactive effect)

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 / 1 January 2022

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

Changes in scope of consolidation in 2022

flatexDEGIRO UK Ltd., London (United Kingdom) was founded on 16 February 2022. The company was in the start-up phase in 2022 and has not yet commenced its operating activities. It was therefore not consolidated in the consolidated financial statements as of 31 December 2022, but was accounted for as a financial investment in accordance with IFRS.

Consequently, there were no changes in the scope of consolidation compared to the previous year.

Overview of the flatexDEGIRO AG scope of consolidation as at 31 December 2022

- 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 2022.

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 current global economic developments

The development of the global economy in the reporting year 2022 was increasingly shaped by the war in Ukraine and the resulting supply chain bottlenecks, along with an emerging energy crisis.

The online brokerage segment is traditionally characterised by the volatility of the various capital markets. The crisis described above led to increased volatility in the stock markets.

The business activity and therefore the net assets, financial position and results of operations of the Group were affected by the above events and the resulting effects in various business areas in terms of turnover and earnings due to a decline in trading activity. Possible effects on the valuation of individual assets and liabilities are being analysed on an ongoing basis. The incalculable factors regarding the further course 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 in future.

For more information, please refer to the sections "General economic and sector-related conditions", "Overall development and situation of flatexDEGIRO AG (Group)" and "Risk report" in the Group management report.

NOTE 5 Climate risks

In the 2020 financial year, the flatexDEGIRO Group analysed potential sustainability risks as part of a materiality analysis. Relevant environmental regulatory developments are also continuously monitored. The Group has not identified any material risks for its business model and does not currently expect any material effects of such risks on the business model of the flatexDEGIRO Group and on the presentation of its net assets, financial position and results of operations. For more information, please refer to the non-financial report in the "Environment" section.

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. Incidential 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 book value of the goodwill is taken over unchanged from the previous year.

Internally generated intangible assets

Development costs are capitalised if their amount 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 2022 financial year. Intangible assets with indefinite useful lives are tested for possible impairment at least annually.

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 book value 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. The impairment test is carried out at least once a year and additionally if there are indications that the CGU is impaired. There was an indication due to the COVID-19 pandemic as well as the war in Ukraine and the related economic effects, but it could be qualitatively and quantitatively concluded that there was no need for impairment.

In the event that the book value 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 book value of the derivative goodwill allocated to it, the book value 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 the higher of the value in use and the fair value. 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 listed company itself, flatexDEGIRO AG defines comparable companies as a peer group for determining the beta factor and sets these in correlation to the SDAX. 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)
- 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.

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 level expected next year (twelve-month horizon) (expected credit loss model [ECL]). Regular scenario analyses of credit risks are carried out as part of credit monitoring. If the credit rating has 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 balances with 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) tax and deferred tax. 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 carryforward 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 carryforward 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 likely, 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, amendments 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.

Standard/ interpretation	Change/ new regulation	Date of application (EU)	EU-Endorse-ment
IAS 1 Presentation of Financial Statements	Clarification on the application of significant accounting policies, instead of previously relevant accounting policies	Financial years that start on or after 01.01.2023	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 01.01.2023	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 01.01.2023	Yes
IFRS 17 Insurance Contracts	New accounting regulation for insurance contracts	Financial years that start on or after 01.01.2023	Yes
IAS 8 Accounting policies, changes in accounting estimates and errors	Clarification on the definition of accounting estimates	Financial years that start on or after 01.01.2023	Yes
IAS 12 Income Taxes	Revision of the accounting for deferred taxes in connection with assets and liabilities arising from a single transaction	Financial years that start on or after 01.01.2023	Yes

All of the above-mentioned standards, interpretations and amendments to existing standards and interpretations, 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.

Presentation of the new standards, amendments and interpretations applied in the current reporting year (2022)

Changes to the following standards became mandatory for flatexDEGIRO AG to apply for the first time in the 2022 financial year:

Changes to IFRS 3 "Business combinations"

With the published change, the reference in IFRS 3 to the framework concept of IFRS is updated to refer to the framework concept updated in 2018. To ensure that there are no material changes purely from the adaptation of the reference, additional more minor adjustments to IFRS 3 have been made. IFRS 3 has had the specification added that in the identification of adopted obligations that fall within the scope of IAS 37 or IFRIC 21, a buyer must apply the regulations of IAS 37 or IFRIC 21 in place of the framework concept. Without this new exception, in the event of a business combination a company might have applied debts that cannot be balanced in accordance with IAS 37 or IFRIC 21, and therefore would need to be derecognised through profit or loss immediately after acquisition. Furthermore, an explicit ban on recognition of acquired contingent assets is added to IFRS 3.

Changes to IAS 16 "Property, plant and equipment"

IAS 16 demands that the acquisition or production costs for a property, plant or equipment include all directly attributable costs that are incurred to bring them to their location and make them ready for operation in the required condition as intended by the management. The now-published change to IAS 16 prohibits a company from deducting from the acquisition or production costs of a f property, plant and equipment any income achieved from the sale of objects produced during the time that the asset was brought to a location and made ready for operation. The income from the sale must in future be recognised through profit or loss together with costs for their production. This change demands that companies separately recognise income and costs in the context of produced objects that do not come from the company's usual business activity and state the line items in the statement of comprehensive income in which they are recognised.

Changes to IAS 37 "Provisions, contingent liabilities and contingent assets"

IAS 37 defines an onerous contract as a contract in which the unavoidable costs of fulfilling contractual obligations are higher than the Company's expected economic benefit from the contract. Unavoidable costs are the lower amount from the fulfilment costs and any compensation payments or fines resulting from non-fulfilment. The change clarifies the meaning of "costs of contract fulfilment". The change clarifies that all costs directly attributable to the contract are part of the fulfilment costs. These are the costs additionally incurred for contract fulfilment (referred to as "incremental cost") and an allocation of other costs that are directly attributable to contract fulfilment. In addition, it gives clarification in accordance with which any priority depreciation extends to the assets used for contract fulfilment (previously: associated with the contract).

Annual improvements in IFRS 2018–2020 cycles

The annual improvements to IFRS (2018-2020 cycles) include the following changes:

- IFRS 9 – Clarification as to which fees are to be included in the 10 % test for the derecognition of financial liabilities.
- IFRS 16 – Change to the explanatory example No. 13 concerning IFRS 16, which contained statements on lessor payments to lessees to reimburse expenditure for tenant installations, which frequently resulted in misunderstandings.
- IFRS 1 – The specification in accordance with which subsidiaries that become a first-time user of IFRS later than their parent companies have voting rights to value assets and liabilities with the book values previously applied in the consolidated financial statements of the parent company (without consolidation adjustments and adjustments due to the effects of the business combination) (exception: investment companies), is extended through addition of the subsidiary's accumulated currency conversion difference. This change also applies for associated companies and joint enterprises that make use of the corresponding IFRS 1 regulation.

The new standards, amendments and interpretations applied in the reporting year did not have any significant impact on the flatexDEGIRO Group's balance sheet.

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 global COVID-19 pandemic and the war in Ukraine are also of extraordinary importance. The resulting estimation uncertainties relate in particular to the measurement of credit exposures and the recognition of risk provisions. 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 measruement 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 book value will be required in the next financial year. The real-world stress test over the course of the COVID-19 pandemic and the war in Ukraine proved that our conservative lending policies hold ground. In this context, we refer to the comments on financial risk management in Note 38.

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.

At flatexDEGIRO AG, the 2020 Stock Appreciation Rights Plan (SARs Plan 2020) is a share-based remuneration 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 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 the 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 granted the Management Board approval for the sale of the financial.service.plus GmbH as well as 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 within the 2023 financial year.

As of 31 December 2021, the non-current assets attributable to financial.service.plus GmbH are classified as "held for sale" and reported separately in the balance sheet. These assets amount to kEUR 1,428 as of 31 December 2022 (previous year: kEUR 1,255). The non-current assets held for sale were applied at whichever is lower of the book value and the fair value.

The effect on earnings of flatexDEGIRO AG was kEUR 417 (previous year: kEUR 29) in the reporting year. Of this amount, kEUR 300 (previous year: kEUR 21) is attributable to shares of majority shareholders and kEUR 117 (previous year: kEUR 8) to shares of minority shareholders.

The tax expense of the assets held for sale amounts to kEUR 117 as of 31 December 2022 (previous year: kEUR 17).

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

In kEUR	12/31/2022	12/31/2021
Intangible assets	1,291	1,090
Customer relationships	203	203
Other intangible assets	1,088	887
Property, plant and equipment	137	164
Land, land rights and buildings, including buildings on third-party land	14	14
Other equipment, factory and office equipment	123	150
Non-current assets held for sale	**1,428**	**1,255**

NOTE 10 Subsidiaries with minority shareholders

Non-controlling interests existed at the level of flatexDEGIRO AG as of 31 December 2022. Non-controlling interests relate to the direct subsidiary financial.service.plus GmbH, Leipzig. As at the reporting date of 31 December 2022, 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 117.

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 2022 and 2021. The information provided relates exclusively to financial.service.plus GmbH prior to any intra-group eliminations.

Balance sheet (condensed)

In kEUR	12/31/2022	12/31/2021
Current		
Assets	367	184
Liabilities	200	-193
Net current assets	**567**	**-9**
Non-current		
Assets	1,428	1,255
Liabilities	163	-233
Net non-current assets	**1,591**	**1,022**

Profit and loss statement (condensed)

In kEUR	2022	2021
Revenues	1,581	1,553
Earnings before income taxes	535	46
Earnings after taxes	417	29
Other comprehensive income	-	-
Comprehensive income	**417**	**29**
Comprehensive income attributable to minority shareholders	117	8

Cash flow presentation (condensed)

In kEUR	2022	2021
Consolidated net profit	**417**	**29**
Depreciation and amortisation/ appreciation on property, plant and equipment and intangible assets	53	303
Increase/ decrease in trade receivables	43	94
Increase/ decrease in trade payables	-97	-208
Increase/ decrease in other receivables, financial investments and other assets	-30	-2
Increase/ decrease in other financial liabilities	-	-63
Increase/ decrease in tax provisions and deferred taxes	51	49
Cash flow from operations	**438**	**201**
Cash outflow/ inflow for the investment/ disposal in/ from intangible assets	-226	-316
Cash outflow/ inflow for investment/ disposal in/ from property, plant and equipment	-	-4
Cash flow from investments	**-226**	**-320**
Non-cash movements in equity	-	-116
Increase/decrease in non-current liabilities to non-banks	-70	-87
Cash flow from financing activities	**-70**	**-204**
Free cash flow before banking operations	**143**	**-323**
Increase/ decrease in liabilities to banks	-	-3
Increase/ decrease in other financial liabilities	54	-
Cash flow from accounting changes to the banking operations	**54**	**-3**
Change in cash and cash equivalents	**197**	**-327**
Cash and cash equivalents at the beginning of the period	**46**	**373**
Cash and cash equivalents at the end of the period	**243**	**46**

NOTE 11 Intangible assets

Intangible assets are as follows in the 2022 financial year:

In kEUR	Acquisition/ production costs as at 01/01/2022	Additions	Disposals	Reclassifications	Acquisition/ production costs as at 12/31/2022	Accumulated depreciation as at 12/31/2022	Book value as at 12/31/2022	Depreciation in financial year 2022
Goodwill	183,362	-	-	-	183,362	2,274	181,087	-
Completed development costs	54,825	95	-	4,184	59,104	33,086	26,018	7,134
Current development costs	26,004	26,780	-	-4,184	48,600	608	47,992	-
Customer relationships	128,776	-	-	-	128,776	21,991	106,786	8,127
Industrial property rights and similar rights	18,194	7,121	-	-	25,315	15,019	10,296	2,173
Trademarks	31,536	-	-	-	31,536	543	30,993	70
Advance payments	802	165	802	-	165	-	165	-
Intangible assets	**443,499**	**34,162**	**802**	**-**	**476,859**	**73,521**	**403,338**	**17,504**

Intangible assets were 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	Book value as at 12/31/2021	Depreciation in financial year 2021
Goodwill	183,362	-	-	-	183,362	2,274	181,087	2,274
Completed development 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**

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 16 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 and ongoing development costs and customer relationships are subject to an annual impairment testing.

As part of the annual impairment test, the recoverable amount of the asset was determined by a value-in-use calculation based on cash flow forecasts for the period of five years and with a discount rate based on the return on equity (RoE) of 11.6 %, which is customary in the industry. The pre-tax discount rate in the previous year was 6.96 %. 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 book value 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 book value of the intangible asset exceeding its recoverable amount.

Individual, material intangible assets

Asset	Item	Book value as at 12/31/2022 kEUR	Book value as at 12/31/2021 kEUR	Remaining amortisation Years
Core Banking System (FTX:CBS)	Capitalised development cost	56,020	36,557	1 to 8
Customer relationships (DEGIRO)	Customer relationships	102,309	109,841	14
Customer relationships (ViTrade)	Customer relationships	2,266	2,451	13
Customer relationships (factoring.plus)	Customer relationships	719	1,175	2
Customer relationships (Bank)	Customer relationships	1,289	1,445	9

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.

The goodwill from the acquisition of DeGiro B.V. and the acquisition of factoring.plus.GmbH are assigned to the FIN CGU. The goodwill from the acquisition of XCOM AG totalling kEUR 28,780 is divided between the TECH (20 %) and FIN (80 %) CGUs. 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.

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 four-year budget 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
- Business planning
- Cash flow forecast

Discount rates: The discount rates reflect current market assessments of the specific risks attributable to the CGU. The discount rate was estimated based on the return on equity (RoE) customary in the industry. 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 2022 and also at 31 December 2021, no impairment of derivative goodwill had to be recognised for the FIN and TECH CGUs as a result of impairment testing.

The book value of the FIN CGU as at 31 December 2022 amounts to kEUR 718,739 (previous year: kEUR 339,383). The recoverable amount of this CGU is kEUR 879,410 (previous year: kEUR 2,993,439). The derivative goodwill allocated to this CGU as at 31 December 2022 was kEUR 175,331 (previous year: kEUR 177,466). The pre-tax discount rate used for the cash flow forecasts is 11.60 % (previous year: 6.96 %). The non-current growth rate is 1.0 % (previous year: 1.0 %).

The book value of the TECH CGU as at 31 December 2022 amounts to kEUR 79,098 (previous year: kEUR 39,665). The recoverable amount of this CGU is kEUR 314,975 (previous year: kEUR 58,242). The derivative goodwill allocated to this CGU as at 31 December 2022 was kEUR 5,756 (previous year: kEUR 5,756). The pre-tax discount rate used for the cash flow forecasts is 11.60 % (previous year: 6.96 %). The non-current growth rate is 1.0 % (previous year: 1.0 %).

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 and the TECH CGU could cause the book value of the CGU to materially exceed its recoverable amount.

The DCF value of a CGU is sensitive to the estimate of future earnings, to the discount rate and, to a lesser extent, to the long-term growth rate. The discount rates applied were determined and discounted using the present value factor return on equity (ROE). For the TECH CGU, an increase in ROE to 50.16 % would result in the book value of the TECH CGU exceeding its recoverable amount. Similarly, a decrease in revenue of more than 34.81 % and a decrease in free cash flow to equity of 79.22 % would cause the book value of the TECH CGU to exceed its recoverable amount.

For the FIN CGU, an increase in ROE to 14.15 % would cause the book value of the FIN CGU to exceed its recoverable amount. Similarly, a decrease in revenue of more than 5.22 % and a decrease in free cash flow to equity of 18.55 % would cause the book value of the TECH CGU to exceed its recoverable amount.

The management considers the above scenarios to be extremely unlikely based on reasonable judgment.

The book value 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.

NOTE 13 Property, plant and equipment

Property, plant and equipment was as follows in the financial year 2022:

In kEUR	Acquisition/ production costs as at 01/01/2022	Additions	Disposals	Acquisition/ production costs as at 12/31/2022	Accumu-lated depreciation as at 12/31/2022	Book value as at 12/31/2022	Depreciation in financial year 2022
Land and buildings, including buildings on thirdparty land	4,754	303	-	5,057	4,159	898	362
of which, assets held for sale in accordance with IFRS 5	29	-	-	29	15	14	-
Other plant, business and office equipment	62,943	25,174	110	88,007	41,586	46,420	11,720
of which, assets held for sale in accordance with IFRS 5	578	26	-	604	482	123	53
Property, plant and equipment	**67,697**	**25,477**	**110**	**93,064**	**45,745**	**47,318**	**12,082**

Total rights of use recognised in property, plant and equipment

In kEUR	12/31/2022	12/31/2021
Rights of use for real estate	27,368	18,502
Rights of use for business and office equipment	3,919	4,331
Rights of use for vehicles	726	922
Total	**32,012**	**23,755**

Accruals from rights of use

In kEUR	2022	2021
Accruals from rights of use for real estate	13,639	2,616
Accruals from rights of use for business and office equipment	1,231	2,300
Accruals from rights of use for vehicles	818	1,141
Total	**15,688**	**6,057**

Amortisation of rights of use by asset class

In kEUR	2022	2021
Amortisation of rights of use for real estate	5,021	4,320
Amortisation of rights of use for business and office equipment	1,649	1,508
Amortisation of rights of use for vehicles	1,013	895
Total	**7,683**	**6,724**

Property, plant and equipment were 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	Accumu-lated depreciation as at 12/31/2021	Book value as at 12/31/2021	Depreciation in financial year 2021
Land and buildings, including buildings on thirdparty 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**	**67,697**	**33,422**	**34,275**	**11,069**

There were no impairment losses in the 2022 financial year (previous year: kEUR 0). Reversals of impairment losses were not recognised in the financial year 2022, nor in the financial year 2021. 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 Frankfurt site and the addition of IT hardware.

NOTE 14 Financial instruments

The following table presents the book value 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	12/31/2022	12/31/2021
Business model "hold until maturity"		
Amortised cost		
Non-current loans due to customers	961	22,098
Cash loans due to local authorities	-	333
Current loans due to customers	944,542	1,335,275
Other receivables due to banks	12,151	22,582
Cash and cash equivalents	2,227,012	1,618,252
Business model "hold to collect and sell"		
Financial assets measured at fair value through other comprehensive income (FVOCI)	311,015	148,913
Financial assets measured at fair value through profit or loss (FVPL)	28,729	7,299
Equity instruments without trading intent		
Equity instruments measured at fair value through other comprehensive income (FVOCI-EQ)	-	-
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	81,943	79,291
Financial liabilities		
Financial liabilities measured at amortised cost (including trade payables)	3,337,324	3,021,820

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

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

	Level 1		Level 2		Level 3	
In kEUR	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Business model "hold until maturity"						
Amortised cost						
Non-current loans due to customers	-	-	-	-	961	22,098
Cash loans to local authorities	-	-	-	-	-	333
Current loans due to customers	-	-	-	-	944,542	1,335,275
Other receivables due to banks	-	-	-	-	12,151	22,582
Cash and cash equivalents	2,227,012	1,618,252	-	-	-	-
Business model "hold to collect and sell"						
Financial assets measured at fair value through other comprehensive income (FVOCI)	311,015	148,913	-	-	-	-
Financial assets measured at fair value through profit or loss (FVPL)			-	-	28,729	7,299
Equity instruments without trading intent						
Equity instruments measured at fair value through other comprehensive income (FVOCI-EQ)	-	-	-	-	-	-
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	-	-	-	-	81,943	79,291
Financial liabilities						
Financial liabilities measured at amortised cost (including trade payables)					3,337,324	3,021,820

Level 2 financial instruments were not available as of the reporting date.

Cash and cash equivalents

In kEUR	12/31/2022	12/31/2021
Cash on hand	40	610,613
Balances with central banks	2,067,489	547,808
Bank balances	-	232,945
Receivables due to banks (on demand)	159,483	226,886
Total	**2,227,012**	**1,618,252**

The cash and cash equivalents amount in the cash flow statement corresponds to the relevant amount in the balance sheet. In the financial year 2022, 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. Non-current loans to customers mainly consist of special financing.

Due to the decrease in the loan book, loans to customers fell to kEUR 945,503 (previous year: kEUR 1,357,373). The decline is due to the reduced trading activity of customers and, conversely, leads to a decline in securities-backed loans, especially in margin loans and flatex-flex loans, as well as the strategic focusing of the credit area and the associated reduction in asset-based financing and other financing.

Due to the strategic focus, the share of total receivables-based financing in the loan book fell to kEUR 0 (previous year: kEUR 111,450). In the previous year, the value for football club financing was kEUR 75,199 and kEUR 36,250 for other receivables financing.

Asset-based financing decreased by kEUR 54,348 to kEUR 35,098 (previous year: kEUR 89,446). This resulted from the reduction in real estate financing by kEUR 22,402 to kEUR 35,098 (previous year: kEUR 57,500), as well as the decrease in the area of other asset-based financing from kEUR 31,946 to kEUR 0.

Other receivables due to banks

Other receivables due to banks in the amount of kEUR 12,151 (previous year: kEUR 22,582) essentially comprise the receivables from security deposits with cooperation banks in the amount of kEUR 11,414 (previous year: kEUR 11,190). The decrease in other receivables from banks is due to the reduction in settlement of securities and payment transactions with cooperation banks from kEUR 11,391 to kEUR 737.

Financial assets at fair value through profit or loss (FVPL) and equity instruments (FVPL-EQ)

Financial assets measured at fair value through profit or loss in the amount of kEUR 28,729 (previous year: kEUR 7,299) primarily relate to shares in a real estate fund in the amount of kEUR 25,020 (previous year: kEUR 2,100) and a football fund of kEUR 3,520 (previous year: kEUR 5,010). The change mainly results from committed capital calls in the real estate fund in the amount of kEUR 22,900. Both funds are alternative investment funds ("AIFs").

The equity instruments measured at fair value through profit or loss in the amount of kEUR 81,943 (previous year: kEUR 79,291) mainly relate to shares in residential investment and infrastructure funds in the corporate form of a SICAV. The change in the residential investment fund results from changes to market value in the amount of kEUR 2,060. With the infrastructure fund, the change results firstly from a capital call in the amount of kEUR 560 and also from changes to market value of kEUR 32.

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	62,852	707,970	1,912	102	Counterparty default risk
FG Wohnen Deutschland	fund	25,020	65,756	-	32	Counterparty default risk
Fidelio KA Infrast. Debt Fund Europe I - RAIF SICAV	Infrastructure fund	19,091	336,970	507	891	Counterparty default risk
DS Score Capital Football Finance Funds Nr. 1	fund	3,520	14,093	-	328	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. In particular, the goal is 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 308,999 (previous year: kEUR 114,930) and bonds of non-public issuers in the amount of kEUR 2,016 (previous year: kEUR 33,976).

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	12/31/2022	12/31/2021
Financial instruments recognised in other comprehensive income (FVOCI with recycling)	-1,525	-1,346
Equity instruments recognised in other comprehensive income (FVOCI without recycling)	287	287

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 recurrent basis fair value measurements are carried out at flatexDEGIRO AG for selected financial instruments on.

The fair values for financial instruments allocated to one of these categories is determined on the based of quoted prices in active markets that are accessible to the company on the valuation date (level 1 valuation techniques or the valuation hierarchy for the fair value 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 (level 2 of the fair value hierarchy) 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 or 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 book value 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 book value represents a reasonable approximation of the fair value of the following financial instruments, which are predominantly short-term. This includes the following financial instruments:

In kEUR	Book value 12/31/2022	Fair value 12/31/2022	Book value 12/31/2021	Fair value 12/31/2021
Assets				
Cash on hand and bank balances and balances with central banks	2,067,529	2,067,529	1,391,366	1,391,366
Loans due to customers	945,503	919,028	1,357,373	1,357,373
Receivables due to banks (on demand)	159,483	159,483	226,886	226,886
Receivables due to banks	12,151	12,151	22,582	22,582
Cash loans due to local authorities	-	-	333	333
Liabilities and shareholders' equity				
Liabilities to customers	3,201,490	3,201,490	2,810,861	2,810,861
Liabilities to banks	82,795	82,795	151,851	151,851
Other financial liabilities	6,271	6,271	26,568	26,568
Trade payables	3,696	3,696	3,389	3,389

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.

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 book value.

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 2022, the amount of the granted securities is kEUR 196,832 (previous year: kEUR 106,164) and is mainly due to the continued high trading volume in 2022.

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 2022, amounting to kEUR 5.268 (previous year: kEUR 5,194), 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 2022: kEUR 26,847; 31 December 2021: kEUR 40,281) 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 2022, 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 2022 kEUR 904 (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 9,376 (previous year: kEUR 8,826). Collateral is provided in the form of deposited securities in the amount of kEUR 11,665 (previous year: kEUR 10,000). 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 115,338 (previous year: kEUR 20,000) are used as collateral.

Net gains/losses from financial instruments

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

In kEUR	Net gains 2022	Net losses 2022
Financial assets measured at fair value through profit or loss	206	26
Financial assets measured at amortised cost	-	1,989
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	-	-
Financial assets measured at fair value through other comprehensive income (FV-OCI for debt instruments)	148	2,360
Interest income and interest expense for financial assets measured at amortised cost	71,371	6,687
Fees recognised as income or expense	-	-

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	-	-

The increase in net gains is mainly due to the rise in the general interest rate level.

The net losses result mainly from interest expenses for financial assets measured at amortised acquisition cost.

NOTE 15 Other receivables

Other receivables increased by kEUR 3,138 to kEUR 9,912 as of the balance sheet date (previous year: kEUR 6,774).

This mainly includes receivables from the tax office in the amount of kEUR 4,814. These consist of a receivable for reimbursement of capital gains tax in the amount of kEUR 3,273 based on the capital gains tax return submitted for December 2022 and a receivable in the amount of kEUR 1,214 from an objection procedure against the tax office.

NOTE 16 Equity

Subscribed capital

The share capital at the end of the financial year is divided into 109.893 million (previous year: 109.793 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 109,893 (previous year: kEUR 109,793).

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
Number of new shares issued in 2022	100,000
Number of shares issued and outstanding as of 12/31/2022	**109,892,548**

The change in subscribed capital from 2021 to 2022 results from options being exercised in the framework of the employee participation programme (2015 share option programme). For further details, we refer to Note 36.

Authorised capital

At the beginning of the financial year 2022, flatexDEGIRO AG had total authorised capital of kEUR 54,400 (Authorised Capital 2021/I: kEUR 43,600; Authorised Capital 2021/II: kEUR 10,800):

- By resolution of the Annual General Meeting of 29 June 2021 and with the consent of the Supervisory Board, the Management Board was authorised to increase the share capital by up to a total of kEUR 43,600 by 19 October 2025 against cash and/or non-cash contributions by issuing new registered no-par value shares on one or more occasions (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. The above-stated resolution of the Annual General Meeting of 29 June 2021 became effective upon entry in the commercial register on 20 August 2021. The Authorised Capital 2021/I of flatexDEGIRO AG remains unchanged at kEUR 43,600 as of the balance sheet date.
- By resolution of the Annual General Meeting of 29 June 2021 and with the consent of the Supervisory Board, the Management Board was authorised to increase the share capital by up to a total of kEUR 10,800 by 19 October 2025 against cash and/or non-cash contributions by issuing new registered no-par value shares on one or more occasions (Authorised Capital 2021/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. The above-stated resolution of the Annual General Meeting of 29 June 2021 became effective upon entry in the commercial register on 20 August 2021. The Authorised Capital 2021/II of flatexDEGIRO AG remains unchanged at kEUR 10,800 as of the balance sheet date.

	12/31/2022	**12/31/2021**
Number of authorised shares	54,400,000	54,400,000

Conditional capital

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 the Company and the members of the management and employees of affiliated companies of the Company 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 secure 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 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. As part of the 2014 share option programme, a total of 859,000 new registered no-par-value shares with a proportionate amount of the share capital of EUR 1.00 per share were issued from the 2014 Contingent Capital in the 2019 financial year, a total of 125,000 in the 2020 financial year and a total of 83,000 by 1 July of the 2021 financial year; corresponding amendments to the Articles of Association were entered in the commercial register. Accordingly, the Conditional Capital 2014 was authorised to kEUR 323 until 1 July 2021. In the course of a capital increase from company funds in the form of a 1:4 share split resolved by the Annual General Meeting on 29 July 2021, the existing Conditional Capital 2014 increased by operation of law in the same proportion as the subscribed capital (factor 4) to kEUR 1,292. The corresponding amendment to the Articles of Association was entered in the Commercial Register on 20 August 2021. As of the balance sheet date, the Conditional Capital 2014 of flatexDEGIRO AG amounts to kEUR 1,292.

By resolution of the Annual General Meeting of 28 August 2015, the Management Board was authorised, with the 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, also referred to as Conditional Capital 2015/I in the Company's commercial register). In accordance with the resolution of 28 August 2015, the Conditional Capital 2015 serves exclusively to secure 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 securing 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 General Meeting of 4 December 2017, and also insofar as the option conditions underlying the respective subscription rights were revised after the subscription rights were issued in the context of the corresponding resolution of the Annual General Meeting of 4 December 2017. As part of the 2015 share option programme, a total of 52,500 new registered no-par value shares with a proportionate amount of the share capital of EUR 1.00 per share were issued from the Conditional Capital 2015 in the 2020 financial year and a total of 70,000 by 1 July of the 2021 financial year; corresponding amendments to the Articles of Association were entered in the commercial register. The Conditional Capital 2015 was reduced accordingly to EUR 107,500 until 1 July 2021. In the course of a capital increase from company funds in the form of a share split, resolved by the Annual General Meeting on 29 July 2021, of 1:4, the existing Conditional Capital 2015 increased by law in the same proportion as the subscribed capital (factor 4) and now amounted to kEUR 430. The corresponding amendment to the Articles of Association was entered in the Commercial Register on 20 August 2021. Later in the 2021 financial year, due to the exercise of share options, an additional 88,000 subscription rights were issued from the Conditional Capital 2015 with a proportionate amount of the share capital of EUR 1.00 per share; as a result, the Conditional Capital 2015 was reduced by kEUR 88 to kEUR 342 after the share split. The corresponding amendment to the Articles of Association was entered in the Commercial Register on 15 February 2022. In the reporting year, due to the exercise of share options, an additional total of 100,000 subscription shares were issued from the Conditional Capital 2015 with a proportionate amount of the share capital of EUR 1.00 per share; as a result, the Conditional Capital 2015 was reduced by kEUR 100 to kEUR 242. The corresponding adjustment to the Articles of Association was entered in the commercial register on 11 May 2022. As at the balance sheet date, the Conditional Capital 2015 amounts to kEUR 242.

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 and by resolution of the Annual General Meeting on 29 July 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 (Conditional Capital 2017, designated in the Company's commercial register as Conditional Capital 2018/I). The conditional capital increase was to service debentures that could have been issued until 3 December 2022 based on the relevant authorisation resolution of the Annual General Meeting of 4 December 2017, as amended after adjustments by the resolution of the Annual General Meeting of 7 August 2018, by the resolution of the Annual General Meeting of 20 October 2020 and by the resolution of the Annual General Meeting of 29 June 2021. The authorisation to issue bonds expired on 3 December 2022 without being used. The Conditional Capital 2017 became void in its entirety on 3 December 2022 as it expired.

By resolution of the Annual General Meeting of 7 August 2018, as amended following the adjustments made by the resolution of the Annual General Meeting of 29 June 2021 and with the approval of the Supervisory Board, the Management 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 from the beginning of the financial year in which they are issued (Conditional Capital 2018/II). The conditional capital increase serves to service bonds and/or profit participation rights issued up to 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 entered in the commercial register on 20 August 2021. As of the balance sheet date, the Conditional Capital 2018/II amounts to kEUR 14,400.

Capital reserve

As at 31 December 2022, the capital reserve is kEUR 230,687 (previous year: kEUR 230,323) 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 capital reserve was increased by kEUR 220 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 36).

Retained earnings

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

In kEUR	Change
As at 01/01/2021	**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**
Additions to retained earnings	104,580
thereof: Allocation from net profit	106,069
thereof: Dividend distribution	-
thereof: Contribution to/withdrawal from reserves	-1,489
thereof: Changes in the scope of consolidation not involving a change of control	-
Other comprehensive income	3,727
As at 12/31/2022	**267,040**

NOTE 17 Non-current liabilities to non-banks (leases)

Non-current financial liabilities comprise the following:

In kEUR	12/31/2022	12/31/2021
Non-current liabilities to non-banks		
Liabilities from leases	33,139	23,758
Liabilities from hire purchasing	9,461	5,393
Total	**42,600**	**29,151**

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

In kEUR	12/31/2022	12/31/2021
Liabilities from leases	33,139	23,758
Total	**33,139**	**23,758**

No non-current financial liabilities to banks exist.

NOTE 18 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. flatexDEGIRO AG covers the defined benefit pension plans with these reinsurance policies. 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 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	12/31/2022	12/31/2021
Actuarial discount rate	3.60 %	0.90 %
Inflation rate	2.50 %	1.00 %
Mortality	Heubeck tables 2018 G	Heubeck tables 2018 G

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

In kEUR	12/31/2022	12/31/2021
Present value of defined benefit obligations	27,379	32,578
Fair value of plan assets	-21,951	-21,048
Net liability for pension obligations	**5,428**	**11,530**

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

In kEUR	2022	2021
As per balance sheet at beginning of the financial year	**11,530**	**14,543**
Current service expense	22	25
Past service expense	-	-
Net interest expense	104	57
Actuarial gains/losses	-5,614	-2,501
due to changes in demographic assumptions	-	-
due to changes in financial assumptions	-7,379	-3,431
due to adjustments in experience	2,050	1,214
income from plan assets other than amounts recognised in income statement	-285	-283
Employer contributions to plan assets	-596	-593
Pension benefits paid	-19	-
Transfers and company transactions	-	-
As per balance sheet at the end of the financial year	**5,428**	**11,530**

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	2022	2021
Present value of defined benefit obligations at the beginning of the financial year	**32,578**	**34,806**
Components recognised in the income statement	**315**	**164**
Current service expenses	22	25
Accrued interest expenses	292	139
Past service expenses and gains/losses from plan settlements	-	-
Amounts recognised in other comprehensive income	**-5,329**	**-2,217**
Actuarial gains/losses	-5,329	-2,217
due to changes in demographic assumptions	-	-
due to changes in financial assumptions	-7,379	-3,431
due to adjustments in experience	2,050	1,214
Payments and other adjustments	**-186**	**-174**
Employee contributions	-	-
Pension benefits paid	-186	-174
Payments for settlements	-	-
Transfers and company transactions	-	-
Present value of defined benefit obligations at the end of the financial year	**27,379**	**32,578**

Plan assets

In kEUR	2022	2021
Fair value of plan assets at the beginning of the financial year	**-21,048**	**-20,263**
Components recognised in the income statement	**-192**	**-83**
Accrued interest income	-192	-83
Amounts recognised in other comprehensive income	**-284**	**-283**
Income from plan assets other than amounts recognised in the income statement	-284	-283
Payments and other adjustments	**-429**	**-419**
Employee contributions	-	-
Employer contributions	-596	-593
Payments for plan settlements	-	-
Pension benefits paid	167	174
Transfers and company transactions	-	-
Fair value of plan assets at the end of the financial year	**-21,951**	**-21,048**

Reimbursement rights

In kEUR	2022	2021
Fair value of reimbursement rights at the beginning of the financial year	**-1,668**	**-1,486**
Components recognised in the income statement	**-16**	**-6**
Accrued interest income	-16	-6
Amounts recognised in other comprehensive income	**23**	**16**
Revenues from reimbursement rights other than amounts recognised in the income statement	23	16
Payments and other adjustments	**-191**	**-191**
Employee contributions	-	-
Employer contributions	-191	-191
Fair value of reimbursement rights at the end of the financial year	**-1,852**	**-1,668**

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	12/31/2022	12/31/2021
Active employees	382	710
Former employees with vested rights	23,033	27,465
Retirees	3,964	4,402
Present value of defined-benefit obligations	**27,380**	**32,578**
Weighted average duration of obligations in years	18	20

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	12/31/2022	12/31/2021
Total obligation if the actuarial discount rate is increased by 0.25% p.a.	26,247	31,027
Total obligation if the actuarial discount rate is decreased by 0.25% p.a.	28,580	34,238
Total obligation if the inflation rate is increased by 0.25% p.a.	28,486	32,886
Total obligation if the inflation rate is decreased by 0.25% p.a.	26,331	32,277
Total obligation when the life expectancy of a 65-year-old increases by 1 year	27,999	33,476

For the upcoming year, pension payments of kEUR 191 are expected (previous year: kEUR 178). 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 19 Current liabilities to customers

Financial liabilities to customers as at 31 December were 2022 kEUR 3,201,490 (previous year: kEUR 2,810,861). 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 2022, customers' foreign currency holding increased by kEUR 37,006 to kEUR 174,352 (previous year: kEUR 137,346). The increase in customer deposits results primarily from strong customer growth and a higher average deposit rate as well as the advancing migration of DEGIRO customers whose cash accounts are managed by flatexDEGIRO Bank AG. Securities fell by kEUR 152 to kEUR 348 (previous year: kEUR 500).

NOTE 20 Current liabilities to banks

Current liabilities to banks comprise the following:

In kEUR	12/31/2022	12/31/2021
Liabilities to banks	69,154	129,983
Foreign currency holdings	13,641	21,869
Total	**82,795**	**151,851**

Current liabilities to banks come to kEUR 82,795 in the financial year (previous year: kEUR 151,851) and include kEUR 69,154 (previous year: kEUR 129,983) in liabilities from securities settlement processing from customer transactions, and foreign currency holdings from customer transactions in the amount of kEUR 13,641 (previous year: kEUR 21,869). No financial liabilities to banks exist.

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

NOTE 21 Other financial liabilities

Other financial liabilities break down as follows:

In kEUR	12/31/2022	12/31/2021
Tax liabilities	5,329	11,357
Accruals and deferrals	921	495
Other financial liabilities	21	14,716
Total	**6,271**	**26,568**

Other financial liabilities amount to kEUR 6,271 as at 31 December 2022 (previous year: kEUR 26,568). Tax liabilities mainly include liabilities to the tax authorities arising from capital gains taxes on customer transactions in the amount of kEUR 1,910 (previous year: kEUR 9,375) and from income tax kEUR 2,119 (previous year: kEUR 1,594). The decline of kEUR 6,028 results mainly from the decrease in transaction taxes.

The decrease in other financial liabilities by kEUR 14,695 to kEUR 21 (previous year: kEUR 14,716) mainly comprise outstanding contractually agreed purchase price components payable to the former shareholders of DeGiro B.V., Amsterdam, in the amount of kEUR 14,702.

NOTE 22 Other provisions

Other provisions performed as follows in the financial year:

In kEUR	01/01/2022	Utilisation	Disposal	Additions	12/31/2022
Other provisions	30,761	22,405	7,950	21,116	21,522
Total	**30,761**	**22,405**	**7,950**	**21,116**	**21,522**

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**

Other provisions include identifiable risks in relation to third parties. These provisions are valued at full cost, and amount to kEUR 21,522 at year-end (previous year: kEUR 30,761). They mainly include expenses of the Group for performance-related, variable remuneration components in the amount of kEUR 4,188 (previous year: kEUR 8,823), for audit fees and Group contributions of kEUR 3,944 (previous year: kEUR 2,708), other personnel costs including provisions for vacation in the amount of kEUR 1,710 (previous year: kEUR 1,743), and for outstanding accounts in the amount of kEUR 12,043 (previous year: kEUR 13,892).

NOTE 23 Tax provisions

Provisions for taxes mainly comprise corporate income tax and trade tax. As at the reporting date, tax provisions increased by kEUR 13,593 to kEUR 46,152 (previous year: kEUR 32,559). The increased tax provisions were a result of the higher taxable income.

Corporate income tax rose by kEUR 6,014 to kEUR 29,713 (previous year: kEUR 23,699).

Trade tax provisions increased by kEUR 6,562 to kEUR 14,114 compared with the previous year (previous year: kEUR 7,552).

NOTE 24 Revenues

Revenues for the 2022 and 2021 financial years are as follows:

In kEUR	2022	2021
Commission income	272,228	339,707
Interest income	71,519	59,345
Other operating income	63,216	18,529
thereof: Provision of IT services	11,762	12,401
Total	**406,963**	**417,581**
Timeline of revenues recognition		
at a specific point in time	406,963	417,581
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 272,228 (previous year: kEUR 339,707) was largely generated from securities transactions for the flatex, DEGIRO, and ViTrade brands, and from B2B services of flatexDEGIRO Bank AG. This decline compared to the previous year was mainly due to the overall uncertain market environment and the restrained trading activity of brokerage clients. The number of customers rose slightly in the reporting year.

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 71,519 (previous year: kEUR 59,345) rose in comparison to the previous year, due in particular to the expanding, largely fully collateralised loan book (margin credit, flexible and Lombard credit). In addition, the European Central Bank's key interest rate decision favours the Group's treasury activities.

Other operating income includes income from provision of IT services in the amount of kEUR 11,762 (previous year: kEUR 12,401). 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 decline in external revenue from IT services is particularly due to the continued strategic focus on internal IT projects. The other operating income also includes income from the reversal of provisions for SARs granted in the amount of kEUR 38,441 (see also Note 36).

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	12/31/2022	01/01/2022
Current contractual assets from IT contracts	-	-
Current contractual assets from banking transactions	-	-
Total current contractual assets	**-**	**-**
Trade receivables (IT contracts)	14,055	13,774
Trade receivables (banking transactions)	10,077	12,402
Total receivables	**24,132**	**26,176**
Current contract liabilities from IT contracts	35	84
Current contract liabilities from banking transactions	375	390
Total current contract liabilities	**410**	**473**

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 decrease of kEUR 3,292 in trade receivables in banking transactions is due to the overall slight decline in business volume.

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	12/31/2022	12/31/2021
Costs capitalised at the time of execution of a contract with a customer as at 31 December	6	4
Amortisation amounts and impairments	-	-
Total	**6**	**4**

NOTE 25 Raw materials and consumables

The cost of material for the financial years 2022 and 2021 are broken down as follows:

In kEUR	2022	2021
Commission expense	50,642	61,082
Interest expense	8,594	7,539
Other operating expense	5,962	6,710
thereof: IT business expenses	1,614	1,917
Total	**65,199**	**75,331**

Commission expenses of kEUR 50,642 (previous year: kEUR 61,082) 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.). Similar to the commission income, the decline was mainly due to the restrained trading activities of brokerage clients.

Interest expenses in the amount of kEUR 8,594 (previous year: kEUR 7,539) increased compared to the previous year's period, in particular due to interest payments for clearing accounts.

Other operating expenses in the amount of kEUR 5,962 (previous year: kEUR 6,710) mainly include provision of IT services in the amount of kEUR 1,614 (previous year: kEUR 1,917). Similar to the decline in revenue, the decrease in expenses from the IT business is due to the strategic focus on internal IT development projects.

NOTE 26 Personnel expenses

On average, 1,219 staff were employed during the 2022 financial year (previous year: 1,090). As at reporting date, 915 people were employed in the FIN segment and 378 in the TECH segment. The increase in the annual average is due to the continuous build-up and expansion of the workforce. The personnel expenses incurred break down as follows:

In kEUR	2022	2021
Wages and salaries	56,272	73,007
Social security contributions and discretionary benefits	12,461	10,434
Income/expenses for pension obligations and employee benefits	-670	-675
Personnel expenses for long-term incentive schemes	144	59,345
Total	**68,207**	**142,110**
Activation of development services	26,875	15,501

Wages and salaries in the 2022 financial year were kEUR 56,272 (previous year: kEUR 73,007). The decrease is mainly due to own work capitalised for intangible assets in accordance with IAS 38, which increased to kEUR 26,875 (kEUR 15,501) and the absence of expenses in connection with the merger of the former DeGiro B.V., Amsterdam, into flatexDEGIRO Bank AG, Frankfurt (previous year: kEUR 5,641).

The development services were particularly focused on the further development of the core banking system FTX:CBS and the DEGIRO trading systems as well as the expansion of the L.O.X. environment. Preparations for the planned connection of partners in the area of crypto trading and digital asset management are also taken into account.

In the financial year 2022, no expenses were incurred for the SARs plan launched in 2020 (previous year: kEUR 59,201). kEUR 144 (previous year: kEUR 144) was also used for existing share option plans (see Note 36).

NOTE 27 Marketing and advertising expenses

Marketing and advertising expenses for the financial years 2022 and 2021 are broken down as follows:

In kEUR	2022	2021
Marketing and advertising expenses	48,871	46,069
Total	**48,871**	**46,069**

The increase in marketing expenses by kEUR 2,802 primarily reflects the intensification of marketing activities for winning new customers, with a greater focus on increasing brand awareness of flatex on the German and Austrian market and of DEGIRO on international markets.

In addition to the sponsorship partnership of the flatex brand with the Bundesliga football team Borussia Mönchengladbach, DEGIRO is advertising as the main global partner of the Spanish football club FC Sevilla in the 2022/2023 season, with the aim of increasing awareness of the DEGIRO brand internationally.

In addition, there were various offers and campaigns aimed at new customer acquisition for the flatex and DEGIRO brands.

NOTE 28 Other administrative expenses

Other administrative expenses for the financial years 2022 and 2021 are as follows:

In kEUR	2022	2021
IT expenses	11,233	10,132
Legal and consulting fees	10,345	7,910
Bank-specific contributions	9,062	10,697
Rental expenses	3,369	3,507
Insurance, contributions and official fees	2,501	3,355
Travel	1,310	495
Representation	1,130	146
Other expenses	1,179	4,538
Postage and office supplies	688	754
Vehicle expenses	586	448
Total	**41,403**	**41,982**

Other administrative expenses are at a similar level as in the previous year, with the main drivers mentioned below.

IT costs, which have increased by kEUR 1,101, primarily comprise expenses for maintenance, consultancy, and support services.

The kEUR 2,435 increase in legal and consulting costs results primarily from increased expenses for various audit services and external consulting services.

Among other things, the decrease of kEUR 1,635 in bank-specific contributions is due to the ancillary costs of money transfer and the lower business volume compared to the same period of the previous year.

The increase in travel costs by kEUR 815 is primarily attributable to increased travel activity compared to the same period of the previous year, which results from the general easing of COVID-19 restrictions.

Following the previous year's increase in other expenses due to the need to form reserves, other expenses were further reduced in the reporting period, to an amount of kEUR 1,179.

NOTE 29 Financial result

The financial result for the financial years 2022 and 2021 are as follows:

In kEUR	2022	2021
Pension interest income	207	88
Other interest income	0	1
Total other financial income	**208**	**89**
Interest expenses for deposit facilities	2,947	4,641
Interest expenses for pensions	275	147
Interest expenses for non-current liabilities	698	545
Other interest expenses	269	600
Total other financial expenses	**4,188**	**5,934**
Financial result	**-3,980**	**-5,845**

The decrease in interest expense for deposit facilities by kEUR 1,694 is due to the cancellation of negative interest rates at the European Central Bank (ECB). The kEUR 128 increase in interest expenses for pensions is due to the adjustment of the interest rate level in favour of the pension recipient.

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

NOTE 30 Income tax expense

Income tax expenses for the financial years ending 31 December 2022 and 31 December 2021 comprise the following:

In kEUR	2022	2021
Current income taxes		
Current income tax expense	-25,513	-37,200
Tax income/expense for previous years	3,538	-348
Deferred taxes		
Deferred taxes on temporary differences	-19,252	14,679
Deferred taxes on losses carryforwards	115	4
Income taxes as per the income statement	**-41,112**	**-22,865**
Other comprehensive income		
Changes to deferred taxes recognised in other comprehensive income	-1,685	-885
thereof actuarial gains/losses from defined benefit pension provisions	-1,740	-782
thereof gains/losses due to changes in value of financial assets measured at FVOCI	56	-103
thereof recycling of deferred taxes	-	-
Income taxes recognised in comprehensive income	**-42,797**	**-23,750**

In other comprehensive income in 2022, a deferred tax expenses on actuarial losses from defined benefit pension provisions in the amount of kEUR -1,740 (previous year: kEUR -782), and deferred tax expenses on changes in value of financial assets at FVOCI in the amount of kEUR 56 (previous year: kEUR -103) 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 31.13 % (previous year: 31.2 %). 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

		2022	2021
Earnings before taxes	kEUR	147,297	74,416
Applicable tax rate	%	31.13	31,12
Expected tax expense	kEUR	-45,849	-23,160
Effect from non-deductible expenses	kEUR	-701	-715
Effect from non-taxable income	kEUR	684	116
Effect from non-deductible expenses from stock options plans	kEUR	-45	-45
Effect from current income taxes on previous year's income	kEUR	3,538	-348
Effect from deferred taxes for previous years	kEUR	450	-1,314
Effect from changes in tax rates of deferred taxes	kEUR	1	-817
Effect from deviating tax rates	kEUR	616	3,719
Effect from tax losses without recognition of deferred taxes	kEUR	-	-
Other tax effects	kEUR	194	-301
Reported tax expenses	kEUR	-41,112	-22,865
Group tax rate	%	27.91	30.73

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 118 (previous year: kEUR 565) 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	2022	2021
Deferred tax assets		
Loss carryforwards	119	4
Financial instruments	-	-
Pension obligations	4,006	6,039
Other financial obligations	20,832	30,452
Other temporary differences	-	-
Offset in accordance with IAS 12.74	-24,957	-36,495
Total	**-**	**-**
Deferred tax liabilities		
Intangible assets	-53,629	-48,827
Property, plant and equipment	-9,433	-7,074
Financial instruments	-744	-541
Other financial obligations	-2,005	-
Other temporary differences	-	-
Offset in accordance with IAS 12.74	24,957	36,495
Total	**-40,854**	**-19,947**

NOTE 31 Additional disclosures in accordance with IFRS 16 und IAS 7

Lease payments according to IFRS 16

Principal payments

In kEUR	2022	2021
Principal payments	6,764	5,668
Total	**6,764**	**5,668**

During the financial year, principal payments were made on lease liabilities from leases in accordance with IFRS 16 in the amount of kEUR 6,764 (previous year: kEUR 5,668).

Interest payments

In kEUR	2022	2021
Interest payments	548	386
Total	**548**	**386**

Interest payments on leases in accordance with IFRS 16 were made in the amount of kEUR 548 (previous year: kEUR 386).

The interest payments and principal payments therefore produce a total cash outflow of kEUR 7,312 (previous year: kEUR 6,055).

Disclosures relating to IAS 7

Income tax payments

In kEUR	2022	2021
Income tax payments	6,611	25,095
Total	**6,611**	**25,095**

The operating cash flow includes income tax payments of kEUR 6,611 (previous year: kEUR 25,095).

NOTE 32 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 12/31/2022	Thereof: up to 1 year	Thereof: 1 to 5 years	Thereof: more than 5 years	Previous year
From rental and leasing contracts	37,423	8,522	23,517	5,384	25,954
From maintenance contracts	18,760	6,286	12,474	-	16,764
From other contracts	6,237	4,538	1,699	-	25,937
As at 12/31/2022	**62,420**	**19,346**	**37,690**	**5,384**	**68,655**

The decrease of kEUR 6,235 is mainly due to the sponsoring contracts.

Alongside this there are contingent liabilities from irrevocable, unused credit commitments in the amount of kEUR 1,354 (previous year: kEUR 27,744). The decrease in irrevocable credit commitments is mainly due to capital commitments already called in connection with investment funds. In addition, flatexDEGIRO Bank AG has contingent liabilities from guarantees for the processing of securities transactions.

NOTE 33 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 2022 financial year (previous year: none). For further disclosures, we refer to Note 36.

Legal transactions and other transactions with related parties

In the 2022 financial year, Group companies of flatexDEGIRO AG conducted legal transactions with associated parties and companies at a total volume of kEUR 334; 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 34 Remuneration of the flatexDEGIRO AG Management Board

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 remuneration as follows:

In kEUR	Year	Fixed compensation		Variable compensation				Total compensation
					long-term incentive schemes (component II)			
		Annual fixed compensation	Other compensation	One-year variable compensation (component I)	2014 options model	2015 options model	SARs-plan 2020*	
Frank Niehage	2022	500	22	1,000	-	-	-	1,522
	2021	500	25	1,000	-	-	-	1,525
Muhamad Said Chahrour	2022	300	25	600	-	-	-	925
	2021	300	23	500	-	-	-	823
Total	2022	800	47	1,600	-	-	-	2,447
	2021	800	47	1,500	-	-	-	2,348

*The measurement of the SARs takes place at the grant date

Remuneration of the flatexDEGIRO AG Supervisory Board

The following people were Supervisory Board members at flatexDEGIRO AG:

2022	Martin Korbmacher, Chairman Position held: Managing Director of Event Horizon Capital & Advisory GmbH Managing Director of arsago ACM GmbH Managing Director of arsago ventures GmbH
	Stefan Müller Position held: Director Finance and Chief Representative of Börsenmedien AG Chief Representative of BF Holding GmbH Chief Representative of GfBk Gesellschaft für Börsenkommunikation mbH Managing Director of Panthera AM GmbH Managing Director of Yigg GmbH (till 05/30/2022)
	Herbert Seuling Position held: Managing Director of M & S Monitoring GmbH
	Aygül Özkan (since 05/24/2022) Position held: Managing Director of Zentraler Immobilien Ausschuss (ZIA) e.V. Lawyer
2021	Martin Korbmacher, Chairman
	Stefan Müller
	Herbert Seuling

Mr Korbmacher sat on the following statutory Supervisory Boards of companies in Germany in 2022:

- Chairman of the Supervisory Board of flatexDEGIRO Bank AG
- Chairman of the Supervisory Board of SGT German Private Equity GmbH & Co. KGaA
- Member of the Supervisory Board of PTV Planung Transport Verkehr AG (till 01/31/2022)

Mr Müller sat on the following statutory Supervisory Boards of companies in Germany in 2022:

- Chairman of the Supervisory Board of FinLab AG
- Vice-Chair of the Supervisory Board of Heliad Equity Partners GmbH & Co. KGaA
- Vice-Chair of the Supervisory Board of TubeSolar AG
- Member of the Supervisory Board of flatexDEGIRO Bank AG

Mr Seuling sat on the following statutory Supervisory Boards of companies in Germany in 2022:

- Chairman of the Supervisory Board of TubeSolar AG
- Vice-Chair of the Supervisory Board of FinLab AG
- Member of the Supervisory Board of Heliad Equity Partners GmbH & Co. KgaA

In addition Mr Seuling sat on the following similar domestic Advisory Board with respect to Section 125 Para. 1 Sentence 5 Stock Act (AktG) in 2022:

- Member of the Advisory Board of Bionero GmbH

Ms Aygül Özkan was a member of the following other statutory supervisory boards of companies in Germany in 2022:

- Member of the Supervisory Board of flatexDEGIRO Bank AG

In addition Ms Özkan sat on the following similar domestic Advisory Board with respect to Section 125 Para. 1 Sentence 5 Stock Act (AktG) in 2022:

- Member of the Advisory Board of Donner & Reuschel Aktiengesellschaft

Members of the Supervisory Board of flatexDEGIRO AG receive only fixed remuneration of a regular nature. The remuneration is set out in detail below, allocated according to remuneration for Supervisory Board activities in the Group parent company flatexDEGIRO AG and to Supervisory Board work in Group subsidiaries:

In EUR	2022 total	2021 total
flatexDEGIRO AG	310,000.00	240,000.00
Subsidiaries	280,000.00	225,081.31

The Supervisory Board received compensation for travel expenses relating to Supervisory Board work in the amount of kEUR 7 (previous year: kEUR 0).

NOTE 35 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 : 4 share split performed during the previous year's reporting period was factored retrospectively into the earnings per share calculation for the previous year and applied to ensure comparability.

Issued shares (in pieces)	2022	2021
Number of issued shares as at 1. January (all outstanding, with actuarial consideration of the share split performed in 2021)	109,792,548	109,092,548
Number of new shares issued during the financial year	100,000	700,000
Time-weighted number of new shares issued during the financial year	86,904	473,162
Average, time-weighted number of issued shares outstanding during the financial year (undiluted)	**109,879,452**	**109,565,710**

Earning after taxes in kEUR	2022	2021
From continuing activities	106,186	51,550
From discontinued operations	-	-
Total	**106,186**	**51,550**
Undiluted post-tax earnings per share in EUR (with actuarial consideration of the share split performed in 2021)		
From continuing activities	0.97	0.47
From discontinued operations	-	-
Total	**0.97**	**0.47**

Earnings per share (diluted)

Diluted earnings per share in the 2022 financial year amount to EUR 0.96. The diluted average number of shares outstanding in the reporting year was 110,119,309.

NOTE 36 Share option plans

Share option plans for 2014 and 2015

In order to ensure competitive total compensation for managers, flatexDEGIRO AG has created share option 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 option 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 option 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 option plan performance for 2014 and 2015

The table below sets out the performance of issued and outstanding pre-emptive rights/options according 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		**5,006,000**	**-**	**-**	**-**	**-**

Option value

No other option rights were issued in the 2022 calendar year.

Expenses from share option plans

In the 2022 calendar year, a pro rata expense of kEUR 144 (previous year: kEUR 144) 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 issuance	Total value of options/ total expenditure in kEUR	Days	Expected allocation	2022 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 option 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 2022, a total of 325,606 SARs were granted to employees.

SARs valuation model

At flatexDEGIRO AG, the 2020 Stock Appreciation Rights Plan (SARs Plan 2020) is a share-based remuneration 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.

As at 31 December 2022, a provision of kEUR 36,147 (previous year: kEUR 74,588) was formed and income of kEUR 38,441 (previous year: kEUR 59,201 expense) from the reversal of provisions was recognised accordingly.

The intrinsic value of SARs already vested is kEUR 9,775 as at 31 December 2022 (previous year: kEUR 20,553).

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. The course of the share price cannot be directly influenced by the management. In a simulation, adjustment of the EPS by +/- 5.0 % resulted in an adjustment to the provision of less than +/- 6.5 %. With an adjustment of the EPS by +/- 10.0 % to an adjustment of the provision by 12.9 %. This effect will decrease disproportionately over the course of the vesting period.

NOTE 37 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 2022 financial year, flatexDEGIRO AG did not generate significant revenue (> 10 %) from just one customer.

Segment report for continuing activities in 2022

In kEUR	FIN	TECH	Consolidation	Total
Revenues (adjusted*)	333,929	86,423	-51,830	368,522
Raw materials and consumables	83,908	4,034	-22,744	65,199
Personnel expenses	71,404	5,837	-9,178	68,063
Marketing and advertising	49,662	8,587	-9,378	48,871
Other administration expenses	39,699	12,235	-10,531	41,403
EBITDA (adjusted)	**89,256**	**55,730**	**-**	**144,986**
Income from the release of provisions for long-term incentive schemes				38,441
Personnel expenses for long-term incentive schemes				144
Expenses in the personnel area connection with business combinations				-
EBITDA				**183,283**
Depreciation				32,005
EBIT				**151,278**
Financial result				-3,980
EBT				**147,297**
Income tax expense				41,112
Consolidated net profit				**106,186**

*The revenues do not include any income from the release of provisions for long-term incentive schemes.

Segment report 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 long-term incentive schemes				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**

NOTE 38 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 loss due to changes in market prices, in particular as a result of interest rate changes, real estate price changes and credit spread and FX price 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 for standardising and producing a risk management system that is consistent Group-wide 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 and receivables from bank deposits, 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:

Loan loss or risk provisions (EL) = PD x LGD x 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 weighted against the probability of default of the financial instrument within the next twelve months following the valuation date (hereinafter: 12-month PD; PDt12M). 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 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). The EaD for loans secured by securities is the utilisation minus the securities collateralisation (after haircut VaR 99.9 %).

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 the 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 2022 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	**449**	**163**	**13,636**	**14,248**
Changes in the amortisation of financial assets including newly issued or acquired financial assets	-217	-120	1,784	1,447
Changes due to disposals of financial instruments (including repayments, disposals)	-	-	-	-
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	-70	-	70	-
Changes in impairment for irrevocable loan commitments	-12	-	-	-12
Risk provision at the end of the reporting period	**149**	**42**	**15,491**	**15,682**

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 comminents	-4	-	-	-4
Risk provision at the end of the reporting period	**449**	**163**	**13,636**	**14,248**

The increase in risk provisions in the amount of kEUR 1,434 (previous year: decrease in the amount of kEUR 1,320) is due in particular to the necessary addition of risk provisions for financial instruments that have already been individually impaired and the conservatively structured loan portfolio.

The changes in stock from the level assignment show the additions 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 book value of kEUR 3,498,535 (previous year: kEUR 2,402,406). Of this, a gross book value of kEUR 882,505 (previous year: kEUR 1,122,790) 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, level 1receivables from borrowers with an external investment grade rating from the factoring portfolio with a gross book value of kEUR 0 (previous year: kEUR 113,780). The factoring portfolio was completely reduced as part of the strategic focusing of the lending business. In addition, gross book values of kEUR 2,485 (previous year: kEUR 88,642) were allocated to level 1 from the portfolio of other financing. The decrease is also due to the strategic focusing of the lending business. Furthermore, the gross book value of level 1 are attributable to receivables from banks from the Treasury portfolio in the amount of kEUR 2,504,688 (previous year: kEUR 993,205), and to the irrevocable loan commitments in the amount of kEUR 1,354 (previous year: kEUR 27,744). For further details on irrevocable loan commitments, see Note 32 “Contingent liabilities and other financial obligations”.

Gross book value at level 2 (total maturity ECL of non-impaired financial instruments) amount to kEUR 10,137 (previous year: kEUR 9,568). This level includes security-backed loans with a significantly increased risk of default at a gross book value of kEUR 4,937 (previous year: kEUR 726), and property financing on the watchlist with a gross book value of kEUR 5,200 (previous year: kEUR 8,843).

Level 3 (total maturity ECL of impaired financial instruments) has gross book value totalling kEUR 42,807 (previous year: kEUR 8,698). These largely consist of the real estate portfolio with a gross book value of kEUR 29,898 (previous year: kEUR 0) and security-backed loans with a gross book value of kEUR 135 (previous year: kEUR 650). The increase in the gross book value of the loans included in level 3 only led to a disproportionately low increase in risk provisions for level 3 financial instruments due to the high collateralisation of the loan portfolio.

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 106, while a downgrading by two rating grades would result in increased risk provisioning of up to approximately kEUR 264. 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 book value 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 real estate financing is secured by real assets, guarantees and the assignment of other receivables. 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.

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)
2022	+0.5 percentage points	162,569	623,528
2022	-0.5 percentage points	146,074	607,033
2021	+0.5 percentage points	74,787	501,882
2021	-0.5 percentage points	74,043	496,888

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 12/31/2022	Thereof: up to 1 year	Thereof: between 1 and 5 years	Thereof: more than 5 years	Previous year
Non-current liabilities to non-banks	42,600	9,439	24,877	8,284	29,151
Trade payables	3,696	3,696	-	-	3,389
Liabilities to customers	3,201,490	3,201,490	-	-	2,810,861
Liabilities to customers	82,795	82,795	-	-	151,851
As at 12/31/2022	**3,330,581**	**3,297,420**	**24,877**	**8,284**	**2,995,252**

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. 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 2022, the nominal amount (after credit mitigation) of the highest receivable from a counterparty was EUR 36.87 million (previous year: EUR 36.9 million).

NOTE 39 Capital management

The primary objective of capital management is to ensure compliance with the statutory solvency regulations that exist for the operation of banking and financial services businesses and that prescribe a statutory minimum capital requirement. This is intended to strengthen the quantitative and qualitative capital base.

At flatexDEGIRO, the consideration for the purposes of minimum capital requirements in connection with the fulfilment of the statutory solvency requirements pursuant to the Capital Requirements Regulation (CRR), Regulation (EU) No. 575 / 2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, is carried out in accordance with Article 11 et seqq. on a consolidated basis (regulatory financial holding group).

The data basis for the regulatory scope of consolidation is derived from the IFRS consolidated financial statements for the accounting scope of consolidation. The information is based on the legal basis valid on the reporting date. Since 31 December 2022, the scope of consolidation has corresponded to the scope of consolidation of these consolidated financial statements in accordance with Article 11 CRR. With effect from 24 May 2022, flatexDEGIRO AG, with its registered office in Frankfurt, is the parent financial holding company pursuant to Section 2f KWG and the superordinate company of the flatexDEGIRO financial holding group for regulatory purposes.

To manage and adjust the group's capital, flatexDEGIRO has the following means and measures at its disposal in particular:

- Issue of new shares
- Reinvestment (of parts) of the profit and
- Allocations to the statutory reserve

  (to strengthen the Common Equity Tier 1 capital)

In accordance with Article 25 et seqq. CRR, the Common Equity Tier 1 capital of the Group is composed of the following equity items, among others: subscribed capital, capital reserve, legal reserve and retained earnings. Tier 1 capital is reduced by intangible assets and goodwill, among other items.

To determine the risk-weighted exposure values (counterparty risks), flatexDEGIRO uses the credit risk standard approach in accordance with Article 111 et seqq. CRR. The standard approach is used to determine the capital charge for operational risk (Article 317 et seqq. CRR). The standard method is used to determine the capital charge for market price risk (foreign currency risk) (Article 351 et seqq. CRR).

At group level, flatexDEGIRO is generally required to back its capital requirements for counterparty default risk, its capital requirements for operational risk and its capital requirements for market price risk with at least 8 % eligible capital in accordance with Article 92 ff CRR (capital ratio). This is supplemented by a surcharge from the SREP (Supervisory Review and Evaluation Process) in the amount of 5 percentage points (previous year: 1 percentage point). Overall, this results in a capital requirement of 13 % (previous year: 9 %) as a TSCR requirement (Total SREP Capital Requirement).

Furthermore, additional Common Equity Tier 1 capital of 2.5 percentage points (capital conservation buffer in accordance with Section 10c of KWG) must be maintained for the additional regulatory capital buffer requirements. They are supplemented by a Capital Countercyclical Buffer (CCyB), the exact value of which is determined according to the geographical distribution of the counterparty default-based business and is consequently subject to a certain volatility. Overall, this results in the OCR (Overall Capital Requirement), which is 15.6 % for flatexDEGIRO (previous year: 11.6 %).

In the 2022 financial year, flatexDEGIRO fell short of the statutory minimum capital requirements at the Group level for the first time as of the reporting date 30 September 2022, but also as of 31 December 2022. This shortfall was due in particular to the supervisory withdrawal of the credit risk mitigation techniques (CRMT) for DEGIRO's Margin Loans product by BaFin in November 2022 as a result of the special audit carried out in 2022. This shortfall affects flatexDEGIRO Bank AG to an equal extent. In consultation with the BaFin, a capital maintenance plan was then drawn up in accordance with Section 10i (3) KWG, and was approved by the BaFin on 23 December 2022 in accordance with Section 10i (7) KWG.

The flatexDEGIRO Financial Holding Group complies with the capital requirements on regulatory capital after the planned approval and crediting of the profit from 2022.

The relationship between capital requirements and capital as of the reporting date (data for the year 2022 still without profit imputation) is shown below:

In kEUR	2022	2021
Common Equity Tier 1 capital	184,187	147,588
Additional Tier 1 Capital	-	-
Supplementary capital	-	-
Eligble capital	184,187	147,588
Capital requirements for counterparty risks	848,346	476,677
Capital requirements for market risks	7,254	4,573
Capital requirements for operational risk	386,577	386,577
Total capital ratio (at least 15.56 % consisting of 13.06 % + 2.50 % capital buffer)	14.83	17.01
Common Equity Tier 1 capital ratio including SREP surcharge (at least 13.00 %, previous year 9.00 %)	14.83	17.01

NOTE 40 Dividends

No dividends were paid to shareholders by flatexDEGIRO AG during the reporting period.

NOTE 41 Auditors' fees

Fees for auditors recognised as expenses in the financial year are as follows:

In kEUR	2022	2021
Audit of the financial statements	1,576	1,066
thereof: BDO AG	1,026	508
thereof: Baker Tilly GmbH & Co. KG	550	462
thereof: Mazars	-	96
thereof: for the previous year	107	156
Other assurance services	268	152
Other services	-	50
Total	**1,844**	**1,268**

Expenses for audits of financial statements rose by kEUR 510 to kEUR 1,576. This is mainly due to an increased audit scope within the statutory audits.

NOTE 42 Events after the balance sheet date

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

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

Replication of the Independent Auditor´s report

To the flatexDEGIRO AG, Frankfurt am Main

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 am Main, and its subsidiaries (the group), which comprise the consolidated statement of financial position as at 31 December 2022, and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2022 to 31 December 2022, 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 2022 to 31 December 2022. 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 2022, and of its financial performance for the financial year from 1 January 2022 to 31 December 2022, 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 2022 to 31 December 2022. 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:

Impairment of Goodwill

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 4.42% 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 Explanation of significant 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 2022. 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 € 36.1 million are recognized under the balance sheet item "Provisions". Due to valuation results at the reporting date, the provision was partially reversed and recognized in the income statement under sales (other operating income) in the amount of € 38.4 million.

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 26 Personnel Expenses" and "Note 36 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 under-standing 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 REPORT

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.

AUDITORS'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT 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 IFRSs 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) HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file "flatexDEGIROAG-2022-12-31-de.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the 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 2022 to 31 December 2022 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 PS410 (06.2022)). Our responsibility in accordance therewith is further described in the “Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our auditing practice has applied the quality assurance system requirements of the IDW Quality Assurance Standards, which implement the IAASB's International Standards on Quality Management.

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) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE AUDIT REGULATION

We were elected as group auditor by the consolidated general meeting on 17 May 2022. We were engaged by the supervisory board on 14 October 2022. 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 investment service providers in accordance with § 89 of the German Securities Trading Act for flatexDEGIRO Bank AG
- Examination of the remuneration report pursuant to Section 162 (3) of the German Stock Corporation Act (AktG) of flatexDEGIRO AG
- Regulatory review of flatexDEGIRO Bank AG (Austria)

OTHER MATTER – USE OF THE AUDITOR’S REPORT

Our auditor's report must always be read together with the audited 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.

The audit partners responsible for the audit are

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

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

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

Frankfurt am Main, March 15th 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

Rist	Gruchott
Wirtschaftsprüfer	Wirtschaftsprüfer