2023

ANNUAL REPORT

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Highlights

Highlights 2023/2024

01 January 2023

flatexDEGIRO AG expands its Management Board, appointing Dr Benon Janos as Chief Financial Officer (CFO) and Stephan Simmang als 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 their portfolio at even lower cost.

01 April 2023

Following its launch in March 2020 in Germany, flatex introduces the VIP Club for top customers in Austria.

03 April 2023

For the first time, more than 2.5 million customer accounts use the platforms of the three strong group brands – flatex, DEGIRO and ViTrade.

04 April 2023

The number of customer accounts in Spain, one of our main growth markets, rises to more than 250,000.

31 May 2024

Sevilla FC, whose main sponsor is DEGIRO, wins the UEFA Europa League, beating AS Rome on penalties, and so extends its record for the most UEFA Europa League wins to seven.

13 June 2023

The Annual General Meeting of flatexDEGIRO AG votes to expand the Supervisory Board to five members and elects Britta Lehfeldt as a new member of the Supervisory Board of flatexDEGIRO AG.

09 August 2023

DEGIRO welcomes the 750,000th customer in the Netherlands, which has quickly become the Group's biggest market.

01 September 2023

Jens Möbitz, a long-standing member of the Group's management team, is appointed to the Management Board of flatexDEGIRO Bank AG. Within the bank's Management Board Jens Möbitz is responsible for the operational customer functions and the treasury department.

Highlights 2023/2024

06 September 2023

As of September, “flatex next” is not only available for flatex customers in Germany and Austria as a mobile app, but also in a desktop version.

23 September 2023

DEGIRO celebrates its 10th anniversary! Some 100 international awards are proof that the company benchmarks its own standards every day and only the best result counts.

29 September 2023

The reapplication of credit risk mitigation techniques to DEGIRO margin loans leads to a significant reduction in risk-weighted assets and so increases the Group’s regulatory capital surplus.

13 November 2023

In the brokerage awards from “BrokerTest” and “Broker-Vergleich”, flatexDEGIRO AG and its flatex brand in Germany and Austria won the main category of Best Online Broker and the sub-category Best ETF & Fund Broker. DEGIRO performed well internationally in several key growth markets such as Spain and Italy.

07 December 2023

flatex increased its customer base in Austria to more than 250,000. Following its launch in 2010 as the first in the country, Austria has quickly become one of the biggest markets for Europe’s leading online broker.

12 December 2023

Management Board and Supervisory Board decide for the first time on the outline of a new capital allocation strategy. They intend to propose the payment of a minimum dividend at the next Annual General Meeting and to hold a vote on authorising the company to purchase treasury shares. Any such share buyback would be subject to the approval of BaFin.

01 January 2024

flatexDEGIRO AG expands its Management Board, appointing Christiane Strubel as Chief HR Officer (CHRO) and so bringing another long-standing member of the Group’s management team onto the Management Board.

29 January 2024

flatex and DEGIRO pass the mark of 500,000 customer accounts in their German home market, contributing to the emergence in Germany of a new generation of well educated investors between the ages of 25 and 49.

Group Key Performance Indicators

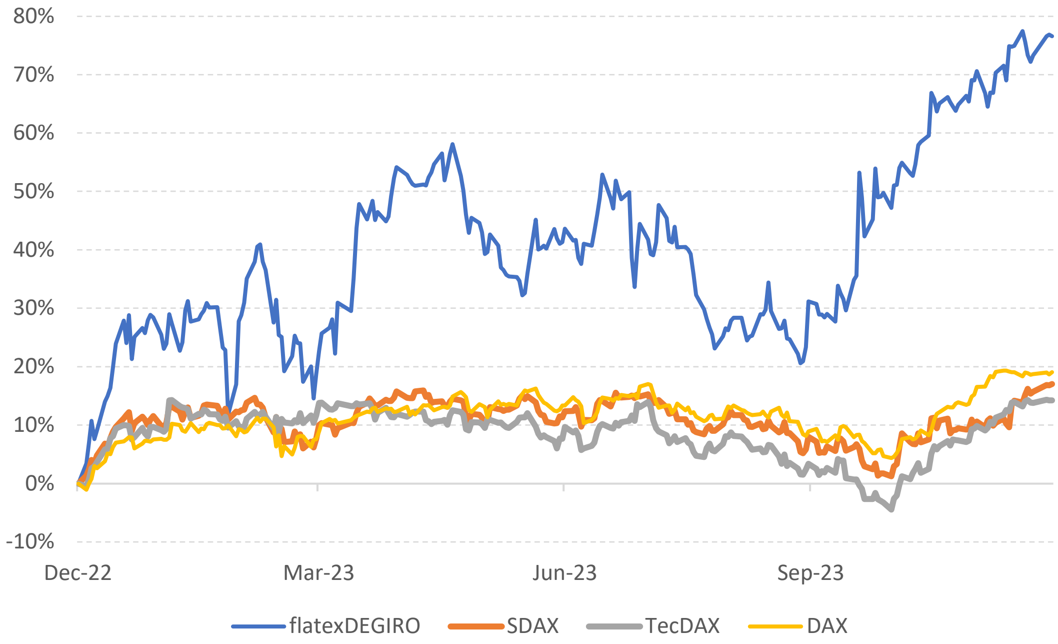
Group Key Performance Indicators

		2023	2022	Change in %
Brokerage key figures				
Transactions executed	number	56,863,499	67,028,752	-15.2
Customer accounts as of 12/31	number	2,699,755	2,398,401	+12.6
Customer accounts as a yearly average	number	2,549,078	2,230,283	+14.3
Transactions per customer account/year	number	22	30	-25.8
Customers assets under custody	mEUR	51,745	39,475	+31.1
thereof: custody volume	mEUR	48,110	36,228	+32.8
thereof: deposit volume	mEUR	3,635	3,247	+12.0
Employees (average)	number	1,285	1,219	+5.4
Financials				
Revenues	kEUR	390,732	406,963	-4.0
Adjusted revenues*	kEUR	390,732	368,522	+6.0
EBITDA	kEUR	140,352	183,283	-23.4
EBITDA margin	in %	35.9	45.0	-20.3
Adjusted EBITDA*	kEUR	154,447	144,986	+6.5
Adjusted EBITDA margin*	in %	39.5	39.3	+0.4
EBT	kEUR	103,016	147,297	-30.1
EBT margin	in %	26.4	36.2	-27.1
Adjusted EBT*	kEUR	117,112	109,001	+7.4
Adjusted EBT margin*	in %	30.0	29.6	+1.4
Consolidated net profit	kEUR	71,859	106,186	-32.3
Adjusted consolidated net profit*	kEUR	81,826	78,579	+4.1
Adjusted earnings per share (undiluted)*	EUR	0.74	0.72	+2.8
Adjusted cost-income ratio*	in %	51.9	52.2	-0.5
Adjusted profit margin*	in %	20.9	21.3	-1.9
Balance sheet and cash flow statement				
Equity	kEUR	673,624	608,272	+10.7
Total assets	kEUR	4,540,026	4,095,167	+10.9
Equity ratio	in %	14.8	14.9	-0.3
Cash flow from operating activities	kEUR	63,079	113,316	-44.3
Adjusted return on tangible equity (ROTE)*	in %	35.3	40.9	-13.7
Segments				
	Revenues** kEUR	244,572	246,455	-0.8
flatex	Adj. EBITDA kEUR	83,252	107,851	-22.8
	Revenues** kEUR	223,501	177,077	+26.2
DEGIRO	Adj. EBITDA kEUR	71,195	37,133	+91.7
	Revenues kEUR	-77,341	-55,011	-40.6
Consolidation	Adj. EBITDA kEUR	-	-	-

* The figures for Adjusted revenues / EBITDA / EBT / consolidated net profit / earnings per share / cost-income ratio /profit margin / ROTE are shown reduced by income from the release of provisions for long-term variable compensation and/or by the personnel expenses for long-term variable remuneration. For better comparability of the key performance indicators for the period using the Adjusted revenues / EBITDA / EBT / consolidated net profit, we refer to the Group Management Report, Section 2.6 Financial performance.

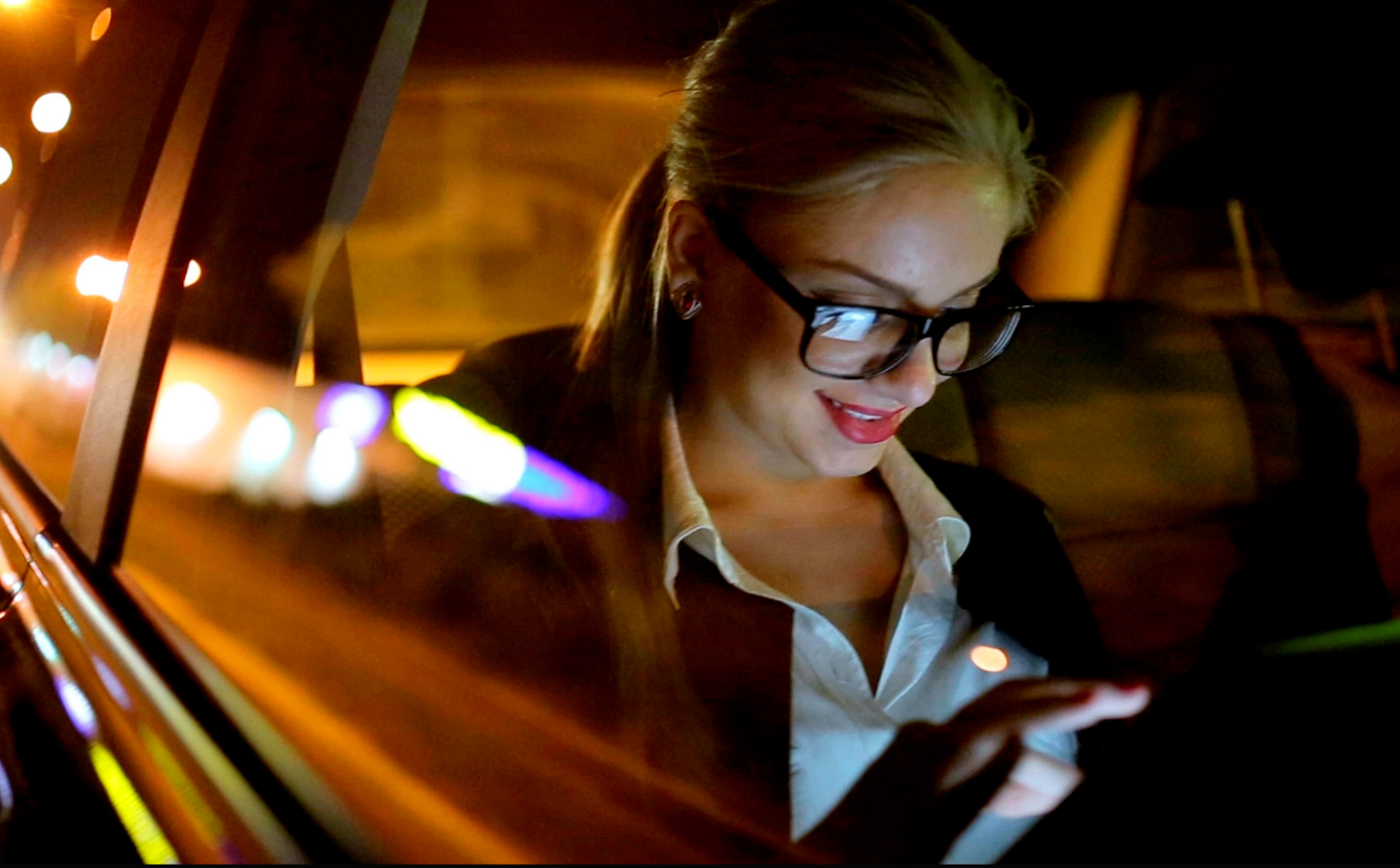
**Revenues in the segments do not include income from the release of provisions for long-term variable remuneration.

The flatexDEGIRO AG share



		2023	2022	Change in %
Shares outstanding as of 12/31	number	109,992,548	109,892,548	+0.1
Shares outstanding, annual average	number	109,933,206	109,879,425	+0.0
Share capital as of 12/31	kEUR	109,993	109,893	+0.1
Market capitalisation as of 12/31	mEUR	1,229	695	+76.8
Closing price on 12/31	EUR	11.17	6.33	+76.5
Annual highest price	EUR	11.23	22.22	-49.5
Annual lowest price	EUR	6.54	5.69	+15.0
Earnings per share (undiluted)	EUR	0.65	0.97	-33.0
Adjusted earnings per share	EUR	0.74	0.72	+2.8
Book value per share (undiluted)	EUR	6.12	5.54	+10.5
Dividend per share*	EUR	0.04	-	-

* For 2023 as a proposal to the Annual General Meeting



flatexDEGIRO – Europe's leading online broker

2,7 m

> 2.7 m customer accounts in 16 countries currently trust our independent, unique offering.

57 m

~ 57 m transactions in the past 12 months were settled by us for our customers at around 50 exchanges worldwide.

300 bn

~ €300 bn in transaction volume is processed by us for our customers every year, without ever taking a trading risk position.

675 m

~ €675 m in equity forms the basis for our day-to-day operations and is testimony to our long-term solvency.

35 %

> 35% return on tangible equity makes us one of Europe's most effective and efficient financial services providers.

1.300

~ 1,300 employees assume responsibility for providing our customers with the best possible platform every single day.

A dependable partner when you need one most

Why are we different?

We do not outsource anything that contributes to giving our customers the best possible service. Everything we do, we do in house. We offer our users the security and dependability of a bank with some €675 million in group equity. We are proud of our fully integrated IT, which with an up-time of 99.9% enables our customers to trade in all market situations. Then there are our intuitive, customer-friendly apps, which make mobile transactions possible and easy for absolutely everyone. Whether they are savers, investors or traders. There are good reasons why more than 2.7 million customers in Europe put their trust in us every day.

Outstanding success in growing markets

Our long-term growth is driven by strong trends

A new investor generation

that is accumulating and investing wealth (Generation Y), without being negatively influenced by historical stock market crashes ("What is the dotcom bubble?").

Increasing digitisation

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

Problems with state pension schemes

are forcing individuals to take long-term action for themselves and prompting governments to establish tax incentives for investment schemes ("Will the existing pension schemes survive the next 30 years?")

Easier access

to a wide range of iconic brands is driving interest in trading on capital markets ("It's easy for me to invest in companies and brands that I like and use.")




Financial education
True stories of investing

Our aim is to help everyone who wants to shape their financial future intelligently and responsibly to gain access to the world of investing. We do this with a high-quality, user-friendly and cost-effective platform, but also by means of education.

Social responsibility is an absolute must. And so in 2023 we again organised many events for different target groups, in order to help them build and develop their financial knowledge.

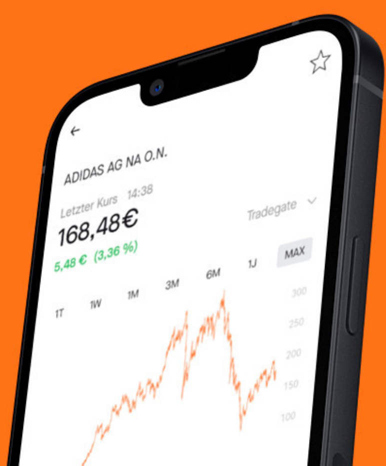
Our documentary, "True stories of investing", includes contributions from journalists, professors, behavioural scientists, former ministers and investors, who dispel the biggest misunderstandings about investing. And they give some important lessons that every investor should know. Among the speakers are behavioural scientists and pioneers like **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 student at Stanford University), Vanguard CEO **Sean Hagerty**, impact investor **Mark van Baal** and the former F1 world champion **Nico Rosberg**, as well as the BBC journalist **Rory Cellan-Jones.**

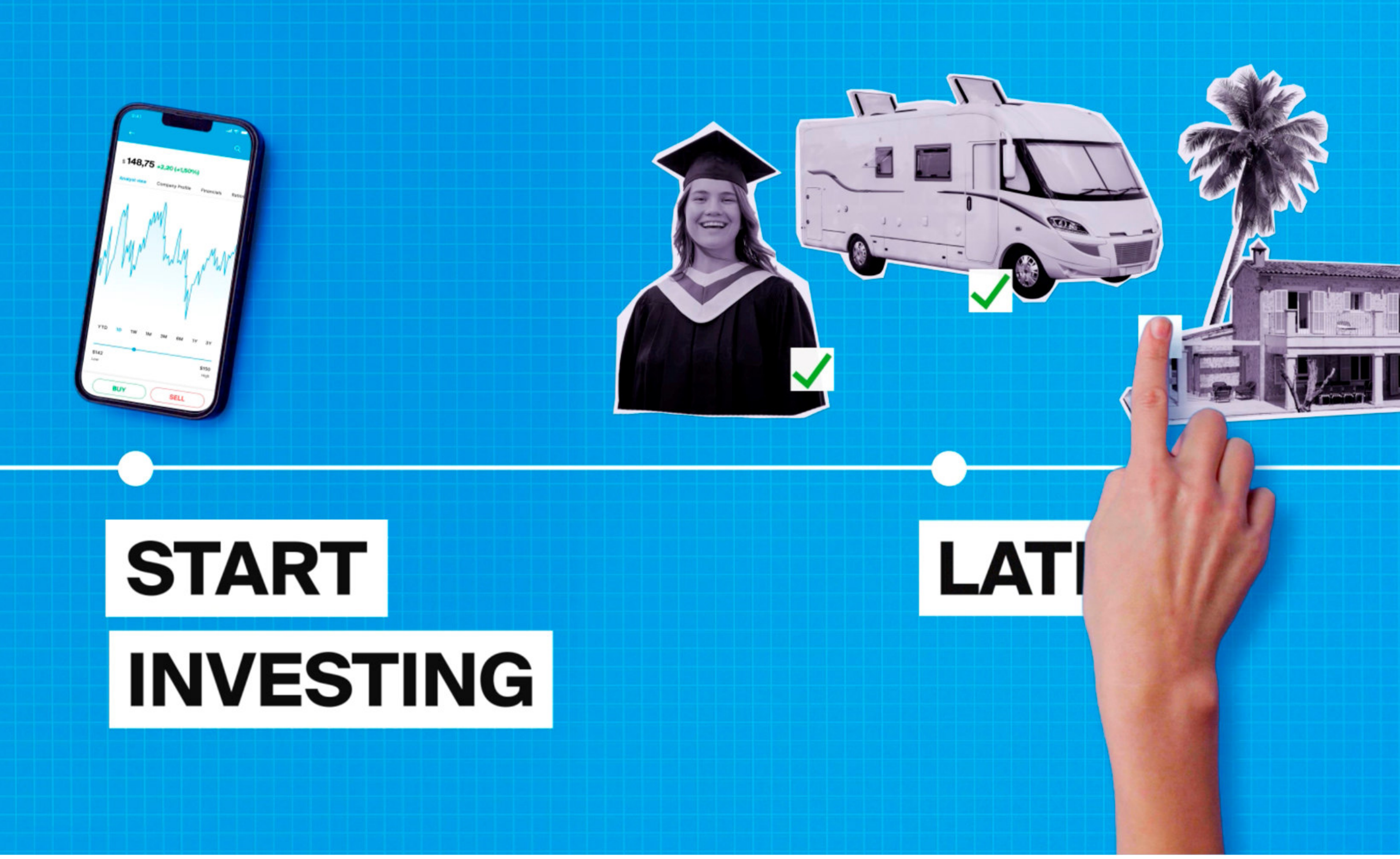
Customer development **Everyone can invest with the professionals**

Intuitive access to relevant information is vital for every investment decision. The current flood of news and data make it more important than ever to filter out what is not important intelligently and to concentrate on what really matters for personal investment decisions. We feel responsible for making trading easier, better informed and more secure for our customers, and for inspiring them to take their financial future into their own hands.

flatex

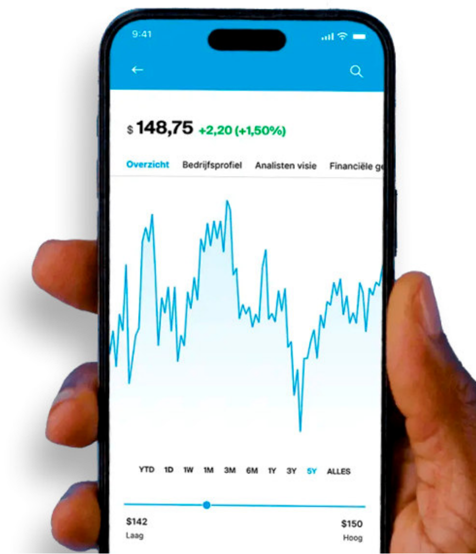
Anlegen bei den Profis





Customer development
Financial power to you

We know brokerage. It doesn't matter if you are the "Always-busy type", the "I-need-facts type" or the "I-make-my-own-decisions type" when it comes to investing. We are the right finance partner for you. And for you and you and you. Get started now. Intuitive tools, time-saving passive investments, super-low-cost terms and a huge range of financial data and analytics options make us the first choice as your finance partner. Put your money to work in your own way, with incredibly low fees – just like millions of other investors already do.



DEGIRO

Our team
#Diversitymatters

top EMPLOYER DEUTSCHLAND GERMANY 2024 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Top 2024 Company kununu

As an innovative growth company we assemble our teams from the best technology, banking and brokerage experts in Europe, and this is the standard that we live up to every day as an employer too. We expanded our personnel capacities again in 2023 in response to the strong growth achieved in recent years.

As an employer we take responsibility for our staff. Surveys carried out across the group confirm that flatexDEGIRO AG is an attractive employer. This is also confirmed by a number of external awards, like the “Top Employer” certification that we received yet again in Germany.

Partnerships
We tell success stories

Easy access to capital markets doesn’t end with giving our customers the best range of products on one of the most convenient and secure platforms at incredibly attractive conditions. We want to create a lasting awareness with even more people of how long-term saving and investment can make a positive contribution to personal retirement planning.

With our partners at the football club Borussia Mönchengladbach we generate the necessary publicity for this topic, which is so important for our society. We are united by our amazing brand fit and a common goal: to keep driving the transformation of our markets by continuously challenging the status quo and to exploit our success at the European level.

Customer contacts **Defined by transparency and fairness**

We have been putting customers first for nearly two decades and give our best every day to always be the dependable partner at your side, to accompany you and to support you when you need support.

Customer feedback is an important factor if the aim is not just for the customer to use the product, but to be really satisfied with it. We have always considered our customers as catalysts for innovation. And even as an online broker, we still attach great importance to direct customer contacts. We held more than 50 face-to-face events across Europe in 2023, where we had a direct dialogue with a total of some 2,000 customers. Our thanks go to you for your trust.

Letter from the Management Board

Letter from the Management Board

Dear Shareholders and Friends of flatexDEGIRO AG,

We can be justifiably proud of what we as team at flatexDEGIRO have achieved in the past months. On behalf of the entire Management Board and the Supervisory Board we would also like to take this opportunity to express our thanks and appreciation to all our 1,300 colleagues at flatexDEGIRO. We overcame difficult economic conditions together and made 2023 another successful year.

The fundamentals with which we started the year 2023 were certainly anything other than straightforward, in terms of both external and internal factors. High inflation, rising interest rates and geopolitical tensions depressed the stock markets and trading activity by retail investors. Internally, the clear course set for the year was to increase the automation of internal workflows and processes, to continue strengthening the overall organisation and to bring our structures up to speed with the enormous growth we have achieved in recent years.

At the same time, we continued to stand by our customers in a challenging and volatile market environment with our broad product range and our award-winning platform, proving once again that we are a dependable partner for them as they grow their assets. Our customers' success and the strength of our offering can also be seen in the growth in assets under custody, which rose by EUR 12 billion to some EUR 52 billion over the course of the year, and in the additional net cash inflows of around EUR 4.5 billion, which customers entrusted to us in 2023 even though we pay no interest on deposits.

This enabled us to extend our strong market position in Europe, adding 340,000 new customer accounts and expanding our total customer base to more than 2.7 million retail investors. In our main core markets, we have now surpassed the mark of 750,000 customer accounts in the Netherlands, 500,000 customer accounts in Germany and 250,000 customer accounts in Austria. Our broad-based growth improves the geographic diversification of our business model and reduces risks.

In addition, we were able to increase the Group's revenues and operating profitability yet again, despite a challenging economic and geopolitical environment and the resulting sharp decline in trading activity by retail investors across the industry. We were supported in this achievement by our unique organisational structures and the fact that with a full banking licence we were able to make use of higher interest rates, boosting our net interest income from nearly EUR 72 million in 2022 to over EUR 134 million in 2023. This brings additional stability to our sustainable business operations.

But what we would particularly like to emphasise is the team performance of around 100 of our colleagues, who collectively drove the automation of key processes in the margin lending business at DEGIRO in record time, bringing the regulatory processes and structures to a level that enabled us to use credit risk mitigation techniques again in September 2023, which resulted in an increase in our regulatory capital surplus to more than EUR 100 million.

This significantly improved our regulatory capital ratios, which in combination with our strong operating and financial performance enabled the Management Board and Supervisory Board to present for the first time a new capital allocation strategy that includes both the first distribution of a minimum dividend in accordance with Section 254 of the German Stock Corporation Act (AktG), and additional capital gains for our shareholders from the planned share buyback. The Management Board and Supervisory Board will put these measures to a vote at the next Annual General Meeting.

However, part of the 2023 development is also the fact that these successes could only be achieved through absolute focus and the pooling of all available resources. This has meant that we have deliberately postponed some orignially planned initiatives to develop our platforms and broaden our customer offering. These initiatives will return to centre stage in 2024, on the basis of a reinforced organisational structure and a more than solid financial position.

Driven by further growth in our customer base, we are therefore aiming for record revenues again in 2024 and another significant increase in profitability. And even if a brighter operating environment and a resulting uptick in trading activity by retail investors would generate even more momentum thanks to economies of scale, our two strong pillars of brokerage and lending business mean that we are not reliant on them to continue our expansion. They rather represent opportunities, which we know can arise at any time, and for which we are better prepared than ever before thanks to the work completed in 2023.

Finally, we would like to express our particular thanks to our shareholders and to all our other stakeholders who have repeatedly confirmed their confidence in us over the past months.

We look forward to working together in the year ahead to add another chapter to the success story that is flatexDEGIRO.

With best regards,

Frank Niehage, LL.M.
CEO

Dr. Benon Janos
CFO

Stephan Simmang
CTO

Christiane Strubel
CHRO

Report of the Supervisory Board

Report of the Supervisory Board

Dear Shareholders,

In the 2023 financial year, the Supervisory Board of flatexDEGIRO AG diligently exercised the control and advisory duties incumbent upon it in accordance with the law and the Articles of Association. It continuously advised and monitored the Management Board in its management of the Company and provided support on strategically important issues relating to the further development of the Company. The benchmark for this monitoring were the legality and regularity, expediency, 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 verbal reports of the Management Board were the main basis for the fulfilment of the statutory supervisory duties. The Management Board informed the Supervisory Board regularly, promptly and comprehensively about all issues relevant to the flatexDEGIRO Group, in particular business policy and strategy, corporate planning and control and liquidity development, as well as about the course of business during the year and the Group's position, the risk situation and risk management, and also about all matters and issues relevant to the Company in the areas of legal, human resources, internal audit and compliance. In addition, the Management Board informed the Supervisory Board - stating the reasons - about deviations in business development compared to the original planning and other important events.

The status of the processing of findings from the special audits in the Group was discussed continuously and intensively, including the involvement of the Management Board member of flatexDEGIRO Bank AG responsible for managing the remediation project, Mr. Steffen Jentsch, and possible solutions and measures were discussed and examined. Furthermore, the Chairman of the Supervisory Board maintained a close and regular exchange of information and ideas with the Management Board outside of Supervisory Board meetings in order to discuss upcoming decisions and current business transactions and issues.

A total of 35 meetings of the Supervisory Board and its committees (Ausschüsse) were held. The attendance rate of Supervisory Board members at Supervisory Board meetings and that of committee members at committee meetings was 100% in each case. The Supervisory Board also met regularly, at least occasionally, without the Management Board, e.g. to discuss issues relating to the Management Board itself or internal Supervisory Board matters. Members of the Management Board took part in meetings to which the Auditor or Group Auditor was invited as an expert if the Supervisory Board or the committee considered their participation to be necessary.

Meetings of the Supervisory Board and key activities

Six regular and 13 extraordinary meetings were held in the 2023 financial year. At these meetings, the Supervisory Board dealt with all topics of particular relevance.

A particular focus of the Supervisory Board's activities in the 2023 financial year was (i) monitoring the progress of the structured and fastest possible resolution of the findings from the 2022 special audit and (ii) the 2019 IT special audit (together the "*Special Audits*"), (iii) the adjustment of the remuneration system for the Management Board of flatexDEGIRO AG, (iv) the personnel changes in the Management Board and Supervisory Board, (v) the initiation of the selection procedure pursuant to Art. 16 para. 3 subpara. 2 of Regulation (EU) No. 537 /2014 ("EU APrVO") for a uniform group auditor by the Joint Risk and Audit Committee ("*GRUPA*") and (vi) issues relating to capital allocation.

Reporting on the work of the committees was a regular component of the Supervisory Board meetings. As of the meeting on 24 March 2023, the Supervisory Board also received regular reports from Internal Audit on its work and the status of the processing of the findings from the Special Audits. The same applies to the GRUPA as of its meeting on 24 April 2023. This reporting was carried out using the new "*Findings Radar*" created on behalf of the Chairman of the Management Board, in which all internal and external findings are bundled. The Supervisory Board received a detailed monthly report on the current status of the remediation of deficiencies from the Special Audits, the quarterly reports to the German Federal Financial Supervisory Authority ("*BaFin*") and the Deutsche Bundesbank, as well as regular reports on the results of workshops with the special representative. The Supervisory Board also exchanged information directly with the supervisory authorities at the Supervisory Board meetings on 12 June 2023 and 7 September 2023, each of which was attended by representatives of BaFin and Deutsche Bundesbank as well as the Management Board and the project manager of the remediation projects. The Supervisory Board also exchanged views independently of the Management Board with the representatives of the auditing companies acting as external auditors. At the meetings of the full Supervisory Board in the past financial year, the following main topics were discussed and the following resolutions were passed:

At the meeting on 10 February 2023, the Supervisory Board had the Management Board explain the preliminary annual results for 2022, the guidance for 2023 and the Group's equity situation. This was followed by a report on the work of GRUPA, in particular the status of the coordination of project planning and the overall action plan to remedy the findings from the 2022 special audit. The Supervisory Board also discussed and approved the risk strategy.

At a meeting held on 13 March 2023, the Supervisory Board passed the necessary resolutions to hold the Company's Annual General Meeting on 13 June 2023 in the form of a virtual Annual General Meeting in accordance with Section 118a of the German Stock Corporation Act ("*AktG*") in conjunction with Section 26n of the Introductory Act to the German Stock Corporation Act. At a subsequent meeting on 13 March 2023, the Supervisory Board, exercising the authorisation granted to it for this purpose, resolved to delete the Conditional Capital 2017, which had become irrelevant at that time, from the Articles of Association.

It initially reviewed and approved the updated Declaration of Conformity with the German Corporate Governance Code at the balance sheet meeting on 24 March 2023 and had the Chairman of the GRUPA explain the results of his reviews in preparation for the balance sheet meeting and his recommendations for resolutions to the Supervisory Board. Following its own prior review and in accordance with the recommendations of the GRUPA, the Supervisory Board adopted the combined corporate governance statement for flatexDEGIRO AG and the flatexDEGIRO Group for the 2022 financial year and approved the separate non-financial Group report for 2022. The Supervisory Board also endorsed the Management Board's proposal to the Annual General Meeting on the appropriation of net retained profits. It then had the Management Board explain the annual and consolidated financial statements as of 31 December 2022, including the management report and Group management report, in detail. The auditor of the annual and consolidated financial statements, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg (hereinafter referred to as "*BDO*" or "*Auditor*"), who participated in the respective agenda items, then reported extensively on the course and results of its respective audit and answered additional questions from the Supervisory Board members in detail. The Auditor provided an unqualified auditor's report on the annual and consolidated financial statements as of 31 December 2022 as well as the management report and Group management report for the 2022 financial year based on its audit. The Supervisory Board noted and approved the results of the audit by BDO. The final audit of the annual and consolidated financial statements by the Supervisory Board, which took into account the audit reports of the Auditor and GRUPA including their recommendations for resolution, did not give rise to any objections. The Supervisory Board approved the annual and consolidated financial statements, including the respective management report, in accordance with the recommendations of the GRUPA. The annual financial statements as of 31 December 2022 were thus adopted. The Supervisory Board was also informed in detail about the current status of the processing of the findings from the Special Audits. Internal Audit then reported on the department's current activities, in particular with regard to the Findings Radar prepared at that time. The Supervisory Board then dealt in detail with the annual report and the report for the fourth quarter of 2022 from Internal Audit. Finally, the Supervisory Board discussed the proposal to the Annual General Meeting to appoint Ms. Britta Lehfeldt as an additional member of the Supervisory Board.

At a meeting held on 2 April 2023, the Supervisory Board dealt with items concerning personnel. On 4 April 2023, the Supervisory Board discussed the variable remuneration for the Management Board and the amount of bonus payments for the full year 2022 for flatexDEGIRO AG as a whole. At the meeting on 24 April 2023, the Supervisory Board approved the agenda for the virtual Annual General Meeting on 13 June 2023, at the same time adopting the corresponding resolutions proposed by the Supervisory Board to the Annual General Meeting, including the submission of the adjusted remuneration system for the members of the Management Board for approval by the Annual General Meeting. The proposal for the election of the Auditor to the Annual General Meeting was based on the resolution recommendation and the accompanying statements by GRUPA.

At the meeting on 12 June 2023, which was also attended by representatives of BaFin and Deutsche Bundesbank, the Management Board first reported, among other things, on the financial publications made and the positive response to the increase in transparency through the monthly publication of key performance indicators ("*KPIs*"). The Supervisory Board discussed the preliminary figures for segment reporting as well as cyber security and the status of measures and mechanisms in connection with the application for registration as a critical infrastructure ("*KRITIS*") and the monthly risk report ("*MRR*"). The meeting also dealt with the Group's capital ratios and the expected results of the regular Supervisory Review and Evaluation Process ("*SREP*") in relation to the bank-specific capital requirements for the flatexDEGIRO Group. The Deputy Head of Internal Audit reported, among other things, on the rapid increase in personnel in his area of responsibility and on the Findings Radar, and the Internal Audit report on Q1 / 2023 was acknowledged. At the end of the meeting, the Supervisory Board elaborated on an adjustment process that formally concluded the procedure for the authorisation of flatexDEGIRO AG as the Group's parent financial holding company in accordance with Section 2f of the German Banking Act ("*KWG*") and the preparation of the Annual General Meeting scheduled for the following day. As a result of the expansion of the Supervisory Board from four to five members and the corresponding election of Ms. Britta Lehfeldt to the Supervisory Board, the previous Chairman of the Supervisory Board, Mr. Martin Korbmacher, and his deputy, Mr. Stefan Müller, were re-elected to these positions at the meeting held on 23 June 2023 and the future composition of the GRUPA by Mr. Herbert Seuling, Mr. Martin Korbmacher and Ms. Britta Lehfeldt was resolved, while retaining the previous composition of the other committees.

At the Supervisory Board meeting on 11 July 2023, the Supervisory Board approved the conclusion of an extension agreement to the Company's existing rental agreement for the data centre in Leverkusen.

At the Supervisory Board meeting on 10 August 2023, the Management Board reported on the results of an offsite meeting held in July 2023. In this context, the Supervisory Board also dealt with adjustments to the schedule of responsibilities and personnel issues as well as the positive feedback from Internal Audit on the adjustments to the schedule of responsibilities.

At the Supervisory Board meeting on 7 September 2023, which was also attended by representatives of BaFin and Deutsche Bundesbank, the Supervisory Board dealt with the remediation of the findings from the Special Audits. Furthermore, the representatives of the auditing companies acting as control bodies reported on the progress made and were available to provide information. Other topics discussed included the record level of customer assets under custody, the level of net cash inflows in the first half of 2023, the key financial and reporting figures and the planning process and schedule for business planning. Other topics discussed at the meeting included monthly risk reporting ("*MRR*"), an update from the Chief Technology Officer on KRITIS and the Digital Operational Resilience Act ("*DORA*") as well as the update of the 2023 business strategy, which was currently being planned. Further topics - as were part of the meeting in March - included reporting by the Head of Internal Audit, an update on the Findings Radar, acknowledgement of the Q2/2023 Internal Audit report and reports on the work of the committees (GRUPA, Remuneration Control Committee and Nomination Committee).

At the Supervisory Board meeting on 7 November 2023, the Supervisory Board was informed of the status of an individual loan commitment of flatexDEGIRO Bank AG as part of the general reporting by the Management Board, then had the financial planning for 2024 and the key financial figures explained in detail and approved the business planning on this basis. The Management Board reported on the recent meeting with BaFin. Taking into account the MRR, the risk strategy, which has been completely revised in structural terms and aligned with the updated business and IT strategy, with its particular focus on three-lines-of-defence, non-financial risks and ESG issues, as well as the risk appetite statement, were discussed in detail and acknowledged by the Supervisory Board without any suggestions for changes. The information was shared, that selected findings from the 2022 special audit would be brought forward for processing with the aim of fully processing all material and selected significant findings, including the subsequent effectiveness review by Internal Audit, probably by the end of Q2/2024. The report also covered the adjustments to the internal control system and the adjustments relating to the 2019 special IT audit - with the exception of authorisation management for non-material systems - which have essentially been completed. The Supervisory Board had the Head of Internal Audit explain the quarterly report and the current Findings Radar data from October. This was followed by reports on the work of GRUPA, the Remuneration Control Committee and the Nomination Committee. In this context, the Supervisory Board also dealt with the joint auditor selection procedure initiated by the GRUPA and the Audit Committee of flatexDEGIRO Bank AG in accordance with Article 16 (3) subparagraph 2 of the EU Audit Regulation for a uniform auditor for flatexDEGIRO AG, flatexDEGIRO Bank AG and the flatexDEGIRO Group with regard to the reporting period as of the 2024 financial year, including the publication of the relevant tenders in the Federal Gazette on 3 November 2023. The Supervisory Board was then informed in detail by the flatexDEGIRO Group's Sustainability Officer at an internal information event about current regulatory developments and, in particular, ESG and subsequently about the significantly improved external ESG ratings of flatexDEGIRO AG. The Supervisory Board then discussed the revised business strategy and took note of a presentation on the treasury portfolio discussed with the Chairman of the Supervisory Board during the monthly risk meeting.

At a further Supervisory Board meeting held on 7 November 2023, the Supervisory Board dealt with topics regarding personnel. At the Supervisory Board meeting held specifically for this purpose on 14 November 2023, the Supervisory Board received a detailed explanation of current developments in the IT platform. The Supervisory Board meeting held on 23 November 2023 covered items regarding personnel topics.

At the Supervisory Board meeting on 11 December 2023, the Supervisory Board was informed in detail by the Management Board and the head of the Internal Controls department about the status of the implementation of the internal control system ("*ICS*") applicable to the entire Group. Comprehensive reporting on the maturity of the implemented model to the Supervisory Board on at least a quarterly basis and direct contact with the Supervisory Board at any time in the event of significant news regarding the ICS was agreed upon.

At a Supervisory Board meeting held on 12 December 2023, the Supervisory Board approved the key points of a new capital allocation strategy proposed by the Management Board to the Annual General Meeting after detailed discussion and deliberation, according to which the Management Board and Supervisory Board (subject to compliance with all regulatory requirements and the existence of a balance sheet profit) intend, among other things, to propose a minimum dividend of 4% of the share capital to the Annual General Meeting in the 2024 financial year and in the future and to authorise the Company to acquire treasury shares of up to 10% of the share capital for a maximum of five years in accordance with Section 71 (1) no. 8 AktG.

Together with the Nomination Committee, the Supervisory Board also held another Supervisory Board meeting on 12 December 2023, at which the Chairman of the Committee first reported on the activities of the Nomination Committee. In accordance with the corresponding recommendation of the Nomination Committee, the Supervisory Board then resolved to appoint Ms. Christiane Strubel as the fourth member of the Management Board of flatexDEGIRO AG with effect from 1 January 2024 and, in this context, also approved the amendment to the Management Board's schedule of responsibilities with effect from 1 January 2024. Other topics discussed at this joint meeting included the evaluation of the structure, size, composition and performance of the Management Board and Supervisory Board, which must be carried out at least once a year and on which the Nomination Committee made recommendations to the Supervisory Board at the meeting, as well as the self-assessment of the Supervisory Board and its committees, which must also be carried out at least once a year, and the evaluation of knowledge, skills and experience, in which the Nomination Committee supported the Supervisory Board.

Committees

In order to perform its duties efficiently, the Supervisory Board has formed a total of three permanent committees (*Ausschüsse*) from among its members, namely the GRUPA, Remuneration Control and Nomination Committees, with the following composition:

Committee	Members of the Supervisory Board
GRUPA	Herbert Seuling (Chairman), Martin Korbmacher, Stefan Müller (until 23 June 2023). Britta Lehfeldt (since 23 June 2023)
Nomination Committee	Martin Korbmacher (Chairman), Stefan Müller, Aygül Özkan
Remuneration Control Committee	Martin Korbmacher (Chairman), Aygül Özkan, Herbert Seuling

A total of 16 committee meetings were held in the reporting year (six ordinary and two extraordinary meetings of the GRUPA; two ordinary meetings and one extraordinary meeting of the Nomination Committee; three ordinary and two extraordinary meetings of the Remuneration Control Committee). The respective meetings were held in person or as a "hybrid meeting", i.e. as a face-to-face meeting with the option of participating in virtual form, or as a video or telephone conference as indicated below:

Committee	Face-to-face meetings	Hybrid sessions	Video conferencing	Conference calls
Supervisory Board plenum	2	5	11	1
GRUPA	---	1	6	1
Nomination Committee	---	3	---	---
Remuneration Control Committee	---	5	---	---

Furthermore, resolutions were passed by the full Supervisory Board outside of meetings in six cases (five of which were passed in writing by circular resolution and one of which was passed by video conference). The GRUPA also passed resolutions outside of meetings, once by way of a video conference and once by way of a written circular resolution. In addition, a joint meeting was held between the Chairman of the GRUPA and the Audit Committee of flatexDEGIRO Bank

AG and the Head of the Internal Audit department, which was not counted as a meeting of the full Supervisory Board or its committees.

The GRUPA held 8 meetings in the reporting year. It also passed one resolution by video conference and another resolution by written circulation procedure. This committee dealt with the topics for which German and European law as well as the German Corporate Governance Code and its rules of procedure, which were adopted at the meeting on 18 July 2023, stipulate responsibilities for the committee. These include, in particular, the auditing and 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. In addition, the GRUPA is responsible in particular for supporting the Supervisory Board in monitoring the swift rectification by management of any deficiencies identified by an auditor by means of appropriate measures and, in accordance with Article 16 (3) subparagraph 2 of the EU Audit Regulation, for conducting a selection procedure for an auditor or audit firms.

The main focus of this committee's work in the reporting year was the audit of the annual and consolidated financial statements for 2022 together with the associated management report and Group management report, including the Management Board's proposal for the appropriation of earnings, the combined statement 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. With regard to the audit of the annual and consolidated financial statements, this committee dealt in particular with the key audit matters described in the respective auditor's report, including the audit procedures performed. Following an intensive review, the Audit Committee reported to the Supervisory Board on the results of its audits, in particular at the meeting on 13 March 2023, and recommended to the Supervisory Board in its resolution of 24 March 2023, which was passed in a video conference and took into account the auditor's report, to approve the annual financial statements and the consolidated financial statements as at 31 December 2022, including the corresponding management report for the 2022 financial year, and to endorse the Management Board's proposal for the appropriation of profits. In the reporting year, this committee also audited the half-year consolidated financial statements as of 30 June 2023, including the corresponding interim Group management report.

At its meeting on 24 April 2023, this committee also dealt in particular with the selection and independence of the Auditor and the additional services provided by the Auditor, and submitted its recommendation to the Supervisory Board for the auditor selection proposal to the 2023 Annual General Meeting. At its meeting on 19 October 2023, it dealt with the determination of key audit areas and the results of the audit of the financial statements. The Auditor also reported to the committee on the quality of the audit. Based on the results of the audit, there were no reservations regarding the suitability and independence of the Auditor or the quality of the audit. The GRUPA also supported the Supervisory Board, focussing on monitoring and assessing the effectiveness of the internal control system, the risk management system and the Group's internal audit. Against the backdrop of the Special Audits initiated at flatexDEGIRO Bank AG, it dealt intensively with the control processes in the Group and advised on possible solutions and measures to be taken. The GRUPA was continuously informed by the auditors and the Management Board regarding both Special Audits. At the meeting held jointly with the Audit Committee of flatexDEGIRO Bank AG on 30 January 2023, the committee, among other things, was informed about the status of the project planning, including the overall action plan with BaFin. In the period that followed, it reviewed and monitored in particular the steps and measures initiated in accordance with the overall action plan agreed with BaFin to remedy the deficiencies identified by the Auditor, Internal Audit and as part of the Special Audits and received regular reports at its meetings on the internal management of findings as well as the status and progress of the remediation of identified deficiencies and the related follow-up audit. Since the meeting on 24 April 2023, reporting by Internal Audit, which acts as the third control body as part of a three-stage quality assurance process when monitoring the remediation of deficiencies together with an external auditing firm and finally carries out the effectiveness review after implementation, has been a fixed agenda item for every GRUPA meeting that does not exclusively deal with issues relating to the audit of the financial statements. Accordingly, reporting by Internal Audit was a key component of the other meetings to deal with the processing of the findings on 18 July 2023 and 19 October 2023. In addition to the committee meetings, a joint meeting was held on 21 August 2023 exclusively between the two Chairmen of the GRUPA and the Audit Committee of flatexDEGIRO Bank AG and the Head of Internal Audit to discuss the future structure of Internal Audit's reporting to the two committees and the Supervisory Board (in the form of written reports) to the Supervisory Board (in the form of written quarterly reports, other documents at six-weekly intervals, the annual report and, in the event of significant findings, direct notifications to the GRUPA and the Audit Committee of flatexDEGIRO Bank AG) and also stipulated, among other things, that both committees would be actively involved in the audit planning of Internal Audit for the 2024 financial year.

At a meeting on 30 June 2023, both this committee and the Audit Committee of flatexDEGIRO Bank AG resolved to invite tenders for the audit of the annual and consolidated financial statements to be carried out for the reporting period from the 2024 financial year onwards in a joint selection procedure in accordance with Article 16 (3) subparagraph 2 of the EU Audit Regulation for a uniform group auditor or a uniform group audit firm. At the meeting on 19 October 2023, this committee agreed in detail on the indicative timetable and the criteria for the tender procedure and, by way of a written circular resolution on 24 October 2023, gave its approval to the solicitation of corresponding bundled audit offers, the selection criteria and their weighting and the indicative timetable for conducting the selection procedure. This committee also took note of and approved the establishment of a Group-wide project group for the operational implementation of the selection process.

Representatives of the Auditor also took part in the committee meetings on topics relevant to the audit (in relation to the audit of the financial statements and consolidated financial statements). The heads of relevant specialist departments were also available to present reports and answer questions on individual agenda items at the committee meetings; the Management Board was informed of this immediately. The same applies to the aforementioned joint meeting of the Chairman of the committee and the Chairman of the Audit Committee of flatexDEGIRO Bank AG with the Head of Internal Audit on 21 August 2023. The Chairman of the committee, Mr. Herbert Seuling, also regularly exchanged information with the auditors between meetings.

Based on the Supervisory Board resolution of 23 June 2023, the new Supervisory Board member elected by the Annual General Meeting on 13 June 2023, Ms. Britta Lehfeldt, replaced Mr. Stefan Müller as a member of the GRUPA on 23 June 2023, meaning that the committee has consisted of Mr. Herbert Seuling as Chairman and Mr. Martin Korbmacher and Ms. Britta Lehfeldt as additional members since this date.

In preparation for the balance sheet meeting in the 2024 financial year, the GRUPA recommended that the Supervisory Board, taking into account the auditor's reports, approve the annual and consolidated financial statements for the 2023 financial year together with the associated management report and Group management report, endorse the Management Board's proposal for the appropriation of profits, approve the summarised corporate governance statement and adopt the separate non-financial Group report.

The Nomination Committee met three times in the reporting year and dealt intensively with 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 statutory and regulatory requirements, the Nomination Committee adopted a recommendation to the Supervisory Board at its meeting on 13 March 2023 to propose the election of Ms. Britta Lehfeldt as a further member of the Supervisory Board to the Annual General Meeting. The subject of the meeting on 7 September 2023 was the existing composition of the Management Board and at the meeting held jointly with the full Supervisory Board on 12 December 2023, both the Nomination Committee and, accordingly, the Supervisory Board approved the appointment of Ms. Christiane Strubel as an additional member of the Management Board of flatexDEGIRO AG from 1 January 2024. The Supervisory Board passed the corresponding appointment resolution on the same day. Other topics discussed at this joint meeting included the evaluation of the structure, size, composition and performance of the Management Board and the Supervisory Board, which must be carried out at least once a year and on which the Nomination Committee made recommendations to the Supervisory Board at the meeting, as well as the self-assessment of the Supervisory Board and its committees, which must also be carried out at least once a year, and the evaluation of the knowledge, skills and experience of the individual members of the Management Board and the Supervisory Board as well as the respective body as a whole, in which the Nomination Committee supported the Supervisory Board.

The Remuneration Control Committee met five times in the reporting year. In particular, it supported the Supervisory Board in monitoring the involvement of the internal control units and other relevant areas in the design of the remuneration systems and assessed the impact of the remuneration systems. At the meeting on 13 March 2023, the Remuneration Control Committee adopted rules of procedure and decided to propose that the existing remuneration system for the Management Board of flatexDEGIRO AG be adjusted in line with the requirements of the Remuneration Ordinance for Institutions ("*InstitutsVergV*"). The meeting on 29 March 2023 focused on personnel issues such as the target agreements for the members of the Management Board, the 2022 bonuses for the members of the Management Board and the planned adjustment of the remuneration system for the Management Board in cooperation with an external remuneration consultant. The adjusted remuneration system for the members of the Management Board was approved by the Company's Annual General Meeting on 13 June 2023. The subject of the meeting on 7 September 2023 was a market analysis carried out by the external remuneration consultant with regard to the remuneration of the Management Board. At the meeting on 11 October 2023, the Supervisory Board discussed the possibility of establishing a new long-term incentive plan in the form of a classic option plan, as there are no longer any award options under the previous plans. This should be based on the conditions of the flatexDEGIRO AG share option programs from 2014 and 2015, supplemented by risk-adjusting factors. Possible KPIs, regulatory requirements and issues to be agreed with BaFin were discussed. At the meeting on 12 December 2023, the Remuneration Control Committee subjected the structure of the Group remuneration system to a central and independent review in accordance with Section 12 para. 1 InstitutsVergV and received an elaboration on the adjusted remuneration system and the related monitoring by the HR department, including the opinion of the Compliance and Risk departments.

Meeting attendance

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

(Number of meetings /participation in %)	Supervisory Board plenum		GRUPA		Nomination Committee		Remuneration Control Committee	
	Quantity	in %	Quantity	in %	Quantity	in %	Quantity	in %
Martin Korbmacher Chairman of the Supervisory Board	19/19	100	8/8	100	3/3	100	5/5	100
Stefan Müller Deputy Chairman of the Supervisory Board	19/19	100	4/4	100	3/3	100	---	---
Aygül Özkan	19/19	100	---	---	3/3	100	5/5	100
Britta Lehfeldt (since 22 June 2023 due to election by the Annual General Meeting on 13 June 2023)	11/11	100	4/4	100	---	---	---	---
Herbert Seuling	19/19	100	8/8	100	---	---	5/5	100
		100		100		100		100

Composition of the Supervisory Board and Management Board

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), Ms. Aygül Özkan and Mr. Herbert Seuling. In accordance with the resolution of the Annual General Meeting on 13 June 2023, which became effective upon entry in the commercial register on 22 June 2023, the Company's Articles of Association were amended to the effect that the Supervisory Board now consists of five (instead of the previous four) members. On 13 June 2023, the Annual General Meeting elected Ms. Britta Lehfeldt as the fifth member of the Supervisory Board from the date on which this amendment to the Articles of Association came into effect. At the end of the reporting year, the Supervisory Board thus consisted of Mr. Martin Korbmacher (Chairman of the Supervisory Board), Mr. Stefan Müller (Deputy Chairman), Mr. Herbert Seuling, Ms. Aygül Özkan and Ms. Britta Lehfeldt (as is currently the case).

There were also personnel changes on the Management Board in the reporting year. At the beginning of the reporting period, the Management Board consisted of Mr. Frank Niehage as Chairman of the Management Board and Chief Executive Officer (CEO), Mr. Muhamad Said Chahrour as Deputy Chairman of the Management Board and Chief Operating Officer (COO) and the two other members of the Management Board appointed with effect from 1 January 2023, Dr. Benon Janos as Chief Financial Officer (CFO) and Mr. Stephan Simmang as Chief Technology Officer (CTO). Mr. Muhamad Said Chahrour resigned from his position on the Management Board with effect from the end of 28 July 2023 and left the Company at the end of 31 December 2023. From the end of 28 July 2023 until the end of the reporting period on 31 December 2023, the

Management Board consisted of Mr. Frank Niehage as Chairman of the Management Board and CEO, Dr Benon Janos as CFO and Mr. Stephan Simmang as CTO. Since 1 January 2024, Ms. Christiane Strubel has been an additional member of the Management Board of flatexDEGIRO AG as Chief Human Resource Officer (CHRO).

When this report is adopted on 21 March 2024, the Management Board will therefore consist of Mr. Frank Niehage as Chairman of the Management Board/CEO, Dr. Benon Janos as CFO, Mr. Stephan Simmang as CTO and Ms. Christiane Strubel as CHRO.

Corporate Governance

The Supervisory Board and Management Board act in the knowledge that good corporate governance is an important basis for the success of the Company and the 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 summarized corporate governance statement for the 2023 financial year; this will be available for at least five years on the website of flatexDEGIRO AG at https://flatexdegiro.com/en/investor-relations/corporate-governance.

The current declaration of compliance within the meaning of Section 161 AktG on the basis of the German Corporate Governance Code will be made publicly available by the Management Board and Supervisory Board for at least five years on the website of flatexDEGIRO AG at https://flatexdegiro.com/en/investor-relations/corporate-governance.

The Supervisory Board regularly assesses how effectively it as a whole and its committees fulfil their duties (self-assessment in accordance with recommendation D.12 of the GCGC 2022). This includes, among other things, 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, in particular by the Management Board. The last self-assessment took place on 12 December 2023 using questionnaires created specifically for this purpose. The work of the Supervisory Board and its committees was rated as efficient and positive overall. The results also confirm the efficient organisation and conduct of meetings and the appropriate provision of information. No fundamental need for change was identified.

The Chairman of the Supervisory Board took part in discussions with investors in the 2023 financial year and continues to be prepared to hold discussions with investors on Supervisory Board-specific topics within an appropriate framework.

Training and further education programs

In the reporting year, the members of the Supervisory Board and Audit Committee undertook the training and further education measures required for their duties on their own responsibility and were supported by the Company. The training measures carried out in the reporting year to maintain and expand the necessary expertise included both external training and internal briefings on current topics. New members of the Supervisory Board can meet the members of the Management Board and managers with specialist responsibility to discuss fundamental and current issues and thus gain an overview of the relevant topics at the Company (onboarding). Ms. Britta Lehfeldt, who joined the Supervisory Board in the reporting year, had the opportunity to exchange ideas with the other members of the Supervisory Board during her first weeks in office. In addition, individual introductory meetings were arranged with members of the Management Board and the management team directly below the Management Board and several external seminars were booked.

No conflicts of interest

Each member of the Supervisory Board discloses any potential conflicts of interest to the Chairman of the Supervisory Board in accordance with the recommendations of the German Corporate Governance Code. If necessary, the members of the Supervisory Board agree on how to deal with any conflicts of interest that may arise. There were no indications of conflicts of interest in the past financial year.

Audit of the Annual and Consolidated Financial Statements 2023, Summarized Corporate Governance Statement for the 2023 Financial Year and Separate Non-Financial Group Report 2023

The Supervisory Board examined whether the annual and consolidated financial statements and other financial reporting meet the applicable requirements, in particular with regard to legality, regularity and expediency. This also included an audit of the combined corporate governance statement for flatexDEGIRO AG and the flatexDEGIRO Group and the separate non-financial Group report as of 31 December 2023.

BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg (BDO), audited the annual and consolidated financial statements prepared by the Management Board as of 31 December 2023 as well as the management report and Group management report for the 2023 financial year, including the accounting, and issued an unqualified audit opinion in each case. The annual financial statements of flatexDEGIRO AG and the management report and Group management report were prepared in accordance with German legal requirements. The consolidated financial statements were prepared on the basis of International Financial Reporting Standards ("*IFRS*"), as adopted by the European Union, and the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code ("*HGB"*). The Auditor conducted the audit in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014) and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW).

BDO was the auditor of flatexDEGIRO AG and the flatexDEGIRO Group for the first time (and since then without interruption) for the financial statements for the 2015 financial year. The signatories of the respective auditor's report on the audit for the 2023 financial year are Mr. Volker Schmidt, auditor, and Mr. Lukas Rist, auditor responsible for the audit. Mr. Schmidt signed the respective audit opinion for the first time for the 2023 financial year and Mr. Rist for the first time for the 2021 financial year.

Like the GRUPA, the Supervisory Board regularly reviewed the necessary independence of BDO and assured itself of said independence, also taking into account non-audit services. There were no circumstances that could give rise to concerns about the Auditor's impartiality. The review took place both before the resolution on the Supervisory Board's proposal to the Annual General Meeting to elect BDO as auditor and Group Auditor for the 2023 financial year and as auditor for any audit review of interim financial reports in the 2023 and 2024 financial years until the next Annual General Meeting, as well as regularly afterwards, most recently at the balance sheet meeting on 21 March 2024.

Following the 2023 Annual General Meeting, which followed the Supervisory Board's election proposal, the GRUPA, represented by its Chairman, commissioned BDO with the audit. At its meeting on 19 October 2023, the GRUPA had BDO explain the audit planning and agree on the focal points of the audit.

The aforementioned accounting documents, including 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 of 31 December 2023, were submitted to all members of the GRUPA and the Supervisory Board in good time. The same applies to the written audit reports from BDO. The GRUPA and the Supervisory Board had already received drafts of these documents in advance. The annual and consolidated financial statements, including the management and Group management report and the Management Board's proposal for the appropriation of earnings, were discussed in detail in the presence of the Auditor at the GRUPA meeting on 11 March 2024. The GRUPA dealt in particular with the key audit matters described in the respective auditor's report, including the audit procedures performed. The audit by the GRUPA also included the combined corporate governance statement for flatexDEGIRO AG and the flatexDEGIRO Group and the separate non-financial Group report as of 31 December 2023, including the disclosures on the EU taxonomy. For its part, the Supervisory Board examined the annual and consolidated financial statements as well as the management and Group management report in detail, particularly with regard to legality, regularity and expediency, and took note of the audit reports of BDO as well as the reporting and recommendations of GRUPA based on its audit. It paid particular attention to the key audit matters contained in the audit opinions, the resulting risks for the respective financial statements, the audit procedures described in each case and the respective conclusions of BDO.

At the balance sheet meeting of the Supervisory Board on 21 March 2024, the Auditor also took part in the relevant agenda items alongside the Management Board and reported on the scope, focus and key findings of its audit. All significant issues relevant to the financial statements and the audit, including the key audit matters presented in the audit opinions and the related audit procedures and conclusions of the Auditor, were discussed in detail with the Auditor. The Auditor did not identify any weaknesses in the accounting-related internal control system, the internal audit system or compliance. Based on the remaining monitory findings from the 2022 special audit, the Auditor identified weaknesses in risk management and the business organisation, but attested to significant progress in addressing them. The Supervisory Board monitors the progress of the measures taken by the Management Board to remedy the deficiencies. Additional questions from the Supervisory Board members were answered comprehensively by the Auditor. The Supervisory Board noted and approved the results of the audit by BDO. Following the final results of the audit by GRUPA and its own review, the Supervisory Board had no objections to raise; this also applies to the Management Board's proposal for the appropriation of profits and the summarized corporate governance statement, even if they are not to be reviewed by the Auditor. In this context, the separate non-financial Group report prepared by the flatexDEGIRO Group for the 2023 financial year as of 31 December 2023 was also discussed in detail following an explanation by the Management Board. Like the GRUPA, the Supervisory Board had no objections following its review of the separate non-financial Group report for the 2023 financial year. In accordance with the recommendation of the GRUPA, the summarized corporate governance statement was adopted and the separate non-financial Group report for the 2023 financial year was approved. In accordance with the recommendation of the GRUPA, the Supervisory Board approved the annual financial statements and the consolidated financial statements of the flatexDEGIRO Group for the 2023 financial year prepared by the Management Board; the annual financial statements are thus adopted. The Supervisory Board concurred with the Management Board's proposal on the appropriation of profits. In its assessment of the position of the Company and the Group, the Supervisory Board concurs with the Management Board's assessment in its respective management report. At the end of the meeting, the report of the Supervisory Board was adopted following a detailed review.

Remuneration Report in accordance with Section 162 AktG

The remuneration report was prepared by the Management Board and Supervisory Board for the 2023 financial year in accordance with 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 any objections and issued an unqualified opinion.

Acknowledgement

The Supervisory Board would like to thank the departing Management Board member Mr. Muhamad Said Chahrour for his great commitment over the past years. The Supervisory Board would also like to express its special thanks and appreciation to the members of the Management Board and all employees of flatexDEGIRO AG and all Group companies who have contributed to the Company's positive development over the past year with great personal commitment in what continue to be challenging times.

Frankfurt am Main, 21 March 2024

For 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", "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 2023 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 for banking and securities 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 settlement of securities and payment transactions. This mainly comprises the supply and operation of the IT infrastructure for private customers of the flatexDEGIRO Group, which guarantees the settlement of customer transactions in 16 European countries.

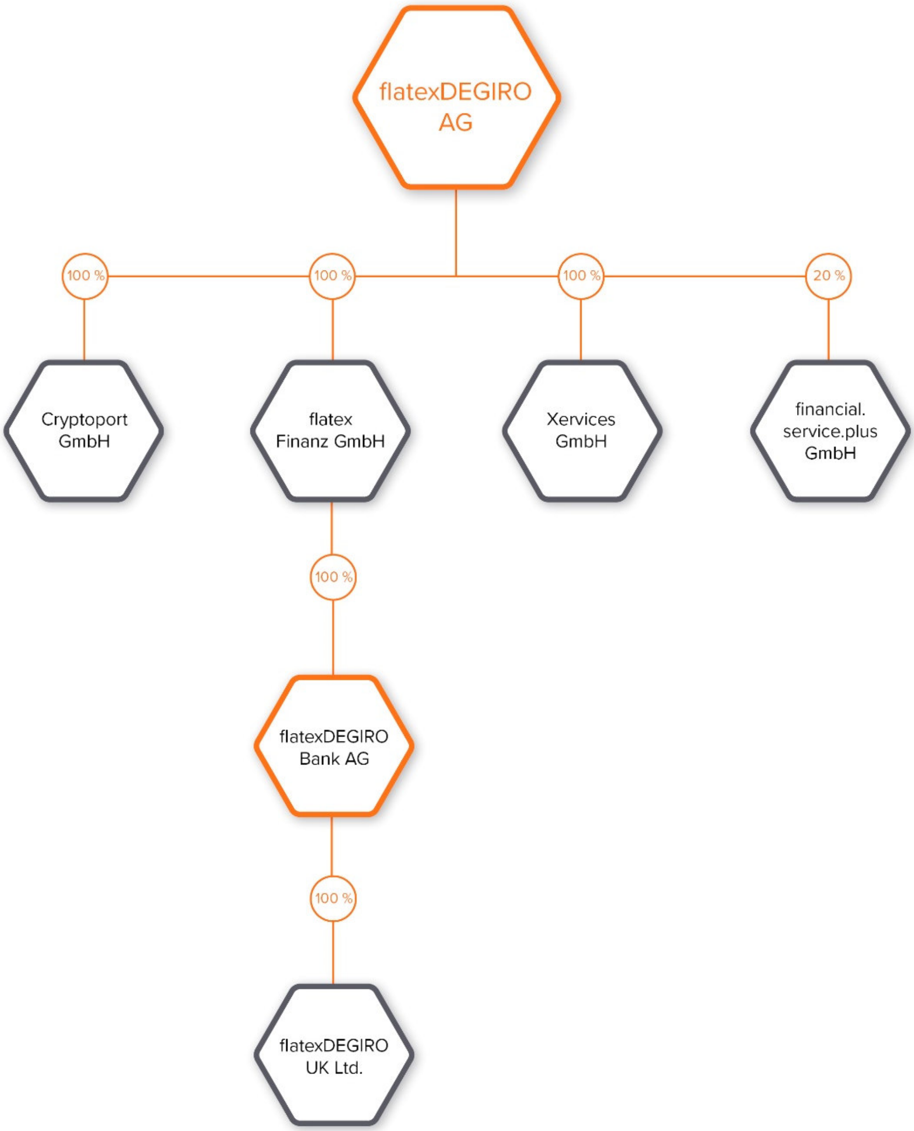
The consolidated financial statements presented here are those of flatexDEGIRO AG and its subsidiaries.

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-listing obligations (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 a 20% interest in financial.service.plus GmbH.

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

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



The majority stake held by flatexDEGIRO AG in financial.service.plus GmbH was reduced from 72 % by 52 % to a minority stake of 20 % as of 31 December 2023. Otherwise, there were no changes in the Group's corporate structure in 2023 compared with the previous year.

1.2 Management of the Group

The management of flatexDEGIRO AG is the responsibility of the Management Board, which consists of the following members as at 31 December 2023:

Frank Niehage, LL.M.
CEO

Dr. Benon Janos
CFO

Stephan Simmang
Chief Technology Officer

The Management Board is supported by an extended management team. In addition to the Management Board members above, the heads of risk management, process management and securities settlement are members of the Management Board of flatexDEGIRO Bank AG:

Dr. Matthias Heinrich
Chief Risk Officer

Steffen Jentsch
Chief Process Officer

Jens Möbitz
Board Member, Bank

After many years as Chief Financial Officer (CFO) of flatexDEGIRO Bank AG, Dr Benon Janos was also appointed CFO of flatexDEGIRO AG as of 1 January 2023.

Stephan Simmang also joined the Management Board of flatexDEGIRO AG and flatexDEGIRO Bank AG as Chief Technology Officer (CTO) on 1 January 2023.

Christiane Strubel was appointed to the Management Board of flatexDEGIRO AG as CHRO with effect from 1 January 2024.

Muhamad Chahrour resigned from the Management Boards of flatexDEGIRO AG and flatexDEGIRO Bank AG at the end of 28 July 2023. Muhamad Chahrour left the Company as planned with effect from 31 December 2023.

Christiane Strubel
Chief HR Officer

As at 31 December 2023, the Supervisory Board of flatexDEGIRO AG consisted of the following members:

Martin Korbmacher
Chair

Stefan Müller
Deputy Chair

Britta Lehfeldt
Supervisory Board member

Aygül Özkan
Supervisory Board member

Herbert Seuling
Supervisory Board member

Britta Lehfeldt was elected to the Supervisory Board of flatexDEGIRO AG by resolution of the Annual General Meeting on 13 June 2023.

After completing two apprenticeships and obtaining a degree in business studies from Gießen University, Ms Lehfeldt first worked at her parents' company before starting her career with Deutsche Bank AG. She started out in the Finance department and moved to the Private Clients department after about two years, accompanying the project to establish Deutsche Bank 24 AG. During her career at Deutsche Bank (Deutsche Bank 24 AG, DB Privat- und Geschäftskunden AG and DB Privat- und Firmenkunden AG), Britta Lehfeldt held several positions as an employee, team leader, division manager, managing director of several subsidiaries and finally as a member of the Management Board. In functional terms she began in operating units. In her role as Management Board member of DB Privat- und Firmenkundenbank AG, Ms Lehfeldt was Labour Director and responsible for all personnel matters as well as relations with social partners and collective bargaining agreements. She was also responsible for legal affairs, compliance, money laundering and outsourcing and crisis management. In her most recent position at Deutsche Bank, she was Chief Operations Officer of the IT division from January 2020 onwards, where she was responsible for all commercial and procedural matters relating to that division. In mid-2021, Ms Britta Lehfeldt left Deutsche Bank AG amicably after more than 20 years with the corporation.

During her career at Deutsche Bank AG, Ms Britta Lehfeldt also held various positions on supervisory and advisory boards.

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.

The 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 as amended on 28 April 2022, 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 adopted, but no later than four months after the end of the reporting period.

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 33 in the notes to the consolidated financial statements and to the remuneration report as part of these consolidated financial statements.

1.4 Disclosures pursuant to Sections 289a and 315a HGB

1. Composition of subscribed capital

   The subscribed capital (share capital) of flatexDEGIRO AG on the balance sheet date was EUR 109,992,548.00 and is divided into 109,992,548 no-par 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 exceeding 10 % of voting rights

   As of the balance sheet date (31 December 2023), the following indirect or direct equity participations exceed 10 % of the voting rights:

   - Mr Bernd Förtsch, Germany, notified us on 27 October 2023 that his voting right share in flatexDEGIRO AG on 12 October 2023, held directly or indirectly, was 21,112,968 voting rights or 19.20 %. At this time, the total number of voting rights in accordance with Section 41 of the German Securities Trading Act (WpHG) was 109,952,548, with 1,586,428 voting rights or 1.44 % of voting rights held directly by Mr Förtsch; 19,526,540 voting rights or 17.76 % of voting rights were attributed to Mr Förtsch via his equity participations in GfBk Gesellschaft für Börsenkommunikation mbH ("GfBk"), Kulmbach, and Heliad AG, Frankfurt. At that point, GfBk held a direct stake of 13.08 % 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 13.08 % 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.

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. Provisions 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 are made in line with the provisions of Sections 179 et seqq., and 133 AktG and Section 4 (3 - 7) (here in each case in the last sentence) and Section 18 (2) of the Articles of Association. In as far as amendments affect only the wording, they may be made by resolution of the Supervisory Board in the cases defined in Section 4 (3 - 7) 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 by simple majority of the votes cast and, if the law specifies a capital majority in addition to the voting majority, by simple majority of the voting 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

   Share issuance: 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 142,000 shares (2015 share options programme);
   - Conditional Capital 2018/I (2017) pursuant to Section 4 (6) of the Articles of Association (before amendment on 4 April 2023) expired at the close of 3 December 2022. Until this date it served to secure the potential issue of up to 14,000,000 shares (in connection with the issue of debt instruments in the form of convertible bonds and/or bonds with warrants). No use was ever made of the authorisation to issue the corresponding debt instruments. On the basis of its authorisation the Supervisory Board decided on 13 March 2023 to amend the Articles of Association, deleting the expired Conditional capital 2018/I (2017) defined in Section 4 (6) of the Articles of Association (before amendment on 4 April 2023) and renumbering the following paragraphs in Section 4 accordingly. The amendment took effect when it was entered in the commercial register on 4 April 2023.

- Conditional Capital 2018/ II pursuant to Section 4 (6) of the Articles of Association (after amendment on 4 April 2023) expired at the close of 6 August 2023. Until this date it served to secure the potential issue of up to 14,400,000 shares (in connection with the issue of debt instruments in the form of convertible bonds and/or bonds with warrants). No use was ever made of the authorisation to issue the corresponding debt instruments. On the basis of its authorisation the Supervisory Board decided on 6 February 2024 to amend the Articles of Association, deleting the expired Conditional capital 2018/ II defined in Section 4 (6) of the Articles of Association (after amendment on 4 April 2023) and renumbering the following paragraph in Section 4 accordingly. The amendment took effect when it was entered in the commercial register on 19 February 2024.
- As of the balance sheet date, the Management Board was not authorised to acquire treasury shares.

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

8. Significant company agreements that are subject to 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 a takeover offer

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

At the level of flatexDEGIRO Bank AG, there are contracts which contain change-of-control clauses that permit the respective parties and/or contractual 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 over flatexDEGIRO AG’ occurs (i) when the majority of the shares of flatexDEGIRO AG or the majority of the voting rights of flatexDEGIRO AG or substantially all of the assets of flatexDEGIRO AG are acquired by a third party, or (ii) if a third party gains a controlling influence over flatexDEGIRO AG in any other way within the meaning of AktG section 17.

The service contract of the Chairman of the Management Board of flatexDEGIRO AG includes a change-of-control clause. In the event of a change of control, this is intended to provide the Chairman of the Management Board with financial security in order to maintain his independence in the event of a takeover situation.

- In the event of a change of control, the Chairman of the Management Board has a special right of termination within the first six months.
- If the special right of termination is exercised, he shall be entitled to the following compensation payments:
  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 compensation payments referred to in subsections 1 and 2 are calculated on a pro rata basis up to the end of the current contract term.
  4. Together, the compensation payments may amount to not more than two year’s total remuneration (compensation cap). The cap is calculated on the basis of the total remuneration for the past financial year.
  5. If the total remuneration for the current financial year is likely to be significantly higher or lower, this must be taken into account.

There are no further compensation agreements with members of the Management Board or employees in the event of a takeover offer.

1.5 Business activities of the Group

NEW DEFINITION OF OPERATING SEGMENTS

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 components of a company for which separate financial information is available. This information is regularly analysed by the Management Board and by management as part of the allocation of resources and the assessment of performance.

flatexDEGIRO AG was previously divided into the FIN (Financial Services) and TECH (Technologies) business segments. The Financial Services segment mainly comprised the activities of flatexDEGIRO Bank AG, which divided its commercial activities into the Online Brokerage, Non-Brokerage, and Credit & Treasury divisions.

The TECH segment comprised the operating IT business of flatexDEGIRO AG, consisting of 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).

One consequence of the merger between DeGiro B.V. and flatexDEGIRO Bank AG was a strategic focus on the core online brokerage business. As a result, the management of the flatexDEGIRO Group increasingly concentrates on the FIN operating segment.

This was taken as an opportunity to redefine the operating segments.

The new classification divides the operating segments into “flatex” and “DEGIRO”.

IT services at flatexDEGIRO AG and Xervices GmbH are not assigned to individual segments, but are allocated to these segments.

Segment “flatex”

The operating segment “flatex” includes the online brokerage activities under the flatex brand and the activities under the ViTrade brand for which no separate segment was formed for reasons of materiality (the criteria for operating segments were not met).

In geographic terms, the core online brokerage business under the flatex brand and the ViTrade brand relates to Germany and Austria.

The operating segment “flatex” continues to include that part of the business activities from Credit & Treasury of flatexDEGIRO Bank AG that does not relate to DEGIRO. This reflects the investment business and the conservative lending business under the flatex brand and the ViTrade brand, which as a rule takes place on a secured basis.

Of secondary importance are the business activities related to “Business Process Outsourcing” and the securities settlement services and fully automated transaction settlement services (General Clearing Member, GCM) offered as an outsourcing solution.

Segment „DEGIRO“

The operating segment “DEGIRO” comprises the online brokerage activities under the DEGIRO brand and the part of the business activities from Credit & Treasury accounted for by the DEGIRO brand. This reflects the investment business and the conservative lending business under the DEGIRO brand, which as a rule takes place on a secured basis.

In geographic terms, the operating segment “DEGIRO” currently relates to 15 countries in Europe: the Netherlands, Spain, Portugal, France, Germany, Italy, Switzerland, Ireland, Great Britain, Denmark, Sweden, Finland, Poland, Czech Republic and Greece.

1.6 Employees and locations

As at the reporting date, flatexDEGIRO AG has business operations at nine locations in Germany and one site each in the Netherlands, Great Britain, Austria and Bulgaria. The flatexDEGIRO Group employed an annual average of 1,285 employees (previous year: 1,219).

Advanced conferencing software enables flatexDEGIRO employees to work mobile, reducing the impact that travelling to and from work every day has on both our employees and the environment. For this purpose, flatexDEGIRO generally offers hybrid working models to all employees. In addition, flatexDEGIRO AG avoids unnecessary business travel where possible, and is driving forward measures to promote e-mobility.

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. Since healthcare is generally available, flatexDEGIRO promotes opportunities for its employees to receive precautionary vaccinations.

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 2023. 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, 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 for the banking and the securities sectors. 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.

Within the two reporting segments "flatex" and "DEGIRO", the majority of products and services offered are similar, for which reason these are presented first in a general presentation and only special features that go beyond this are discussed separately in the respective segments.

Core business online brokerage

With flatex, ViTrade ("flatex" segment) and DEGIRO ("DEGIRO" segment), three established and successful online broker brands belong to flatexDEGIRO. All 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 exchanges, 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.

Customers can trade stocks, ETFs (exchange-traded funds), ETPs (exchange-traded products) and many other products online, both at exchanges and over the counter. The Group also cooperates with numerous direct trading partners. In addition to one-off investments in securities, customers can set up savings plans with ETFs and other funds.

An average of 22 transactions per customer account in 2023 attests to the active customer base of flatexDEGIRO, although trading activities declined year on year across the industry due to the market environment. 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 received accolades in numerous publications throughout Europe in the past financial year.

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. Generally speaking, 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 profit 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.

Credit & Treasury (C&T)

As a by-product of the online brokerage business, the Group holds over EUR 3.6 billion in customer funds as of 31 December 2023. Interest rates, especially the European Central Bank's (ECB) deposit facility rate, increased again significantly over the past financial year. The ECB raised the interest rate on the deposit facility in several steps from 2.0 % in December 2022 to 4.0 % in September 2023. In combination with the customer deposits, most of which are deposited with the Deutsche Bundesbank and on which no interest is paid to customers, the higher interest rates generate significant earnings contribution for flatexDEGIRO.

Credit business

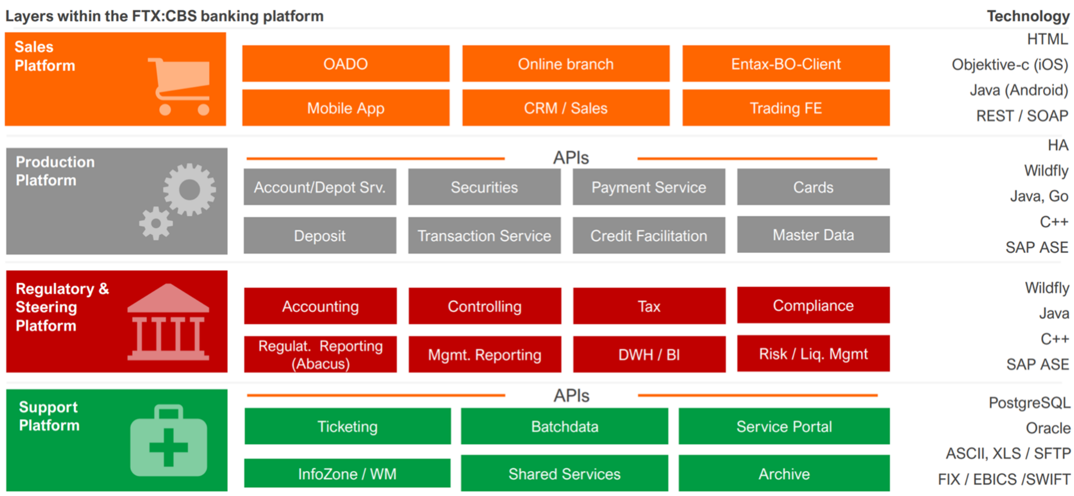
flatexDEGIRO Bank AG already significantly revised its credit strategy in the 2021 reporting year and placed the focus on low-risk securities-backed credit business (margin-loans). The remaining loan portfolio was gradually reduced through maturity or redemption. This also includes the factoring portfolio.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

IT services at flatexDEGIRO AG and Xervices GmbH

The flatexDEGIRO FTX:CBS core banking system is a scalable IT platform for the technological mapping of business processes for full banking operations. 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.

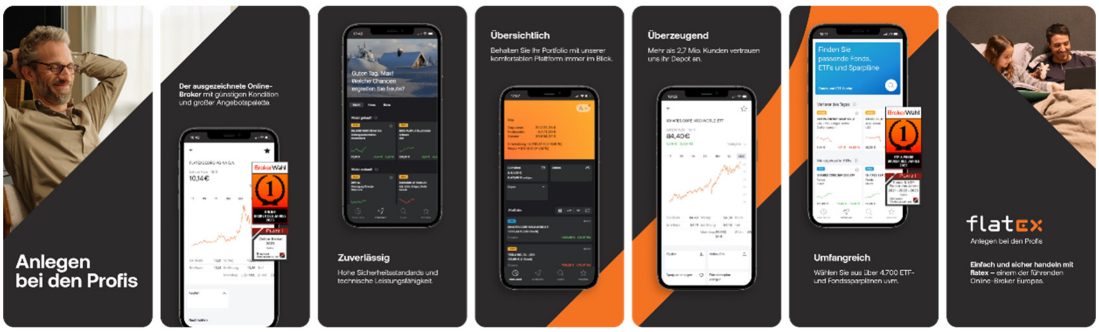
In addition to FTX:CBS, the Limit Order System (abbreviation: L.O.X.) from the group subsidiary Xervices GmbH is able to ensure bilateral technical order forwarding and to monitor the limit orders of approx. 20 European brokers against the price feed of connected issuers with approx. 1,800,000 products.

SEGMENT “FLATEX“

Core business online brokerage

Under the flatex brand the Group offers execution-only securities transactions in Germany and Austria. The offering aims at independent traders and investors who make their own decisions. It covers all types of securities and provides access to all German and many international exchanges, as well as over-the-counter direct trading, mainly of stocks, ETPs and ETFs. Our services focus on a transparent pricing model and a product range independent of banks, as well as customer-focused services.

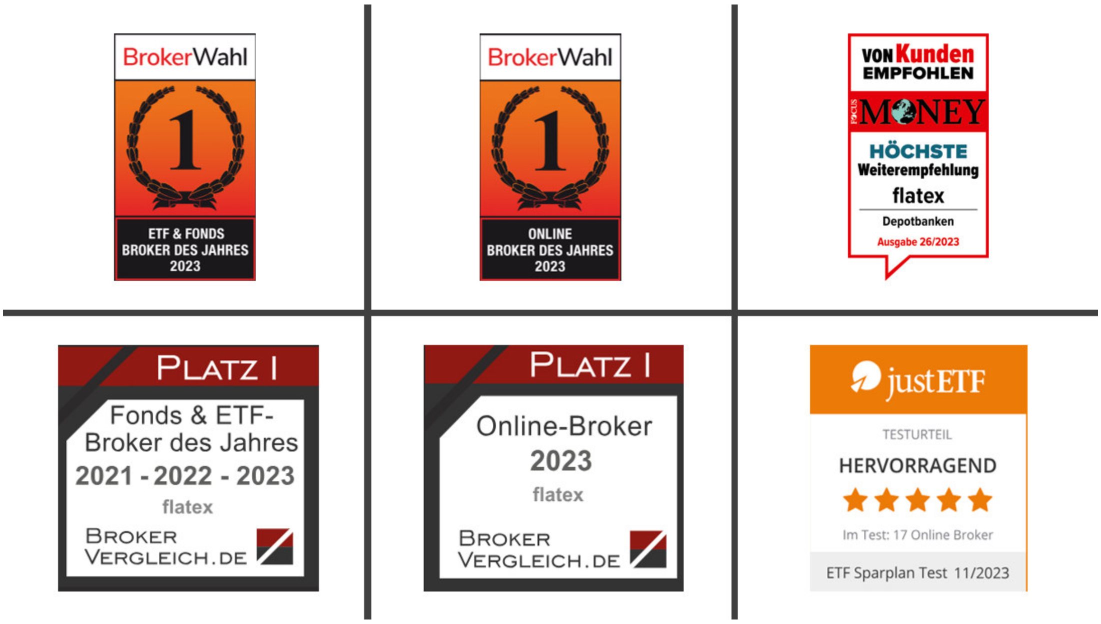
In recent years flatex has opened up its marketing to an even wider range of customers. Since late 2020 flatex has offered its customers in Germany, and since spring 2023 also those in Austria, another layout (flatex next) in addition to its existing comprehensive user interface, which was developed to provide even more intuitive and clearly structured access to securities trading. flatex next has a large number of positive reviews and 4.5 stars in the Apple App Store. In addition to the mobile app, the flatex next desktop application was rolled out in 2023.



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 exchange trading plus any exchange fees. In addition, over 4,500 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 fee scale (Platinum partners: EUR 0.00 per transaction; Gold partners: EUR 1.90 per transaction; Silver partners: EUR 3.90 per transaction).

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 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.

flatex again won several prizes for its online brokerage services in 2023, wining the brokerage awards from “BrokerTest” and “BrokerVergleich” in Germany and Austria in the main category of “Bester Online Broker” and the sub-category “Bester ETF & Fonds Broker”. In the brokerage award this meant that flatex was able defend its previous year’s success in both categories.



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 stocks 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 stake 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 stocks and securities business. This connects brokers and securities businesses to the securities settlement processes.

Existing business non-brokerage

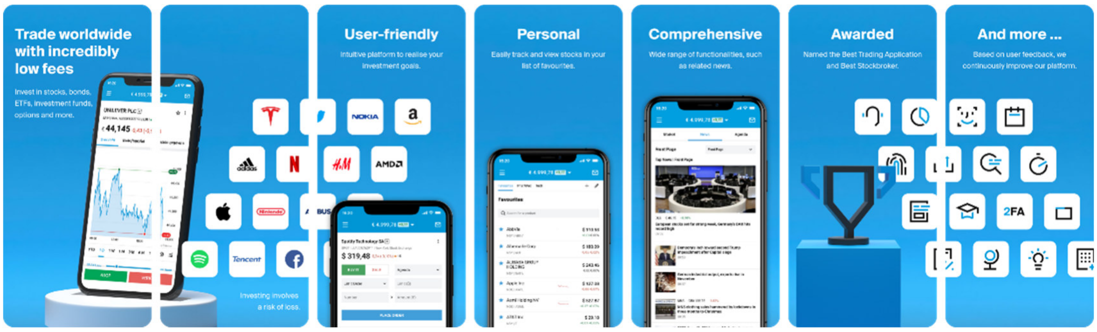
Within the non-brokerage business area, flatexDEGIRO Bank AG offers its partners the product range of a full bank as an outsourcing solution. The bank does not take on a role externally but performs all processes on behalf of the respective partner. For example, services are offered in the areas of employee participation and business process outsourcing (BPO).

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

SEGMENT "DEGIRO“

DEGIRO was established in the Netherlands in 2007 as a fund management company. The range of services was extended 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.

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 stocks, bonds, futures, options, exchange-traded products, and exchange-traded funds.



DEGIRO continued to convince customers and juries in a number of important core and growth markets in 2023, again winning several prices for its range of online brokerage services. In addition to prestigious national awards, like the audience prize from CashCow in the Netherlands, the Rankia award as “Best International Broker for Stocks” and recognition for the best customer service from “Corriere della Sera” in Italy, DEGIRO also collected awards at the European level, including “Best European Discount Broker” from Investing and “Best stock trading app” from BrokerChooser.

1.8 Target markets and clients

The primary focus of flatexDEGIRO is online brokerage. The DEGIRO, flatex and ViTrade brands represent the Group in a total of 16 European countries, meaning it covers all important European markets.

flatexDEGIRO only operates under the flatex (orange) and ViTrade brands in Germany and Austria. DEGIRO (blue) is present as a brand in a total of 15 European countries. Germany is the only market in which flatexDEGIRO is represented by all three Group brands.

1.9 Goals and strategies

The strategic focus of flatexDEGIRO is on the further development and expansion of its online brokerage business in Europe. The Group is primarily aiming for sustainable, profit-oriented growth and rapid market penetration. Maintaining a leading technological position is also critical to 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.

Organic growth in online brokerage

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 economies of scale, resulting in significantly reduced costs per transaction and improved profit margins. Market trends indicative of growth in the online brokerage market in all countries in Europe will have a fundamentally positive effect in the long term. Not least, these include the recently low to 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 pay-as-you-go methods are coming under great pressure 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 sophisticated investors with its cost-effective pricing model and a comprehensive and independent product range, as well as transparent, convenient and customer-focused platforms.

In brokerage business, “digital proximity” to the customer is the 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, continuous 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, and keep focusing on professional traders with its ViTrade brand.

In addition, the Group pursues marketing strategies that have a clear focus on financial education and information. An extensive range of information and training courses for basic economic and financial knowledge, introductions to the flatexDEGIRO online platforms and product training help flatexDEGIRO customers make considered and well-founded decisions. With videos, interactive formats and subject-based events (online and offline), a wide selection of information sources is offered. With “Ture Stories of Investing”, flatexDEGIRO launched a TV documentary in January 2022 which conveys important fundamental knowledge for retail investors. In four episodes, renowned journalists, professors, behavioural researchers and investors question some of the biggest misunderstandings about investment by analysing historical events and the mechanisms at work.

Acquisitions and strategic partnerships may also be used to achieve the growth targets. 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. Management believes that the use of Group-wide processes and systems, the implementation of efficient marketing strategies and expansion of the multiple prize-winning product and service range have the potential to boost profits and create lasting value. Activities to deepen vertical integration could also be attractive.

The Group has no current plans to expand outside Europe.

Deposit business and securities backed loans

flatexDEGIRO aims to be the leading online broker for sophisticated investors and so addresses a customer segment that is primarily interested in long-term investment and active trading. flatexDEGIRO is deliberately not positioning itself as a savings platform. For this reason, the customers of flatexDEGIRO have an average investment ratio significantly in excess of 90 per cent, which means that customers normally have significantly more than 90 per cent of their assets held in custody on flatexDEGIRO platforms invested in securities, and on average hold significantly below 10 per cent in cash. Because flatexDEGIRO's customers base is broad and growing, these cash holdings amounted to some EUR 3.6 billion as of year-end 2023. flatexDEGIRO has a conservative investment strategy for these customer funds, and its full banking licence in combination with the current interest rate environment allows the Group to generate substantial interest income, especially from loans fully backed by securities and sight deposits with the Deutsche Bundesbank. From a strategic perspective this interest income allows flatexDEGIRO to offset temporary dips in trading by customers – due to the higher interest rate environment, for instance. This contributes to sustainable financial stability and enables flatexDEGIRO to keep actively driving its own business forward, make substantial investments in the continued viability of its platforms and deliver profitable growth, even in a market environment that is challenging for the whole online brokerage sector.

Importance for operating segments

The targets for the operating segments “flatex“ and “DEGIRO” are derived from these overarching goals for organic customer growth in the online brokerage business as well as deposit business and securities backed loans, whereby differences in the strategies primarily take into account the different geographical focus of the segments as well as the competitive situation and market maturity found in these markets.

IT services at flatexDEGIRO AG and Xervices GmbH

The operating goals for flatexDEGIRO AG's IT services are to provide high-quality, largely automated and highly scalable IT services for its own online brokerage business, including compliance with statutory and supervisory requirements. Their stability and performance are also vital for efficient business operations. 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 for realising the synergy potential of the business combination and continuing to optimise the capacity utilisation of FTX:CBS.

The strategic objective for Xervices GmbH is to expand the digital brokerage platforms and the proprietary L.O.X. OTC trading platform.

1.9.1 Goals in the segment “flatex”

Within the operating segment "flatex", the above-mentioned brokerage services are primarily offered to customers on the German and Austrian markets under the flatex brand. The flatex brand is established on these markets as it offers user-friendly trading platforms, competitive fee structures and a wide range of financial instruments and exchanges for investors. In addition, it provides educational material, market research information and other tools that help investors with their investment decisions. With its “flatex-flex” credit line, flatex offers its customers a fully-secured loan with a conservative valuation of the assets under custody. The “flatex flex” credit line can be used at the borrower’s discretion, and not only for trading-related expenditures.

flatex started off as a pioneer in the online brokerage business in Germany in 2006 by charging a fixed price instead of the volume-based fees typical of securities trading. With its fixed price of EUR 5.90 in German exchange trading, plus exchange fees, flatex still has an attractive position today in a highly competitive market. Thanks to its focus on sophisticated, active traders, for whom the entire product range, the quality of the services and the platform and the trustworthiness of the provider play a very important role, in addition to just the price, flatex has been able to continue its profitable growth successfully in Germany and Austria without having to cut its prices.

With “flatex next”, a user interface was introduced in Germany at the end of 2020 and in Austria in spring 2023 that is easier to understand than its predecessor and is therefore also more user-friendly for less experienced customers. In this way, flatexDEGIRO wants to give everyone easy access to the capital markets. It is now possible for a broad section of the population to purchase securities in only a few clicks, and in doing so to contribute to their personal retirement savings.

Sustainable investments can be interesting both from a financial return 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. The search function for stocks, ETFs and funds already includes the category “flatex green”.

By continuing its strategic focus on the trio of product, platform and price, flatex strives to continue its profitable growth in customer numbers in Germany and Austria and gain additional market share.

1.9.2 Goals in the segment “DEGIRO“

Within the operating segment “DEGIRO”, the above-mentioned brokerage services are primarily offered to customers in a total of 15 European countries under the DEGIRO brand. DEGIRO is particularly well established as a brand in the Netherlands, France, Spain, Portugal and Italy. Its management believes that it has further, in some cases very significant growth potential in all countries. DEGIRO offers its customers a user-friendly trading platform, a particularly attractive fee structure by local standards, and a broad range of financial instruments and trading places. Furthermore, its product portfolio also includes educational material, market research information and other tools that help investors to make investment decisions. The product portfolio is rounded off by margin loans to DEGIRO customers.

With a fee structure that in some cases is significantly below that of its sister brand flatex, DEGIRO positions itself well below traditional, locally established providers in precisely those countries that are considered to have particularly growth potential going forward. This has enabled DEGIRO to gain a foothold in many markets rapidly and build a broad customer base. At year-end 2023 DEGIRO had a customer base of 100,000 to 800,000 customer accounts respectively in five countries (the Netherlands, Spain, France, Portugal and Italy).

Thanks to this broad footprint, DEGIRO contributes substantial geographic diversification to the flatexDEGIRO Group, in addition to substantial growth potential, and so helps to reduce country-specific risks.

By continuing to emphasise price within the strategic trio of product, platform and price, DEGIRO strives to continue its profitable growth in customer numbers in all key markets and gain additional market share.

1.10 Financial goals of the Group

The Group's key financial goals include generating sustainable profits and maintaining a solid equity base. The Company's financial goals also include ensuring comfortable liquidity levels at all times. This is intended to ensure a positive development in the key performance indicators.

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:

- High Potential and Key People Circle for executives
- Dual study programme offered in collaboration with the Frankfurt School of Finance and Management (FSOF)
- Participation in the Company's success through various profit-sharing programmes
- Flexible working arrangements
- Full coverage of external childcare costs for very young children
- Sports, healthy living and fitness opportunities
- 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
- 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 1,300 employees, its investors, clients, suppliers and other stakeholders.

flatexDEGIRO does not own any buildings but is a tenant at all its locations. Natural gas is used to generate heat at various locations, meaning that the resulting direct CO2 emissions (Scope 1 emissions) must be taken into account. Furthermore, direct CO2 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 respective context (e.g., commuting), and we intend to reduce these by up to 30 % as opportunities arise (base year 2020).

The current separate consolidated non-financial 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, industry associations and public authorities, as well as policymakers and the scientific community. In the course of these exchanges, we seek to gather new ideas, appreciate different standpoints, identify trends and develop partnerships. flatexDEGIRO also uses this open dialogue to discuss current challenges and to highlight aspects of the operating environment that are important for flatexDEGIRO.

The Group considers responsible, economical business to be an essential foundation for 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-based management system

flatexDEGIRO has a Group-wide management system. To achieve the overall corporate goals, the management agreed on key target figures and performance indicators (KPIs = Key Performance Indicators) for the year 2023, which will contribute to increasing company value over the long term:

Financial performance indicators

- **Revenue**
- **(Adjusted) EBITDA margin**
- **(Adjusted) EBT margin**

Non-financial performance indicators

- **Customer accounts**
- **Transactions**

Other indicators (for variance analysis)

- **Raw materials and consumables**
- **Personnel expenses**
- **Marketing expenses**
- **other operating expenses**

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

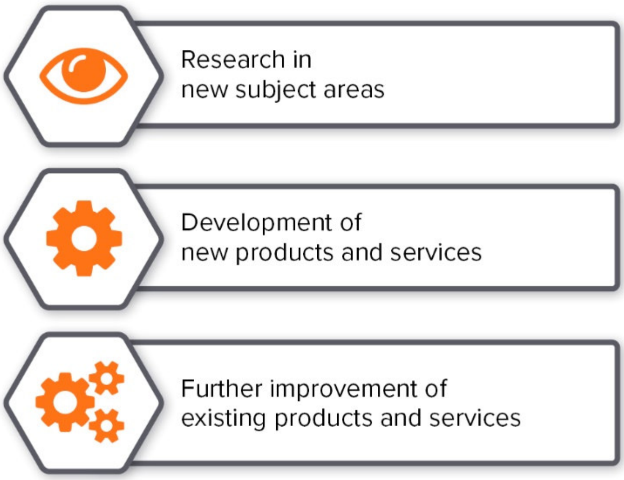
The financial performance indicators are consolidated at Group level and are fed into a rolling plan for future business development alongside the financial results. Monthly reporting and more detailed analyses are central instruments for Group controlling. By constantly monitoring the performance indicators, we aim to identify changes in business performance 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 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.

While in previous years the Group used adjusted key performance indicators (e.g., adjusted revenues, adjusted EBITDA margin, adjusted EBT margin), no adjustments will be made from 2024 onwards in order to establish simpler and more transparent performance indicators. Revenues and consolidated net profit will be used as key financial performance indicators in future.

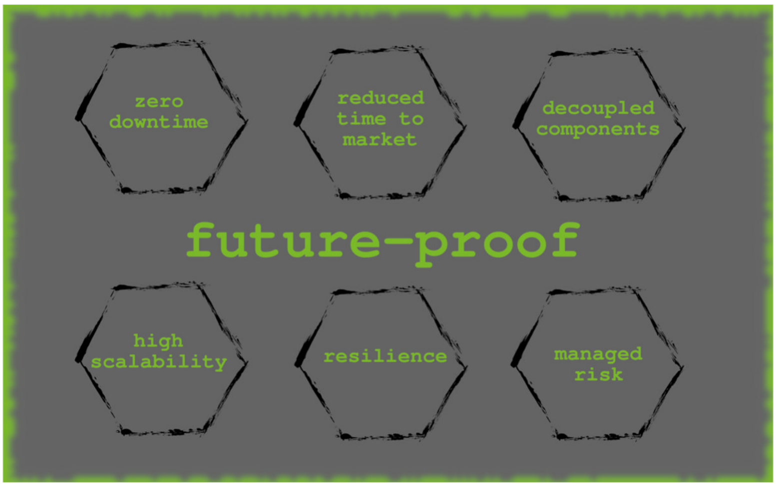
1.13 Research and development activities

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 focus of flatexDEGIRO AG's IT activities: 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. 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 modularisation enables 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, increasing the automation of securities backed loans at DEGIRO, 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. Work was also carried out with our partners at Whitebox to give flatexDEGIRO customers access to digital asset management.

Personnel expenses amounting to 0.17 % (excluding personnel expenses for long-term incentive schemes) were invested in the area of R&D (previous year: 0.21 %). 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, the technical integration of DEGIRO and the work to increase the level of automation in margin loans resulted in costs for pure R&D amounting to kEUR 27,988 in the past financial year (previous year: kEUR 26,875). The R&D cost ratio (in relation to total revenue) was 7.2 % (previous year: 6.6 %). Amortisation of finished internally generated intangible assets came to kEUR 7,109 (previous year: kEUR 7,134). The Management Board also expects a R&D cost ratio in the mid-single-digit percentage range in relation to revenues for the following years.

2 Economic Report

2.1 Macro-economic and sector-specific parameters

Global economy

The global economic situation did not improve noticeably in the 2023 reporting year compared to the previous year. On the contrary, global economic development was again faced with several challenges in 2023 and was also impacted by numerous crises. It was increasingly possible to overcome the effects of the COVID-19 pandemic and the resulting disruption to production and logistics. In geopolitical terms, the Russia-Ukraine war contributed to further ongoing tensions. Geopolitical uncertainty was heightened even further when Hamas launched a terrorist attack against Israel on 7 October 2023, however. This resulted in an increased risk of the global economy falling into separate camps, which may result in the restructuring of global value chains and chillier international trading relations. At the same time economic growth remained flat due to the high interest rates. Inflation rates were still very high at a global level, reaching double figures in some cases. The central banks stood by their restrictive monetary policies as a result, so preventing inflation from rising any further, and towards the end of 2023 it had indeed been reduced again significantly.[1]

The energy price shocks in 2022 continued to weigh on industry in the reporting year 2023. Heavily industrialised regions in central Europe were particularly affected. Overall economic output remained largely unchanged. The labour market in the euro area was still tight. In addition, consumer demand from private households fell as a result of slow development in real wages. In the USA, however, the economy was buoyant. Although the US central bank, the Federal Reserve (Fed) increased its prime interest rate to 5.5 %, the labour market turned out to be extremely robust. Consumer sentiment was positive, despite the restrictive monetary policy mentioned above. This was due to higher incomes in real terms. Inflation of 3.0 % was below the global average.[2]

The pace of economic growth varied widely in developing and emerging markets. Whereas countries such as India and Indonesia continued to post strong growth rates, economic development in China was subdued. Although the country was set for growth, having cast off its zero-covid policy, the domestic economy was held back by difficulties on the property market, which depressed investing activities and depleted the assets of private households.[3]

As far as future global economic developments are concerned, the economic research institutes quoted here are forecasting a rather subdued upturn (see the following table, “Global GDP (real) in % compared to the previous year”). Although real wages are rising again overall, thanks to lower inflation rates, and commodities prices, particularly for energy, are lower, businesses and consumers are still faced with great uncertainty. This is due to the tense geopolitical situation. In addition to the war between Russia and Ukraine, attention is focused on the Middle East conflict, whose impact and consequences are hard to predict. Then there are economic conflicts, as between the USA and China, for example. The divergence in some areas of economic policy between European countries and domestic political uncertainty in the USA are further factors of uncertainty that are weighing on economic performance. Furthermore, the effects of monetary

[1] IW Köln (Publisher): IW-Konjunkturprognose Winter 2023: Hausgemachte Probleme verschärfen konjunkturelle Schwäche. Nr. 65/2023. 13 December 2023.
[2] ifo Institut (Publisher): ifo Konjunkturprognose Winter 2023: Konjunkturerholung verzögert sich - Haushaltslücke birgt neue Risiken. Sonderausgabe December 2023.
[3] IW Köln (Publisher): IW-Konjunkturprognose Winter 2023: Hausgemachte Probleme verschärfen konjunkturelle Schwäche. Nr. 65/2023. 13 December 2023.

policy and the steep interest rate increases have not yet been fully digested by the real economy. Taken as a whole, the slow pace of economic growth will continue in 2024.[4]

Average global economic growth of 2.7 % is expected for the year 2023, which is due to decline slightly to 2.5 % in 2024, primarily due to the effects of monetary policy tightening in industrialised countries. The assumption is that the global economy will grow more slowly than the historical average in the forecast period.[5] A slight year-on-year increase of +0.3 % to 2.8 % is therefore predicted for 2025 according to the forecasts of the following institutes.

Global GDP (real) in % compared to the previous year	2022	2023	2024	2025
	(Actual)	(Forecast)	(Forecast)	(Forecast)
ifo Institut[*1]	+2.7	+2.7	+2.0	+2.3
IfW Kiel[*2]	+3.0	+2.7	+2.4	+2.8
DIW Berlin[*3]	+3.5	+3.0	+3.1	+3.3
IW Köln[*4]	+2.9	+2.5	+2.5	-
Average	**+2.9**	**+2.5**	**+2.5**	**+2.8**

[*1]ifo Institut (Publisher): ifo Konjunkturprognose Winter 2023: Konjunkturerholung verzögert sich - Haushaltslücke birgt neue Risiken. Sonderausgabe Dezember 2023.

[*2]IfW Kiel (Publisher): Kieler Konjunkturberichte: Weltwirtschaft im Winter 2023. Nr. 109 (2023/Q4). 13. Dezember 2023.

[*3]DIW (Publisher): DIW Wochenbericht: DIW-Konjunkturprognose: Aussichten reichen von wolkig bis heiter. Nr. 50/2023. 14. Dezember

[*4]IW Köln (Publisher): IW-Konjunkturprognose Winter 2023: Hausgemachte Probleme verschärfen konjunkturelle Schwäche. Nr. 65/2023. 13. Dezember 2023.

Macro-economic framework conditions in Europe

The economy slowed in the euro area in the second half of 2023. More restrictive financing conditions, a lack of confidence in the economy and diminished competitiveness all had an adverse effect. According to the latest forecasts, the economy will recover somewhat more slowly than assumed by the ECB experts in their macroeconomic projections published in September 2023.[6]

After economic output only expanded moderately in the first half of the year, many leading indicators are now pointing towards an increasingly weak economy. Consumer confidence has continued to recover, but businesses were much less optimistic recently than it was the case just a few months ago; the mood in industry is currently particularly bad. These negative tendencies are not expected to depress confidence permanently, however. As energy prices largely return to normal, real incomes go up and the global economic environment provides increasing support, the economy in Europe should pick up speed again in the forecast period. As monetary policy will probably only be loosened slowly, however, the pace of expansion is predicted to be slow.[7]

The effects of the ECB's more restrictive monetary policy and unfavourable lending conditions continue to impact the economy and affect growth prospects in the short term. These adverse effects should subside over the course of the forecast period and support growth. According to the latest expectations, average annual GDP growth will slow from 3.4 % in 2022 to 0.6 % in 2023. It should recover again to 0.8 % in 2024. Compared with the forecasts from September

[4] IfW Kiel (Publisher): Kieler Konjunkturberichte: Weltwirtschaft im Winter 2023. Nr. 109 (2023/Q4). 13 December 2023.
[5] ECB (Publisher): Economic bulletin: Economic, financial and monetary developments. Issue 8/2023. 13 December 2023
[6] https://www.ecb.europa.eu/pub/projections/html/ecb.projections202312_eurosystemstaff~9a39ab5088.en.html
[7] https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/272a03b0-6058-4f33-8fbc-8bc5b640464b-KKB_106_2023_Q3_Euroraum_DE_V2.pdf

2023, the outlook for GDP growth in the years 2023 and 2024 has been corrected slightly downwards in view of the most recent published data and the weak results of the latest surveys.[8]

Short-term indicators suggest that economic performance in the fourth quarter of 2023 was poor. Growth should pick up again from early 2024, however, since real available incomes are increasing – buoyed by lower inflation, robust wage growth and stable employment levels – and export growth should resume thanks to higher international demand.[9]

Consumer demand from private households in the euro area fell as a result of the unfavourable changes in real wages. The previous year's energy price shock continues to have an adverse impact on industrial performance, particularly in the highly industrialised regions of central Europe. Labour markets in the euro area remain tight, although overall economic production was largely unchanged from the fourth quarter of 2022 to the third quarter of 2023. A reduction in the supply of available workers due to demographic changes increases search costs and reduces companies' recruitment chances. Staff are therefore being kept on by their companies, even if they are not working at full capacity. The inflation rate recently fell rapidly to 2.4 % in November 2023, which is only slightly above the target set by the European Central Bank (ECB).[10]

Estimates suggest that medium-term inflation expectations remain fixed overall on the ECB's inflation target of 2.0 %. Total inflation, as measured by the harmonised consumer price index (HCPI), should fall from 5.4 % in 2023 to an average of 2.7 % in 2024. Compared with the forecasts from September 2023, the HCPI inflation has been corrected downwards for the years 2023 and 2024. This is principally due to the latest data, which are lower than expected, and to lower assumptions about the prices for energy commodities.[11]

Economic development in Germany

In the reporting year 2023, as in the previous years, German economic performance was still significantly affected by the COVID-19 pandemic and the energy crisis triggered by the Russia-Ukraine war. In fact, economic output is at the same level as four years ago, before the outbreak of the coronavirus pandemic. Over this period Germany has been overtaken by all the other countries in the euro area in terms of its economic growth.[12]

Supply shortages in the years 2021 and 2022, combined with the energy crisis, have created a shock wave in import, producer and consumer prices which has dealt the German economy a severe blow. The result is that the inflation rate rose to 8.2 % in the first quarter of 2023. It was accompanied by steep falls in real incomes and purchasing power. [13]

In November 2023 the Federal Constitutional Court ruled that a government decision to transfer a public borrowing authorisation left over after the coronavirus pandemic to the Climate and Transformation Fund (CTF) was null and void. Since then, public debate has focused on all the government's financial measures, both those already adopted and those planned. The budgetary shortfall created by the ruling is expected to mean that the federal government's financial policies will be more restrained in the future.[14]

Higher financing costs as a result of tighter monetary policy depress private investments, particularly in the residential construction sector. In addition, a stronger euro and rapidly rising wages create headwinds for exporters. The Council of Economic Experts predicts a fall in GDP of 0.4 % in 2023. This is largely explained by the slump in domestic demand. With regard to 2024, private consumer spending is expected to recover by the end of the year, as real incomes will rise again. Although from a global perspective the world economy is only expected to recover

[8] https://www.ecb.europa.eu/pub/projections/html/ecb.projections202312_eurosystemstaff~9a39ab5088.en.html
[9] Ibid.
[10] https://www.ifo.de/DocDL/sd-2023-sonderausgabe-dezember-wollmershaeuser-etal-ifo-konjunkturprognose.pdf
[11] Ibid.
[12] https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/gutachten/jg202324/JG202324_Gesamtausgabe.pdf
[13] https://www.iwkoeln.de/fileadmin/user_upload/Studien/Report/PDF/2023/IW-Report_2023-Konjunkturprognose-Winter.pdf
[14] https://www.ifo.de/DocDL/sd-2023-sonderausgabe-dezember-wollmershaeuser-etal-ifo-konjunkturprognose.pdf

slowly and the impacts on export business remain substantial, an increase in German GDP of 0.7 % is forecasted for 2024.[15]

Total inflation, as measured by the harmonised consumer price index (HCPI), was down from 8.7 % in 2022 to 6.0 % in the reporting year. It is expected to drop to 3.1 % and 2.7 % in 2024 and 2025 respectively, driven by a fall in energy prices.

There are predominantly upside risks for inflation. The high level of inflation could become more entrenched if wages and profits rise even more strongly. Such a transfer is possible in an environment of high overall economic demand. This emphasises the importance of decisive monetary policy action to counteract more sustained inflation and the associated economic and social risks.[16]

Economic development in Austria

The Austrian economy has been in recession since the second half of 2022. This is due to a decline in pent-up demand following the end of the COVID-19 pandemic, energy price rises as a result of Russia's war of aggression against Ukraine, rapid domestic price increases and a weak international environment. Leading indicators all suggest that the trend is flattening out at a low level. A further slight decline in economic output is expected for the fourth quarter of 2023. According to estimates by the Oesterreichische Nationalbank, Austrian economic output is expected to decline by 0.7 % in the full year of 2023 overall.[17]

Inflation is impacting the purchasing power of private households, resulting in lower consumer spending. A global slowdown in manufacturing production and trade, together with the after-effects of the energy price shock, have also affected Austrian industry, whose value added fell sharply in 2023.[18] This is primarily due to lower capital expenditure and consumer spending, as well as the fact that inventories are only being rebuilt slowly. Investment has been held back by higher financing costs, high energy prices and low expectations.[19]

There is a very sharp decline in residential construction investment in particular. The economic downturn is expected to bottom out by the end of 2023, whereas the construction industry will not reach its lowest point until 2024.[20]

The industrial upturn is still on hold, however, and should start to pick up speed from the second half of 2024. For 2024 the Oesterreichische Nationalbank is expecting moderate GDP growth of just 0.6 %, whereby the Institute for Economic Research is predicting growth of 0.9 %. This will be driven above all by higher consumer demand as wages and pensions are subsequently adjusted for inflation, and the inflation rate goes down.[24]

The recession has also caused the situation on labour markets to deteriorate. The number of employees rose sharply in 2023 due to a strong start to the year. However, the unemployment rate has gone up, partly because people displaced from Ukraine have been counted in the unemployment figures since spring 2023.[21] The unemployment rate is expected to remain unchanged at 6.4 % in 2024.[22]

HCPI inflation in Austria of 7.7 % in 2023 will be significantly higher than the average for the euro area. The reasons include a delay in passing on lower energy prices and much higher prices for services and food. As price pressure from energy declines in 2024, the inflation rate is predicted to go down to 4.0 %.[23]

[15] https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/gutachten/jg202324/JG202324_Gesamtausgabe.pdf
[16] https://www.bundesbank.de/resource/blob/911516/c440ff9a9619345116512d81ff0cdbc0/mL/2023-06-prognose-data.pdf
[17] https://www.oenb.at/dam/jcr:170d7b1b-6aea-4c8a-b926-13fbb8af72f3/oenb-report-2023-7-wirtschaftsprognose-fuer-oesterreich.pdf
[18] https://www.wifo.ac.at/publikationen/wifo-konjunkturprognose?detail-view=yes&publikation_id=71307
[19] https://www.oenb.at/dam/jcr:170d7b1b-6aea-4c8a-b926-13fbb8af72f3/oenb-report-2023-7-wirtschaftsprognose-fuer-oesterreich.pdf
[20] Ibid.
[21] https://www.wifo.ac.at/publikationen/wifo-konjunkturprognose?detail-view=yes&publikation_id=71307
[22] https://www.wko.at/statistik/prognose/prognose.pdf
[23] https://www.oenb.at/dam/jcr:170d7b1b-6aea-4c8a-b926-13fbb8af72f3/oenb-report-2023-7-wirtschaftsprognose-fuer-oesterreich.pdf

Economic development in the Netherlands

The Dutch economy had to battle unusually high inflation in recent years, despite strong growth in gross domestic product (GDP). Inflation is expected to fall significantly in the years ahead. This is accompanied by a flat economic performance in 2023, followed by a gradual recovery in 2024. The fact that GDP is only expected to have grown by 0.1% in 2023 is mainly because consumer spending is depressed by high inflation and steep interest rate rises.[24] Restrictive monetary policies worldwide and the ensuing slowdown in the global economy also cause Dutch exports to fall.[25]

Higher public spending is expected to be the main catalyst for an economic recovery in 2024. According to estimates by the Dutch central bank, real available incomes for private households will increase again slightly on average, because wages will rise faster than inflation, which is falling steadily. Measures to boost purchasing power are also intended to support consumption by private households.[26]

After exceptionally high inflation in 2022 (11.6 %[27]), HCPI inflation in 2023 is expected to be significantly lower (4.1 %[28]). In addition to the decline in economic activity, this is the result of steep falls in energy prices. Inflation is predicted to fall to 2.9 %[29] again in 2024. The fact that inflation estimates remain above 2.0 % for some time is related to the pressure on the economy and tight labour markets. Steep rises in labour costs are expected to slow the decline in inflation.[30]

Employment growth of 1.4 % is still expected for 2023, but this is partly due to a strong spillover effect from 2022. According to the forecast by De Nederlandsche Bank (DNB), employment growth will come almost to a standstill in 2024 at just 0.2 %. This estimate for employment growth is less optimistic than six months ago and is consistent with the deteriorating macroeconomic prospects.[34]

The labour market remains tight, and unemployment is up slightly. Since demand for labour is flat, growth in the supply of labour should also slow.[34]

The assumption for the reporting year is that wages will rise faster than inflation (HCPI). This trend is expected to continue in 2024. Wage growth is predicted to go up from an average of 3.0% in 2022 to 5.9% in 2023 (employee businesses). The Dutch Centraal Planbureau expects wage increases of 5.8% in 2023 and 5.6% in 2024.[31] Since the labour market is tight and workers are expected to demand compensation for the significant loss of real wages in 2022, wage growth is predicted to be historically high again in 2024.

Overview of important economic parameters by market

Looking at the three market segments (Core, Growth, Research), there are differing developments to some extent in terms of real gross domestic product. In the core markets, the relative change in 2023 is still weak. In the case of Germany and Austria it is even negative, but moderate growth of 0.4 %[32] can be expected in Germany for 2024.

Compared with the core markets, the relative change in the growth markets in 2023 was more positive, except for France, Italy and the United Kingdom. France, the United Kingdom and Italy are expected to bring up the rear in subsequent years too, and remain below the relative performance of the core markets.

[24] https://www.ecb.europa.eu/pub/pdf/other/eurosystemstaffprojectionsbreakdown202312~fbaddeb6f0.en.pdf
[25] https://www.dnb.nl/media/kluawkve/eov-december-2023.pdf
[26] Ibid.
[27] https://www.cpb.nl/sites/default/files/omnidownload/CPB-Main-Economic-Indicators-MEV-2024-September-2023_0.pdf
[28] https://www.ecb.europa.eu/pub/pdf/other/eurosystemstaffprojectionsbreakdown202312~fbaddeb6f0.en.pdf
[29] Ibid.
[30] https://www.dnb.nl/media/kluawkve/eov-december-2023.pdf
[31] https://www.cpb.nl/sites/default/files/omnidownload/CPB-Main-Economic-Indicators-MEV-2024-September-2023_0.pdf
[32] https://www.ecb.europa.eu/pub/pdf/other/eurosystemstaffprojectionsbreakdown 202312~fbaddeb6f0.en.pdf

Developments in the research markets was negative in all countries in 2023, apart from Greece, Poland and Denmark. Poland and Czech Republic stand out particularly in later years, however, with high annual rates of increase.

Looking at the harmonised consumer price index, the picture is similar for all the countries considered. The expectation is that the ECB's monetary policy described above starts to have an effect, and that underlying inflation continues to fall in the coming years. At the same time, it is expected that as inflation recedes, the fiscal measures will be successively cut back, and interest rates reduced.

The forecast developments in gross domestic product and the consumer price index point to a more positive environment for the online brokerage market in the years ahead. Since Company profitability is very likely to improve as the economy grows (higher gross domestic product) and purchasing power remains stable (declining consumer price index), securities are expected to become significantly more attractive as a form of investment again. Thereafter it is anticipated that crisis-proof assets, such as current accounts, fixed-term deposits and gold, are shifted into securities, which also leads to an increase in trading activity.

Framework conditions in the segments „flatex" and „DEGIRO"

Since the operating segments "flatex" and "DEGIRO" are homogeneous, the reporting on their framework conditions is on a consolidated basis.

External factors had an adverse impact on the mood on capital markets in 2023, particularly among retail investors, and resulted in a decline in trading activity across the sector. The ongoing war in Ukraine, military conflicts in the Middle East and other geopolitical tensions caused uncertainty among investors and had a negative impact on the global economy. The previous year's high inflation rates did abate in 2023, but they are still above the inflation targets set by the central banks. Central banks started to raise interest rates sharply in mid-2022 and this continued into 2023. Within the past 18 months the ECB has raised its lead interest rate by 450 basis points. This also weighed on stock markets and depressed investor sentiment.

Current global developments were partially reflected in financial markets in the reporting year 2023, in contrast to 2022. Whereas in 2022 the markets fell sharply well into the third quarter, steady growth was reported overall for 2023. It continued almost throughout the whole year, with the exception of a small dip in the third quarter. The DAX rose to 14,069 points at the beginning of 2023, and after a brief downturn in October was able to finish the year at historic record highs close to the 17,000 mark. On the last day of trading in 2023 the DAX stood at 16,752 points, which represents an annual performance of +19.1 % (+2,682 points). Deutsche Bank AG forecast in November 2023 that the DAX would close the year 2024 at 16,600 points[33], which implies that the stock market would continue to hold its own. This is based on the assumption of steady economic performance, falling inflation rates and expected interest rate cuts by the central banks. From past experience it can be said that these factors have a positive impact on corporate profitability overall, as long as the companies are not operating in a recessionary phase. The performance of the SDAX was almost the same as for the DAX in the reporting year. With an annual performance of +15.5 % (+1,876 points), the SDAX stood at 13,960 points at the end of December 2023 and is also expected to remain strong in 2024. The development of the MDAX is typically almost identical to that of the two aforementioned indices, even if its overall performance of +6.5 % in 2023 (+1,662 points) was lower. The key indices in Europe, Asia and the USA also reported a positive performance. The MSCI World, which tracks the performance of more than 1,500 companies from 23 industrialised economies, outperformed the DAX and rose by +21.8 % (+568 points).

The US dollar was much less strong in 2023 than in the previous year, when the euro even fell below euro-dollar parity at times. Whereas the euro's exchange rate against the dollar moved sideways until mid-2023, the dollar has since fallen significantly. At the beginning of the year under review, the euro was quoted at USD 1.07, while at the end of the year, it closed at USD

[33] Deutsche Bank AG (Publisher): Perspektiven: Jahresausblick 2024: Chancen sehen, Risiken erkennen. 7. Dezember 2023

1.10. This is due to ongoing monetary policy tightening, as well as to the status of the US dollar in times of crisis and its importance for global trade.[34]

Crude oil prices were initially down, after an all-time high in mid-2022. At the start of 2023 a barrel of Brent crude oil cost USD 84.69. As a result of higher demand, particularly from China, it reached its high for the year in late September 2023 at USD 94.64. An additional factor for the short-term price rise was the announcement by Russia and Saudi Arabia that they would keep their voluntary production limits in place until year-end 2023. The oil price fell again to USD 77.26 at the end of the reporting year, because countries outside OPEC+ increased their production.[35]

In 2022 the ECB Governing Council raised interest rates in four steps to 2.5 % by year-end 2022, and this was followed by six more increases in 2023 (2 February: +0.5 %; 16 March: +0.5 %; 4 May: +0.25 %; 15 June: +0.25 %; 27 July: +0.25 %; 14 September: +0.25 %). No other changes to interest rates were made at the meetings held on 26 October 2023 and 14 December 2023. The ECB Governing Council remains determined to ensure that inflation returns swiftly to its medium-term target of 2.0%. Based on its current assessment, the ECB Governing Council considers that the ECB prime interest rates are at a level which will make a substantial contribution to achieving this goal, if it is maintained for long enough. It was also announced that the holdings under the Asset Purchase Programme (APP) would be reduced at a measured and predictable pace, because the Euro system does not reinvest the proceeds when securities are redeemed on maturity.[36]

Furthermore, the ECB General Council intends to continue to reinvest in full the principal payments from maturing securities purchased under the Pandemic Emergency Purchase Programme (PEPP) during the first half of 2024. It intends to reduce the PEPP portfolio by EUR 7.5 billion per month on average over the second half of the year and to discontinue reinvestments under the PEPP at the end of 2024.[37]

In 2023, the yield on German government bonds with a ten-year term averaged around 2.463 %. This puts the annual yield on German government bonds back above 2 % per annum for the first time since 2011. The German government bond was quoted at 2.02 % at the end of the year.[38]

[34] ifo Institut (Publisher): ifo Konjunkturprognose Winter 2023: Konjunkturerholung verzögert sich - Haushaltslücke birgt neue Risiken. Sonderausgabe December 2023.
[35] Sachverständigenrat (Publisher): Jahresgutachten 2023/24: Wachstumsschwäche überwinden - In die Zukunft investieren. December 2023.
[36] Europäische Zentralbank (Publisher): Pressemitteilung: Geldpolitische Entschlüsse. 25 January 2024. https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.mp240125~f738889bde.de.html
[37] Europäische Zentralbank (Publisher): Pressemitteilung: Geldpolitische Entschlüsse. 25 January 2024. https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.mp240125~f738889bde.de.html
[38] Deutsche Bundesbank: https://api.statistiken.bundesbank.de/rest/download/BBSSY/D.REN.EUR.A630.000000WT1010.A?format=csv&lang=de

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

The Group's business performance in 2023 was characterised by a series of external events which impacted the trading activity of retail investors and the Group's interest income. Internally, one particular focus was on increasing the level of process automation in connection with securities backed loans at DEGIRO.

Work was also carried out on the flatexDEGIRO technology platform in 2023 in the course of further developing our IT systems. This entailed further groundwork for the future joint architecture of flatex and DEGIRO relating to the core banking system FTX:CBS.

In 2023, Xervices offered its connected issuers and brokers a high-performance service based on its scalable solution using the L.O.X. platform.

Decline in trading activity across the industry

External factors had an adverse impact on the mood on capital markets in 2023, particularly among retail investors, and resulted in a decline in trading activity across the sector.

The ongoing war in Ukraine, military conflicts in the Middle East and other geopolitical tensions caused uncertainty among investors and had a negative impact on the global economy. The previous year's high inflation rates did abate in 2023, but they are still above the inflation targets set by the central banks. The previous year's high inflation rates have eased in 2023 but are still above the central banks long-term inflation targets. Central banks started to raise interest rates significantly from mid-2022, a trend that continued in 2023. The ECB has raised its key interest rate by 450 basis points within 18 months. This has put additional pressure on the stock markets and further dampened investor sentiment.

Over the year, the trading activity of flatexDEGIRO customers decreased from an average of 30 transactions per year in 2022 to 22 transactions per year in 2023.

Transaction settlement

Although the market environment was challenging overall, flatexDEGIRO settled a total of 56,863,499 transactions in 2023, compared with 67,028,752 the previous year (-15.2 %). Of the total, around 40 million transactions were settled in flatexDEGIRO's core markets (2022: around 46 million).

Core Markets:
NL, DE, AT

Customer accounts Dec 2023: **1.57m**
New customer accounts (gross): **0.18m**
Transactions settled in 2023: **40.0m**

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

Customer accounts Dec 2023: **1.01m**
New customer accounts (gross): **0.15m**
Transactions settled in 2023: **15.2m**

Research Markets:
DK, SE, FI,PL, CZ, GR

Customer accounts Dec 2023: **0.12m**
New customers accounts (gross): **0.01m**
Transactions settled in 2023: **1.7m**

Sustained customer growth

flatexDEGIRO continued its customer growth in 2023 and gained over 340,000 new customer accounts (gross) (previous year: around 460,000). 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 2.7 million at the end of the year (previous year: 2.4 million). In the Netherlands flatexDEGIRO passed the mark of 750,000 customer accounts in the year under review and exceeded the 250,000 mark in Austria. Altogether, there are now seven countries where flatexDEGIRO has more than 100,000 customer accounts: the Netherlands, Germany, Spain, Austria, France, Portugal and Italy.

Expansion of trading-related revenues 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. In connection with the sharp rise in inflation rates and generally rising interest rates, flatexDEGIRO again carried out a comprehensive review of its price-performance catalogue in the 2023 financial year and made adjustments. In doing so, the Management Board took care not to jeopardise the attractiveness of the overall offering. Accordingly, the price-performance catalogue was only adjusted once for the DEGIRO brand, particularly with regard to products that were previously offered without an order fee.

Effects of a positive interest rate environment

The ECB raised its deposit facility rate by 200 basis points in several stages in 2023, from 2 % at the beginning of the year to 4 %. Due to the majority of customer deposits held directly with the Deutsche Bundesbank. flatexDEGIRO benefits from the positive interest rate environment and from the increases in the form of rising interest income. In addition, flatexDEGIRO adjusted its interest rate for securities backed loans over the course of the year in line with prevailing rates, which also had a positive impact on its net interest income.

Successful remediation of key findings of the 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). Measures were taken by flatexDEGIRO without delay to eliminate the identified deficiencies, in the form of qualitative and quantitative reinforcements to relevant functions, for example, and the creation of dedicated programme structures to adopt and implement all the necessary changes in full, applying a risk-based approach. One particular focus in 2023 was to resolve some of the major deficiencies in the very short term, particularly those that related to the application of credit risk mitigation techniques (CRMT) in connection with margin loans at DEGIRO. flatexDEGIRO was able to do this within just ten months of receiving the audit report. In agreement with the special commissioner appointed by BaFin for this purpose, the supervisory authority confirmed that these CRMT could be applied again at the end of September 2023. The Management Board is striving to resolve the remaining relevant findings successfully in 2024.

Personnel measures taken without delay

Even before the special audit in 2022 had finished, flatexDEGIRO started to take a number of sustainable personnel decisions, partly involving new recruitment, which were continued methodically and largely finalised in 2023. These primarily relate to functional areas in direct connection with Internal Audit, Internal Control Systems, Regulatory Reporting and Anti-Money-Laundering, as well as corresponding activities in the risk management and compliance system.

Dr. Matthias Heinrich was appointed as the new Chief Risk Officer of flatexDEGIRO Bank AG in October 2022 and new management structures were established for qualitative improvements in several functional areas. Internal Control Systems was reorganised and established as an autonomous department with additional staff, reporting directly to the CEO.

Overall, the workforce in the functional areas described above was more than doubled in 2023, compared with the number of employees when the special audit began in early 2022. Only a small number of new staff are still planned for specific functions here in 2024.

Comprehensive project structure to ensure efficient remediation and presence in the Company culture

In addition to this new recruitment, flatexDEGIRO launched a project in late 2022 to work through the audit findings, which was led by Steffen Jentsch, Chief Process Officer and Member of the Management Board of flatexDEGIRO Bank AG. The project is divided into eight sub-projects and is supported by some 50 internal and external staff. The associated steering committee is made up of Steffen Jentsch, as well as other Management Board members of flatexDEGIRO Bank AG: Frank Niehage (CEO), Dr. Benon Janos (CFO) and Dr. Matthias Heinrich (CRO). The Supervisory Board is kept fully informed of the status of the remedial measures and discusses them at its meetings. Britta Lehfeldt joined the Supervisory Board in June 2023 as an additional member. As a member of the Management Board of DB Privat- und Firmenkundenbank AG (Frankfurt/Main) from 2018-2019, she was also responsible for compliance, anti-money-laundering, outsourcing and crisis management. Furthermore, the Audit Committee was transformed into a Joint Risk and Audit Committee in August 2022, and Britta Lehfeldt has been a member of this committee since June 2023.

The project aims to work through all relevant findings in a structured manner before the end of 2024 and to increase the maturity level of the entire organisation. Particularly in the field of written rules and general organisational structures, flatexDEGIRO Bank is making improvements and changes to specific entities, to permanently strengthen Internal Control Systems and especially supervisory processes. Above and beyond the resolution of identified deficiencies, it is the declared aim of the Management Board to embed the findings and underlying approaches in a maturity level model for the continuous development of the entire organisation, thus providing a sustainable framework for the Group's desired growth.

Three-stage remediation in line with internal priorities

The entire remediation project was divided into three phases in line with the internal priorities:

1. The principal focus was on regaining approval to apply credit risk mitigation techniques for margin loans at DEGIRO, because this was the only audit outcome that had a direct impact on risk-weighted assets, and thus on the regulatory capital surplus of flatexDEGIRO, and which indirectly slowed the expansion of the customer offering in this area. Within just ten months, flatexDEGIRO was able to complete the entire design and implementation phase, including the corresponding quality assurance, to carry out the subsequent effectiveness test, and to complete the additional testing by the special commissioner appointed by BaFin. In agreement with the special commissioner, BaFin confirmed in late September 2023 that these credit risk mitigation techniques could be used again. Such a rapid adaptation of the measures by BaFin was possible thanks to the appointment of a special commissioner, which alleviated the need for a follow-up test, which would usually only take place much later.

2. Once the credit risk mitigation techniques could be applied again, the focus shifted to working through the main remaining findings. The draft solutions were presented in a joint workshop with BaFin, the German Federal Bank (Deutsche Bundesbank) and the special BaFin commissioner in late November 2023. Implementation of the solutions began immediately afterwards. The intention is to give the results to the special commissioner for a final assessment once the Internal Audit function has carried out the effectiveness testing. The successful examination by the special commissioner is a prerequisite for BaFin to be able to declare the special commissioner's mandate terminated. Currently, around 70 % of the necessary, internally defined resulting objects are already in implementation. The current reports in Regulatory Reporting have been implemented in accordance with the rules.

3. Finally, the intention is to wrap up open topics that are not of material significance and transfer them to the functional units for continuous improvement. Marginal business areas such as football financing, factoring and property financing have since been discontinued, with minor exposures now being wound up. These activities were only carried out on a limited basis in the context of negative interest rates but have no strategic relevance for flatexDEGIRO. The audit findings that related to these business areas have therefore partly been resolved or no longer apply.

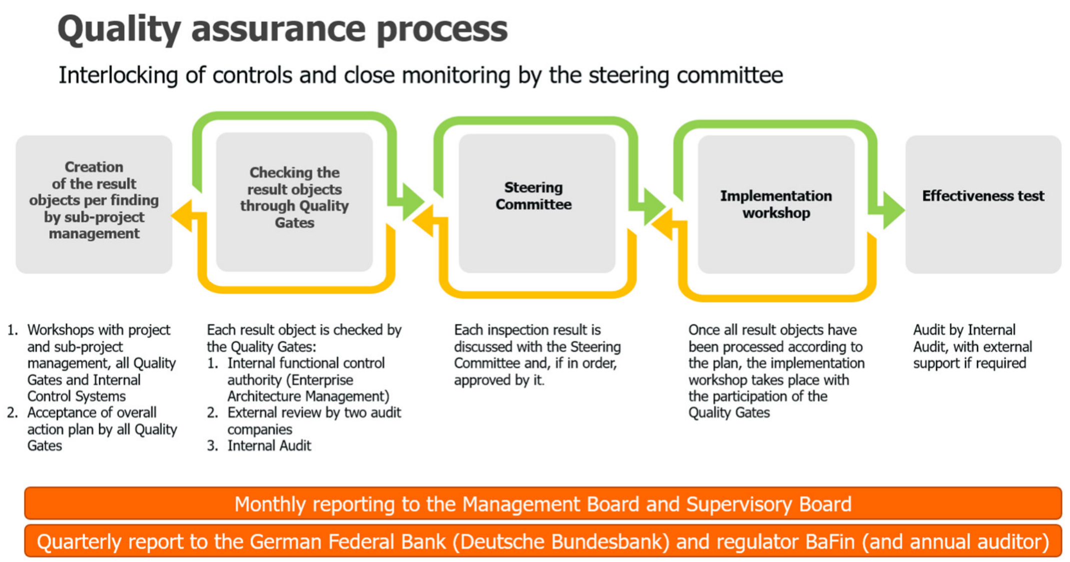
Presentation of the remediation and quality assurance process

The findings were remedied by creating resulting objects, which had to go through a three-stage quality assurance process, passing what are known as quality gates at each stage:

- 1st Quality Gate - Internal functional controls (Enterprise Architecture Management)
- 2nd Quality Gate - Two external statutory auditing firms
- 3rd Quality Gate - Internal Audit, with the assistance of another external statutory auditing firm

The third quality gate, i.e., the Internal Audit, is also monitored from a critical perspective by the Steering Committee.

In the design phase a solution design is developed for each resulting object, which is approved and checked by all three Quality Gates before being discussed individually by the Steering Committee and approved if applicable. Only then does implementation of the mitigating measures begin, with the involvement of the functional departments and the Quality Gates. Implemented measures are subsequently put through implementation testing and effectiveness testing by the Internal Audit.



A regular dialogue takes place with the special commissioner in order to ensure the status and quality of the remediation work. In addition, the status of remediation work is regularly discussed in the Management Board meetings of flatexDEGIRO Bank AG. The Supervisory Board is informed in detail about the status of remediation measures by means of regular reporting and discusses them at its meetings. Additionally, the status is regularly presented by the responsible Management Board member of flatexDEGIRO Bank in the Group Audit Committee, to ensure that the Supervisory Board receives the necessary depth of information. The same applies to the auditors of the consolidated financial statements. Furthermore, the Supervisory Board holds meetings with Internal Audit and the Quality Gates independently of the Management Board. Reporting to BaFin and Deutsche Bundesbank takes place quarterly.

The Management Board is also very positive about the extremely constructive dialogue with BaFin and Deutsche Bundesbank, also in connection with preliminary discussions about a new capital allocation strategy, for example (see below), in which both BaFin and its special commissioner expressed a positive opinion about the remediation work that had already been completed and the personnel measures and processes that had been initiated.

Dividend proposal and outline of a new capital allocation strategy

On the basis of the figures as of 30 June 2023, the renewed applicability of the CRMT resulted in the risk-weighted assets of the flatexDEGIRO Group to go down straight away by approximately EUR 470 million and so resulted in a significant improvement in the regulatory capital surplus. Including profits from 2023, flatexDEGIRO expects to achieve a Common Equity Tier 1 ratio (CET1 ratio) of more than 30 % and to continue generating regulatory capital surpluses in the years ahead. On this basis, the Management Board and Supervisory Board of flatexDEGIRO AG decided for the first time on the outline of a new capital allocation strategy. Subject to compliance with all regulatory ratios, the main elements are as follows:

- The Management Board and Supervisory Board intend to propose to the Annual General Meeting in 2024 to authorise the Company for a period of five years to buy back shares of up to 10 % of the share capital of flatexDEGIRO AG (Section 71 (1) no. 8 AktG).
- The Management and Supervisory Board intend to propose to the Annual General Meeting to pay a regular annual dividend, which should start at EUR 0.04 per share in line with the statutory minimum dividend of 4 % of share capital.

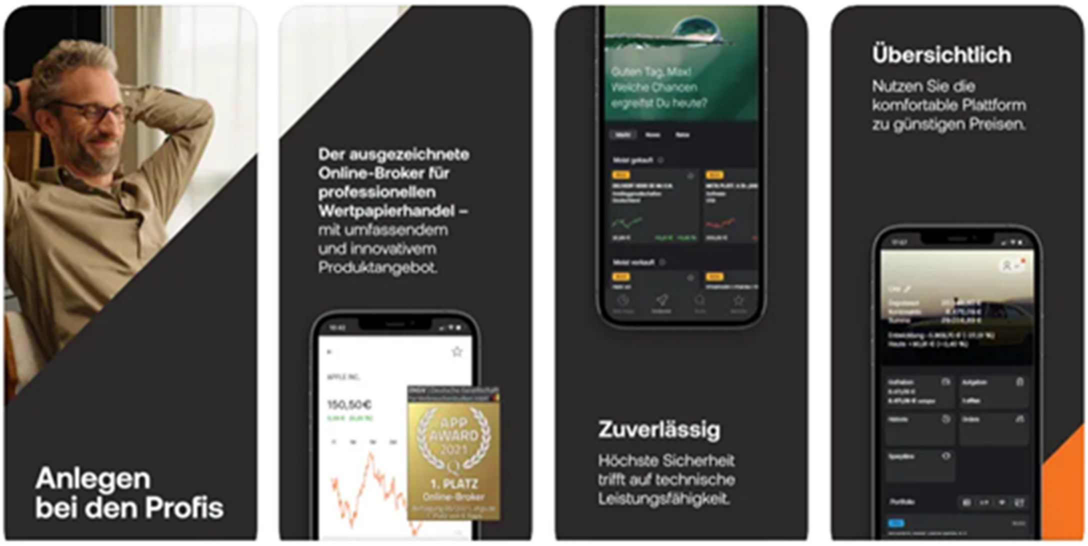
The Annual General Meeting will vote on the respective annual dividend. For a share buyback the approval of BaFin is additionally required.

2.3 Business performance in the operating segment “flatex“

Online brokerage

flatex continued to expand its customer base in its core markets Germany and Austria in 2023, passing the mark of 250,000 customer accounts in Austria. The new customer acquisition rate of 11 % was slightly below the Group average of 14 %. The annual retention rate is over 98%. Altogether, the flatex segment accounts for around a quarter of the Group’s 2.7 million customer accounts.

Assets under custody of EUR 28.5 billion in the operating segment “flatex” at year-end 2023 represented somewhat more than half of all the Group’s assets under custody. The operating segment accounted for around 43 % of the cash held in custody by the Group and around 30 % of the volume of securities backed loans. Whereas customer assets under custody increased – both those invested in securities and cash – customer demand for securities backed loans was lower due to the general reduction in trading activity.



In line with the significant interest rate increases by the European Central Bank (ECB), flatex adjusted its interest rate for securities backed loans in two steps: from 4.9 % to 5.9 % at the start of 2023 and to 7.5 % in November 2023.

The decline in trading activity by retail investors across the industry also affected flatex, although to a lesser extent than the average for the Group. The total number of transactions settled in the operating segment “flatex” was down by around 18 % in 2023. There were no significant price changes for online brokerage in the operating segment “flatex” in the reporting year.

Since July 2023 flatex has offered its customers direct access to digital asset management on a trial basis as part of a partnership with Whitebox. This is primarily intended to appeal to less active traders among the customers and those who are less active on capital markets, with flatex offering them another form of investment where they don’t have to make their own investment decisions regarding specific securities.

Non-brokerage

Business Process Outsourcing (BPO)

As part of BPO, additional services in the deposit business are provided for third-party customers. 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 %). Demand for overnight and fixed-term deposits rose sharply as a result of current interest rate policy, so the earnings contributions went up significantly.

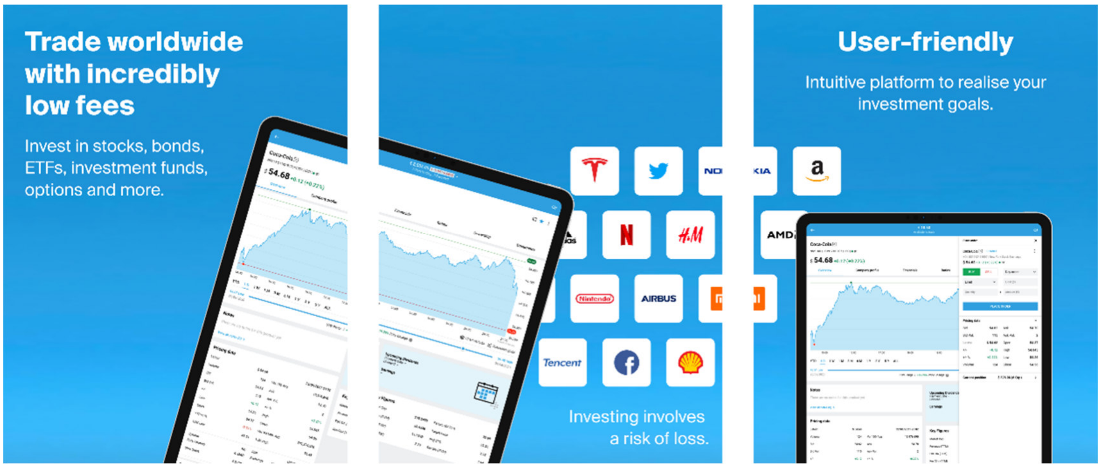
Employee Participation

The cooperation with Equatex AG in the administration of share-based remuneration programmes was successfully continued in 2023. As at 31 December 2023, the Bank's securities under custody in this business area amounted to EUR 9.6 billion, a significant increase on the previous year (EUR 7.1 billion; +34.9 %). The Management Board continues to expect a stable earnings contribution for the coming years, which could be further increased by potential new engagements. In 2023, the contract was extended early until December 2030.

2.4 Business performance in the operating segment "DEGIRO"

DEGIRO expanded its customer base in all countries, passing the mark of 750,000 customer accounts in the Netherlands, its home market, in October 2023. The new customer acquisition rate of 15 % was slightly above the Group average of 14 %. The annual retention rate is over 98 %. Altogether, the operating segment "DEGIRO" accounts for around three quarters of the Group's 2.7 million customer accounts.

Assets under custody of EUR 23.1 billion in the operating segment "DEGIRO" at year-end 2023 represented somewhat under half of all the Group's assets under custody. The operating segment accounted for around 57 % of the cash held in custody by the Group and around 70 % of the securities lending volume. In addition to an increase in assets under custody – both securities and cash – DEGIRO saw an increase in customer demand for securities backed loans, although trading activity by customers was generally lower.



In line with the significant interest rate increases by the European Central Bank (ECB), DEGIRO adjusted its interest rate for securities backed loans to the new environment in several stages. This took place most recently in July, when the interest rate was increased from 4.5 % to 5.9 %. DEGIRO also notified its customers of another adjustment from 5.25 % to 6.9 % in late 2023, which took effect as of 1 January 2024.

The decline in trading activity by retail investors across the industry in 2023 also affected DEGIRO, although continued customer growth partially offset the resulting fall in transaction settlement. Transactions settled in the operating segment “DEGIRO” fell by some 14 % in 2023.

Price adjustments at DEGIRO in 2022 and 2023 had a positive impact on commission income per transaction.

And in its sports sponsoring activities, the DEGIRO brand gained significant media exposure thanks to the victory of FC Sevilla in the final of the UEFA Europa League.

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

The comparison of the forecasts made by the Group Management Board in the Annual Report 2022 for the current reporting period and the key performance indicators actually achieved is presented below:

	Forecast 2023	Actual 2023
Adj. revenues* in kEUR	slight increase (+3 % to 10 %)	+5.4 %
Adj. EBITDA* margin in %	moderate increase (0 % to +3 %)	+5.5 %
Adj. EBT* margin in %	slight increase (+3 % to 10 %)	+2.4 %

*Excluding effects from expenses from the formation and/or income from the release of provisions for long-term variable remuneration

The forecast issued in the Annual Report 2022 was achieved in terms of Adj. revenues* and exceeded for the Adj. EBITDA* margin, while the Adj. EBT* margin fell slightly short.

At the time the forecast was issued, it was not possible to predict a series of special effects that were expected to have a significant influence on the Group's earnings performance, such as the order by the Italian competition authorities to pay a potential fine of EUR 4 million in advance – which flatexDEGIRO has appealed against – or the negative measurement of remaining investments in property funds for non-cash interest expenses of some EUR 10 million. Without these effects, flatexDEGIRO would have achieved all the forecasts and in some cases even exceeded them, despite the challenging environment overall.

Although the Group used adjusted figures (e.g., adjusted revenues, adjusted EBITDA margin, adjusted EBT margin) in prior years, no adjustments will be made in formal planning assumptions and forecasts for key performance indicators from 2024 onwards in order to establish simpler and more transparent performance indicators. The Management Board will focus on revenues and consolidated net profit in its forecasts from 2024 onwards.

2.6 Financial performance

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

Revenues in 2023 amounted to kEUR 390,732 (previous year: kEUR 406,963). The previous year's revenues include income from the reversal of provisions in connection with long-term variable remuneration (Stock Appreciation Rights, SARs) of kEUR 38,441, which were recognised in other operating income. Adjusted for this income, revenues from operations (Adjusted revenues) came to kEUR 368,522 and so increased in 2023 by kEUR 22,210 or 6.0 %. After deducting expenses for materials and services amounting to kEUR 69,475 (previous year: kEUR 65,199), total revenues of kEUR 390,732 resulted in net revenues of kEUR 321,257 (previous year kEUR 341,764, or kEUR 303,323 adjusted for income from the reversal of SARs provisions). The cost of materials and services in 2023 included negative measurement effects on financial investments of kEUR 9,964, which were largely recognised in interest expenses. There were no comparable measurement effects in the previous year.

Commission income amounted to kEUR 234,965 in 2023 (previous year: kEUR 272,228). After deducting commission expenses of kEUR 44,964 (previous year: kEUR 50,642) which are recognized in raw materials and consumables, net commission income came to kEUR 190,001 (previous year: kEUR 221,586), a decline of 14.3 %. The decline is mainly due to lower trading activity by customers than in the previous year.

Interest income amounted to kEUR 136,327 (previous year: kEUR 71,519). Interest expenses in the reporting year came to kEUR 13,892 (previous year: kEUR 8,594), meaning that net interest income almost doubled to kEUR 122,435 (previous year: kEUR 62,924). The growth stemmed mainly from the rise in interest rates since July 2022 and the resulting positive interest earned on deposits at Deutsche Bundesbank, as well as the adjustments made in the course of 2023 to interest rates on margin loans. General growth in customer account numbers also contributed to the increase.

Other operating income in 2023 came to kEUR 19,440 (previous year: kEUR 63,216). Other operating income from the reversal of SARs provisions of kEUR 38,441 was recognised in the previous year (2023: kEUR 0), without which other operating income in 2022 would have been kEUR 24,775 on a like-for-like basis. In 2023 this includes income of kEUR 1,605 from the reversal of other provisions (previous year: kEUR 9,356). It also includes income from IT services of kEUR 10,252 (previous year: kEUR 11,762). After deducting expenses for IT services of kEUR 1,510 shown in other operating expenses (previous year: kEUR 1,614), net income from IT services came to kEUR 8,742 (previous year: kEUR 10,148).

Personnel expenses amounted to kEUR 97,419 (previous year: kEUR 68,207). The increase is partly due to the recognition of non-cash SARs provisions of kEUR 14,096 in 2023. In 2022, no personnel expenses are included in this regard, as the corresponding provisions were not recognised but reversed (see above explanations on other operating income). Current personnel expenses (without the corresponding provisions) came to kEUR 83,323 (2022: kEUR 68,063). The increase in 2023 is due to new recruitment in departments relevant to regulatory matters, such as Internal Audit, Compliance, Regulatory Reporting and Internal Control Systems, as well as to general salary increases and a one-off inflation equalisation payment.

Capitalised development costs of kEUR 27,988 were slightly higher than in the previous year (2022: kEUR 26,875).

The significant reduction in marketing and advertising expenses to kEUR 34,011 (previous year: kEUR 48,871) is mainly due to focussing the advertising activities in line with the market environment and terminating the sponsorship of the Spanish football club FC Sevilla in summer of 2023.

Other administrative expenses went up to kEUR 49,474 in the reporting year (previous year: kEUR 41,403). The increase comes mainly from the fine announced in February 2023 from the German Federal Financial Supervisory Authority (BaFin), which was imposed due to a misdemeanor in connection with the measurement and notification of own funds and the offsetting of equity instruments from the stock option plans 2014 and 2015, as well as the advance payment of a potential fine by the Italian competition authorities which was imposed after a complaint by a single local competitor. flatexDEGIRO takes legal action against the fine imposed by the Italian competition authority.

All of the Group's income was realised with customers and products from Europe, and mainly in euros. Exchange rate movements did not have a significant impact on the financial performance.

In the financial year 2023, the EBITDA generated totalled kEUR 140,352 (previous year: kEUR 183,283). Excluding SARs provisions, Adjusted EBITDA was kEUR 154,447 (previous year: kEUR 144,986). Consolidated net income amounted to kEUR 71,859 (previous year: kEUR 106,186). Excluding SARs provisions, Adjusted consolidated net profit totalled kEUR 81,826 (previous year: kEUR 78,579).

The following table shows the effect of the adjustments for SARs provisions on key revenue and earnings indicators, including the financial performance indicators Adjusted revenues, Adjusted EBITDA margin and Adjusted EBT margin.

In kEUR	**2023**	**2022**
Revenues	390,732	406,963
+ Adjustment in revenues (-) related to long-term variable remuneration (income from the release of provisions)	-	-38,441
= Adjusted revenues	**390,732**	**368,522**
EBITDA	140,352	183,283
+ Adjustment in personnel expenses (+) / in revenues (-) related to long-term variable remuneration (expenses from the formation of and/or income from the release of provisions)	14,096	-38,297
= Adjusted EBITDA	**154,447**	**144,986**
Adjusted EBITDA Margin (in %)	39.5%	39.3%
EBT	103,016	147,297
+ Adjustment in personnel expenses (+) / in revenues (-) related to long-term variable remuneration (expenses from the formation of and/or income from the release of provisions)	14,096	-38,297
= Adjusted EBT	**117,112**	**109,001**
Adjusted EBT Margin (in %)	30.0%	29.6%
- Income tax expenses on Adjusted EBT[1]	35,286	30,422
= Adjusted Consolidated Net Profit[1]	**81,826**	**78,579**
Adjusted Consolidated Net Profit Margin (in %)[1]	20.9%	21.3%
Number of issued shares outstanding as of 12/31	109,992,548	109,892,548
Earnings per Share (in EUR)	0.65	0.97
= Adjusted EPS (in EUR)[1]	**0.74**	**0.72**

[1] In the financial year 2023, the amounts are reported using the tax rate assumed by the Company of 30.13 % (previous year: 27.91 %). These non-GAAP financial measures should not be considered in isolation from, or as a substitute for, the most directly comparable GAAP financial measures.

2.7 Financial 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 financial position to an insignificant extent.

Capital

The equity components and their developments are shown below:

EIGENKAPITAL

In kEUR	12/31/2023	12/31/2022	Change in kEUR	Change in %
Subscribed capital	109,993	109,893	100	0.1
Additional paid-in-capital	230,972	230,687	285	0.1
Retained earnings	332,659	267,041	65,618	24.6
thereof legal reserve and other reserves	261,659	160,801	100,858	62.7
thereof consolidated net profit	71,859	106,186	-34,327	-32.3
thereof other comprehensive income	-859	54	-913	-1,691.1
Shares of minority shareholders	-	653	-653	-100.0
Total	**673,624**	**608,272**	**65,352**	**10.7**

The subscribed capital increased by kEUR 100 (previous year: kEUR 241) due to the options exercised from the 2015 share option programs. The entry in the commercial register was made on 19 February 2024.

Capital Structure

The capital structure of the Group is as follows:

In %	12/31/2023	12/31/2022	Change in percentage points
Equity ratio	14.8	14.9	-0.1
Debt ratio	85.2	85.1	0.1

LIABILITIES

The reported liabilities totalling kEUR 3,866,403 as of 31 December 2023 (previous year: kEUR 3,486,894) with the vast majority being short-term in nature kEUR 3,753,379 (previous year: kEUR 3,361,927) and consisted mainly of customer deposits with flatexDEGIRO Bank AG kEUR 3,605,869 (previous year: kEUR 3,201,490).

As of 31 December 2023, there were non-current financial liabilities in the amount of kEUR 113,024 (previous year: kEUR 124,967). These primarily included liabilities from the Stock Appreciation Rights Plan in the amount of kEUR 9,394 (previous year: kEUR 36,147), from leases in the amount of kEUR 36,760 (previous year: kEUR 33,610), pension obligations amounting to kEUR 7,847 (previous year: kEUR 5,366) as well as deferred tax liabilities amounting to kEUR 50,275 (previous year: kEUR 40,854).

There were also contingent liabilities from irrevocable unutilised credit commitments in the amount of kEUR 153 (previous year: kEUR 1,354). The irrevocable credit commitments essentially consist of credit lines in the area of receivables-based financing, which have been granted but not yet utilised.

2.8 Investments

Investments in intangible and fixed assets

Increasing the degree of automation in the area of securities lending at DEGIRO was the highest priority in terms of ongoing technological development in the reporting year.

In addition, the consistent development and expansion of the FTX:CBS platform was also continued in the past financial year. This included further development of the flatex-next app and a corresponding desktop app, and the further development of our own IT platform L.O.X. Furthermore, the technical prerequisites for the expansion of offerings for digital asset management (in partnership with Whitebox) and the evaluation of access to trading in cryptocurrencies were also advanced.

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	**12/31/2023**	**12/31/2022**
Cash flow from operating activities	63,079	113,316
Cash flow from investing activities	-46,135	-49,408
Cash flow from financing activities	-394	-9,957
Free cash flow prior to accounting changes to the banking business	**16,550**	**53,951**
Cash flow from accounting changes to the banking business	474,166	552,428
Non-cash movements in equity	-7,027	2,381
Change in cash and cash equivalents	483,689	608,760
Cash and cash equivalents at the beginning of the period	2,227,012	1,618,252
Cash and cash equivalents at the end of the period	**2,710,701**	**2,227,012**

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 investment decisions derived from this, mainly in the Credit & Treasury area.

2.10 Net assets

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

In kEUR	12/31/2023	12/31/2022
Assets	**4,540,026**	**4,095,167**
Non-current assets	568,939	563,906
Current assets	3,971,088	3,529,833
Non-current assets held for sale	-	1,428
Liabilities and shareholders' equity	**4,540,026**	**4,095,167**
Equity	673,624	608,272
Non-current liabilities	113,024	124,967
Current liabilities	3,753,379	3,361,927

The increase in total assets by kEUR 444,859 is primarily a result of the increase in balances with central banks.

The non-current assets are shown below:

NON-CURRENT ASSETS

In kEUR	12/31/2023	in %	12/31/2022	in %	Change in kEUR	Change in %
Goodwill	180,649	31.8	181,087	32.0	-438	-0.2
Internally generated intangible assets	94,888	16.7	74,010	13.1	20,878	28.2
Customer relationships	98,457	17.3	106,583	18.9	-8,126	-7.6
Other intangible assets	42,767	7.5	40,367	7.1	2,400	5.9
Property, plant and equipment	51,827	9.1	47,182	8.3	4,645	9.8
Financial assets and other assets	4,366	0.8	3,045	0.5	1,321	43.4
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	71,393	12.5	81,943	14.5	-10,550	-12.9
Financial assets measured at fair value through profit or loss (FVPL)	23,643	4.2	28,729	5.1	-5,086	-17.7
Non-current loans due to customers	948	0.2	961	0.2	-13	-1.3
Non-current assets held for sale	-	-	1,428	0.3	-1,428	-100.0
Total	**568,939**	**100.0**	**565,334**	**100.0**	**3,604**	**0.6**

The line item Goodwill consists of the purchase price allocations for DeGiro B.V. acquired in financial year 2020 and the previous acquisition of XCOM AG in 2015.

For the internally generated tangible assets, the increase by kEUR 20,878 primarily results from capitalised development services on FTX:CBS, less 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 item Equity instruments measured at fair value through profit or loss (FVPL-EQ) consists of shares in residential property and infrastructure funds in the legal form of a SICAV. The change in the residential property fund results from changes in market value amounting kEUR 7,343 and in the infrastructure fund mainly from the capital repayment of kEUR 3,303.

The current assets are shown below:

CURRENT ASSETS

In kEUR	12/31/2023	in %	12/31/2022	in %	Change in kEUR	Change in %
Inventories and work in progress	392	0.0	6	0.0	386	6,139.0
Trade receivables	21,661	0.5	25,194	0.7	-3,532	-14.0
Other receivables	23,769	0.6	9,912	0.3	13,857	139.8
Financial assets measured at fair value through other comprehensive income (FVOCI)	228,818	5.8	311,015	8.8	-82,198	-26.4
Financial assets measured at fair value through profit or loss (FVPL)[1]	31,909	0.8	29,898	0.8	2,011	6.7
Current loans due to customers[1]	939,993	23.7	914,644	25.9	25,349	2.8
Other receivables due to banks	13,845	0.3	12,151	0.3	1,694	13.9
Cash reserve	27	0.0	40	0.0	-13	-32.3
Balances with central banks	2,398,380	60.4	2,067,489	58.6	330,891	16.0
Receivables due to banks (on demand)	312,294	7.9	159,483	4.5	152,811	95.8
Total	**3,971,088**	**100.0**	**3,529,833**	**100.0**	**441,255**	**12.5**

The increase in current assets is mainly due to balances with central banks and receivables due to banks. Conversely, the decline in bonds is due to a greater focus on the deposit facility.

[1] In comparison to the 2022 consolidated financial statements, one credit engagement was retrospectively reclassified from the position "Current loans due to customers" to the position "Financial assets measured at fair value through profit or loss (FVPL)" (see Note 13).

2.11 General statement on the Group's business performance and position

Due to a number of external factors, such as geopolitical conflicts, persistently high inflation rates and interest rate increases by major central banks, the industry-wide decline in trading activity by retail investors that began in 2022 continued in 2023. This also had a corresponding effect on flatexDEGIRO, even if the trading activities of flatexDEGIRO customers have at least stabilised at a comparatively low level since the start of the second quarter 2023. Average trading activity by flatexDEGIRO customers was a good 25 % lower than the previous year in 2023. Thanks to sustained customer growth and an improved average commission per transaction, flatexDEGIRO was able to offset more than half of this decline in net commission income.

At the same time, the higher ECB interest rate on the deposit facility helped flatexDEGIRO to report a significant increase in its interest income on customer funds held at Deutsche Bundesbank. Overall, flatexDEGIRO was therefore able to increase its commission and interest income by 7.4 %, even in this challenging environment.

Since the acquisition of DeGiro B.V. the Group has seen itself as one of the biggest and fastest-growing online brokers for retail investors in Europe, as measured by the number of transactions settled and the number of customer accounts. Management considers that this position was maintained again in 2023. All major markets in the brokerage business showed significant growth in terms of new customers.

The fact that the remediation of the findings in the BaFin audit is already so far advanced is another positive aspect of the financial year ended. Particular noteworthy in this context is that flatexDEGIRO was able to complete the automation of securities lending processes at DEGIRO in just ten months. The remediation of the remaining findings is going to plan.

Group revenue of mEUR 390.7 Mio. was only down on the previous year (mEUR 407.0) because recognised revenue for the previous year included reversals of SARs provisions amounting to mEUR 38.4. Without these reversals, which did not occur again in 2023, the comparable revenue (Adjusted revenue) in 2022 would have been mEUR 368.5, and flatexDEGIRO would therefore have reported an increase of 6.0 % in 2023.

The Adjusted EBITDA margin increased slightly in 2023 to 39.5 % (previous year: 39.3 %) but was slightly short of the target set at the beginning of the year (>40 %). Due to the large operating leverage that flatexDEGIRO has because of its fully integrated business model, changes in the number of transactions have a direct effect on the operating result and the margins achieved. Then there were a number of non-recurring effects in 2023, like the payment of a fine to BaFin, the payment of a fine to the Italian competition authority – against which flatexDEGIRO has appealed – and the negative valuation of the remaining investments in property funds. Without these non-recurring effects, the Adjusted EBITDA margin would have been several percentage points higher.

In terms of costs, higher personnel costs for strengthening functions relevant to regulatory matters were offset by lower marketing expenses, even though flatexDEGIRO continued to invest in new customer acquisition in 2023. 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.

Pre-tax earnings adjusted for the SARs provisions (Adjusted EBT) increased to mEUR 117.6 in 2023 (previous year: mEUR 109.0). The Adjusted EBT margin of 30.3 % was therefore above 30 % and thus also - despite the special effects - above the previous year's figure (29.6 %).

Net income for the year was kEUR 71,859 (previous year: kEUR 106,069).

Altogether, the Management Board of flatexDEGIRO AG considers that the course of business at the Company was very positive, particularly due to the fact that even in this challenging market environment and despite a number of negative non-recurring effects, as well as the high priority given in 2023 to improving internal processes and workflows, it was possible to increase the customer base significantly and to improve all revenue and earnings indicators (adjusted for SARs provisions) compared with the previous year. At the same time the organisational structure was equipped for further growth with additional recruitment and the process improvements that have already been made.

2.12 Report on events after the closing date

For information on significant events that occurred after the end of the reporting period, please refer to our comments in Note 41.

2.13 Forecast and opportunities report

The period for business development forecasts refers to the 2024 financial year.

The outlook for developments in 2024 is still extremely uncertain in respect to the expected trading activity of retail investors. The reasons for this are the ongoing geopolitical conflicts, persistently high inflation rates in Europe and a lack of visibility about the timing and extent of possible interest rate cuts by the ECB. Customer activity at flatexDEGIRO began to stabilise at a relatively low level at the beginning of the second quarter of 2023.

In the challenging market environment that prevailed last year, flatexDEGIRO was able to continue growing its customer base and keep the average volume of cash under custody and margin loans stable. In view of the general increases in interest rates, flatexDEGIRO adjusted the interest rate for margin loans at flatex and DEGIRO in several steps in 2023, most recently with effect from 1 January 2024. The adjustments to the table of fees and services made in May 2023 at DEGIRO also have the potential to have a further positive impact on average commissions per transaction, viewed over the year as a whole.

After several years of strong growth in the customer base, flatexDEGIRO anticipates further customer growth in 2024 and expects annual gross customer account growth to be comparable with that of the previous year (2023: around 340,000). Customer trading activity is difficult to forecast. In its base case for 2024 the Management Board assumes that trading activity by retail investors will remain at the level of 2023 as a whole (2023: average of 22 transactions per customer account). Average commission income per transaction are expected to be on or slightly above the previous' year level. Due to the effects of a changing product mix resulting from a change in trading activity, this estimate is also subject to fundamental uncertainty.

flatexDEGIRO generates interest income from investing customer cash under custody. This takes place partly in the form of margin loans, which are in turn made available to our customers, as well as deposits, for example with the Deutsche Bundesbank, or the purchase of sovereign bonds with good credit ratings. In its forecast for 2024 the Management Board assumes a total volume of cash under custody of around EUR 3 billion on average over the year. Around EUR 1 billion of the total is expected to be used for the fully collateralised margin loan business. The interest income generated on the remaining cash under custody depends largely on the ECB depository rate. With regard to their change, flatexDEGIRO is guided by current market forecasts, which expect interest rates to fall from the third quarter of 2024.. Based on these market expectations, the average weighted interest rate on ECB deposit facilities in 2024 of slightly more than 3.5 % would be around the same level as the average for 2023.

The years 2022 and 2023 showed that rising interest rates are accompanied by rather subdued trading activity by retail investors. This suggests that a possible reduction in interest rates could inversely result in an uptick in trading activity. However, in the opinion of the management it is not currently possible to make a serious forecast of whether any such uptick will actually occur, and if so, to predict its extent and timing, and so it does not form part of the general forecast for 2024.

This also applies to potential product launches, which management is actively preparing for 2024 but for which there are not yet any concrete estimates of the timing and economic impact. They are also not part of the general forecast for 2024.

The Management Board therefore believes that this is a good starting point for achieving further increases in the main commercial and financial performance indicators, even if trading activity by retail investors should remain subdued in 2024 and the ECB should cut interest rates over the course of the year as expected. 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 topics at flatexDEGIRO are corporate governance and compliance, customers and products, employees, the environment, and corporate 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 sessions and performance reviews 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 (a reduction of at least 20 %). The further electrification of the vehicle fleet continued successfully in 2023. Looking ahead to the Corporate Sustainability Reporting Directive (CSRD), which becomes mandatory for flatexDEGIRO AG with its reporting for financial year 2024, we intend to update the materiality analysis in 2024 in order to focus on the double materiality required in future by the regulations. This will enable us to identify both sustainability topics on which we potentially have a positive or negative impact through our business activities along the value chain, and those that have or could have a positive or negative impact on our performance. The results of the materiality analysis are expected to lead to greater differentiation in the current non-financial performance indicators, in line with the European Sustainability Reporting Standards (ESRS).

Forecasting performance indicators for the full year is generally subject to uncertainty.

flatex and DEGIRO segments

The expected revenue and earnings performance in the flatex and DEGIRO segments is determined by the commission income generated from online brokerage as well as the interest income from margin loans to existing brokerage customers and from the conservative investment of customer cash under custody (for example with the Deutsche Bundesbank or in government bonds with good credit ratings). The factors and assumptions described above are therefore expected to have a largely identical effect on the performance of the respective segments. These fundamental assessments are therefore not repeated here for each specific segment.

In all the relevant markets for the flatex and ViTrade brands and for the DEGIRO brand, the customer base is expected to grow organically, although markets remain challenging. Customer account growth in the DEGIRO segment is again expected to be faster than in the flatex segment in 2024.

Offering margin loans to all DEGIRO customers since year-end 2023 is intended to contribute to increasing the total volume of margin loans.

The successful, and where necessary automated, integration of DEGIRO into the business processes of flatexDEGIRO AG – in addition to organic growth – is still the focus of the segment activities. In the medium term the aim is to have a standardised joint platform for all the key processes and data of the flatex and DEGIRO brands.

Plan assumptions and forecasts for key performance indicators

In its forecast, the Management Board concentrates on financial indicators. Commercial performance indicators such as customer account growth, average customer trading activity and 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 flatex and DEGIRO segments. The trading activity of retail investors, which has a significant influence on the overall performance, is difficult to forecast. This is why the Management Board uses a scenario presentation to illustrate the expected overall development.

While the Group has used adjusted figures (e.g., adjusted revenue, adjusted EBITDA margin, adjusted EBT margin) in prior years, no adjustments will be made in formal planning assumptions and forecasts for key performance indicators from 2024 onwards in order to establish simpler and more transparent performance indicators.

In the view of the Management Board, there is a potential to increase the revenue slightly to significantly and the consolidated net profit strongly in the 2024 financial year. The corresponding expectations are shown in the following table.

In kEUR	**2024**	**2023**
Revenues	slight to significant increase	390,732
Consolidated net profit	strong increase	71,859

Description	Extent of change
Moderate	+/- 0 % to 5 %
Slight	+/- 5 % to 10 %
Significant	+/- 10 % to 15 %
Strong	More than +/- 15 %

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, to extend its range of products and services and to gain market share as a result. As a pure online broker, flatexDEGIRO competes with a large number of players that offer ("limited") access to capital markets for retail investors, including traditional banks (online and offline) and other online brokers. In view of the strong general trend from offline to online and flatexDEGIRO's strategy of concentrating on retail investors who already have basic trading knowledge, gaining market share from online and offline banks is considered to be a key growth driver.

In geographic terms, the growth potential is considered to be particularly good in west and south-west Europe, where a total population of some 285 million is still significantly underrepresented when it comes to the use of online brokerage services. In key markets for flatexDEGIRO, such as Germany, Austria, Switzerland, France, Italy, Spain and Portugal, only around 8 % of the population used online brokerage services in 2020. By comparison, in established markets like Britain, the Netherlands and Scandinavia, the share of the population using online brokerage providers is around 35 %. flatexDEGIRO expects that ongoing digitisation in the "underdeveloped" markets creates a market potential of around 100 million new users of online brokerage.

The Group therefore intends to grow organically with its online brokerage brands in existing markets (currently active in 16 European countries), by winning new customers with its attractive pricing model, an extensive and independent range of products, and transparent, convenient and trader-friendly platforms. flatexDEGIRO concentrates its growth on markets and customer groups that make a positive earnings contribution. The focus is particularly on the core markets (Germany, Netherlands and Austria), where flatexDEGIRO has a broad customer base with the flatex and DEGIRO brands and a relatively high market share, and on growth markets (France, Spain, Portugal, Italy, Switzerland, Britain and Ireland), where the greatest growth potential has been identified for the years ahead.

In the brokerage business, "digital proximity" to the customer is also 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 our customers arises from the interaction of the product, platform, and price. In addition to offering good price-performance ratio with an extensive, innovative and constantly growing product portfolio, continuous investment in the platform is an important part of ensuring consistent availability even on days with a particularly high level of trading.

In order to increase its profitability, the Group intends to focus more strongly on customers with lower trading activity, but also on the top 1 % of customers. Inactive customers are also to be reactivated by continues extensions to the product range. One objective is therefore to further simplify the access to the capital market by selectively extending the functionalities for additional product and investor groups. At the same time, there is a distinction between customer preferences in the online brokerage market. In addition to customers with a long-term horizon (e.g., ETF and fund savings plans or bonds), there are also customers with short-term interests (e.g., ETPs). The Group will continue to expand its strong flatex and DEGIRO brands in both directions and maintain the ViTrade brand 's focus on professional traders.

flatexDEGIRO is also in a regular dialogue with active customers at various levels. We take customer requests and needs on board in face-to-face conversations and in discussions at investment conferences. We also organise roadshows, customer events and training courses that also include feedback sessions with the participants. Digital media such as videos, webinars and virtual trader get-togethers are also on offer. The intention is to intensify these exchanges, particularly with the top 1 % of our customers (in each country), both in order to gain a better understanding of their needs and also to work with these customers on products, services and functions.

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 and an associated increase in trading activity by retail investors. Expanding the volume of margin loans also has the potential to further improve the Group's profitability.

The management expects continuing growth in online brokerage markets, driven by the continuation of secular trends. The company believes that due to its pan-European focus, strong brands and attractive customer offerings, it is well positioned to continue to benefit from these growth trends and gain additional market share in the future.

Opportunities in the flatex segment

The trading activity of retail investors declined again significantly across the sector in 2023 due to external factors. The absence of these negative influencing factors – for example, due to the end of the wars in Ukraine and the Middle East, a further decline in inflation and/or initial interests rate cuts by the relevant central banks – could have a positive impact on sentiment 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 financial performance and financial position.

Selective additions by offering additional products as well as the consolidation of existing partnerships form a further basis for future success. A broad range of products and services, combined with a high-performance, secure and convenient platform and an attractive price-performance ratio, also offers the opportunity to accelerate customer growth. This would be boosted even further if market participants whose business model is strongly focused on receiving fees from the exchanges react to the impending EU-wide ban on such fees ("payment for order flow", PFOF) with a general increase in commissions.

Opportunities in the DEGIRO segment

The opportunities described above apply equally to the DEGIRO segment. DEGIRO opened up access to margin loans for all customers in late 2023. As a result, the management expects a further expansion of the margin loan book in 2024. Additional customer account growth and greater trading activity could also lead to increase in the utilisation of margin loans. Due to the attractive margins in this area, this would also have a positive impact on the Group's revenues and financial performances. A stronger increase in assets under custody would have a comparable effect, as a result of faster customer growth, for instance.

As the technical integration of DEGIRO progresses and the number of transactions is expected to increase in the future, the DEGIRO customer group in particular will enable the Group to leverage economies of scale in the flatexDEGIRO IT platform, which will further optimise transaction costs. This in turn enables the Group in a position to be able to offer its customers a very attractive online brokerage services, 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 the internally driven changes in the business environment of the Group, adapting to changes in legal and regulatory frameworks is essential to the Company's success. Current developments are constantly being monitored and carefully analysed. The Management Board incorporates the emerging opportunities and potential threats into its business and risk strategy and adjusts it accordingly as necessary. Monitoring and managing the risks of the Group (the scope of the risk consolidation corresponds to the scope of consolidation companies under German commercial law) 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/Controlling 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/Controlling 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 updated it on the basis of current events. Based on the last risk inventory carried out in the fourth quarter of 2023, the following key types of risks were identified: credit risk, market price risk (including interest rate, credit spread, real estate price and FX risks), operational risk, liquidity risk 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 capital, financial position and liquidity and adopting both perspectives, the normative and the economic perspective, in accordance with the guidelines for risk-bearing capacity. A materiality assessment for relevant risk types is conducted on this basis, and concentrations of risk and financial performance are included at a later stage. A materiality assessment of ESG risks has also been carried out since 2023. This entails analysing ESG risk drivers in detail along with their impact on the classic risk types. The outcome was that ESG risks exist almost exclusively in the area of non-financial risk.

To summarise, the risk inventory therefore tracks all the risk types relevant for the ICAAP and ILAAP, which are measured and managed in the downstream, overarching risk management process.

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 2023, the risk management at flatexDEGIRO follows the dual management approach comprising a normative and an economic perspective, in accordance with the BaFin guidelines for risk-bearing capacity. 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.

The objective of the normative risk-bearing capacity is to ensure compliance with the 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 a base case scenario and in deviating adverse scenarios.

The objective of the economic perspective is to ensure the economic risk-bearing capacity. flatexDEGIRO applies the economic perspective to both risk quantification and the risk-bearing capacity and also includes elements that are not or not adequately reflected in the accounting or regulatory capital requirements (Pillar I).

In accordance with AT 4.1 no 2 MaRisk, both perspectives have the objective of taking appropriate account of the procedures used to ensure risk-bearing capacity both for the continuation of flatexDEGIRO as well as to protect creditors from economic losses.

To reflect these objective, flatexDEGIRO AG carries out scenario-based risk capacity calculations (including stress tests) on a regular basis, which take into account possible concentration risks and potential extreme developments in the Group's (market) environment, and ensure its capital adequacy even under unfavourable conditions.

The findings from these risk capacity analyses are used by the Company 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/Controlling 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-bearing capacity. In addition, they enable a rapid reaction to emerging risk control needs. The monitoring and control instruments used in this process, in the form of sub-monthly 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 financial performance at flatexDEGIRO AG by means of regular reports. Such reports also ensure continuous ad-hoc reporting: as a central (risk) management instrument, the weekly risk cockpit reporting provides weekly information on the performance indicators, risk ratios and limit utilisation figures required for the 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 profit and loss statement. The risk cockpit reporting can also take place more frequently (e.g., daily) as needed (e.g., in a crisis).

The cockpit described above is complemented by the Monthly Risk Report (MRR) (overall risk report as required by MaRisk), which contains a month-based detailed presentation and commentary on the Group's risk and financial performance 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 in more detail the key risks flatexDEGIRO AG is exposed to as a result of its operating activities.

Managing and limiting credit risks

According to the internal definition, credit risk means the risk of losses due to the default of counterparties (borrower, issuer, contracting party) and from changes in the creditworthiness of these parties.

Credit risks in flatexDEGIRO AG result in the Treasury department on the one hand from conservatively 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. 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, credit 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.

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

By issuing security-backed loans (Lombard & flatex-flex loans) via the flatex and ViTrade brands and (margin loans) via the DEGIRO brand, flatexDEGIRO AG is exposed to credit 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 analysis of the collateralised security holdings are carried out monthly on the basis of a VaR simulation (99.9 % confidence level; holding period depending on the collateral terms [40 days for a flatex-flex loan] / [5 days for margin loans]) and is included in the calculation of risk-bearing capacity.

In the context with the market developments relating to Silicon Valley Bank (particularly US regional banks) and in Europe at Credit Suisse as well as subsequent global decline in the financial markets, particularly in bank securities at the beginning of 2023, there were no defaults on the Bank's securities-backed loans due to the conservative loans collateralised by securities.

Furthermore, stress tests with significant market distortions are carried out on an ongoing basis to ensure that securities are adequately collateralised.

In the reporting year, flatexDEGIRO AG fully implemented its risk structure as part of the credit strategy that already defined in 2022 by completely reducing non-strategic loan portfolios (football financing, factoring, other asset-based). Only the portfolios already in liquidation will not be reduced until final liquidation/realisation in 2024. The credit strategy now focuses on retail credits with securities as collateral, which are generally lower-risk and are now to be further expanded.

The total amount of credit risk (calculated in the economic perspective with a 99.9 % confidence level) was kEUR 11,438 as of 31 December 2023 (31 December 2022: kEUR 12,195). The decline in counterparty default risk compared with December 2022 is primarily driven by the reduction of the non-securities-backed loan portfolio, which was initiated in the last two years and has been consistently continued, as well as by reduction of fund positions held as investments as the respective fund assets mature.

The distribution of credit risks at flatexDEGIRO AG has the following structure:

In kEUR	2023	2022
Loans secured by securities	1,199	1,264
Loans not secured by securities	5,643	6,441
Banks	3,306	3,080
Bonds	296	57
Funds	994	1,354
Total	**11,438**	**12,195**

Risk measurement

For the calculation of credit risks as part of the risk-bearing capacity in the economic perspective, flatexDEGIRO uses the IRB formula, with a standard confidence level of 99.9 % for a one-year time horizon. The CVaR (credit value at risk) calculated in this way is recognised 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 recognised to reduce risk.

Concentration risks are currently effectively limited by requirements for the diversification of counterparty default risk-bearing positions (primarily according to the geographic spread, publicly available ratings, and the maturity of the investments) in the investment strategy pursued.

The bank's total counterparty default risk amounted to mEUR 11.4 as of 31 December 2023. The expected loss (EL), which is also used for internal management, was recognised as a total of mEUR 0.47[39] for the risk provisioning (IFRS Stage 1 and 2) for 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 credit risk, the market price risk is controlled and managed with the Value at Risk (VaR). The VaR does not represent the maximum possible loss that could 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 financial performance and therefore to a reduction of earnings concentrations. None of the companies belonging to the Group operates a trading book.

The following material sub-risk types are considered here:

Interest rate risk

flatexDEGIRO AG has stable and sizeable customer deposits over the course of time (flatexDEGIRO Bank AG). flatexDEGIRO engaged in maturity transformation to a minor extent and manages interest rate risk with a conservative assets and liabilities management. Treasury only invests cash on a short- to medium-term investments in the banking business. In addition, interest rates can be actively adjusted at short notice in the traditional lending

[39] IFRS 9 Stage 1 & 2.

business (especially for margin loans) and customer deposits generally do not earn positive interest. This creates additional earnings opportunities for flatexDEGIRO AG.

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 expanded its stress tests to include additional scenarios for interest rate risk in the context of rising interest rates.

The loss estimate based on Value at Risk is in the magnitude of kEUR 13,028 (previous year: kEUR 8,737). The year-on-year change stems mainly from the prolongation of bonds maturing in the fourth quarter.

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

The ratio as of 31 December 2023 for a parallel shift in the yield curve of:

+/- 200 basis points -/+ 2.85 % (previous year: +/-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 Department. The investment is mainly limited to German government and federal state bonds, US 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 for the credit spread risk made on the basis of the value at risk is in the order of mEUR 1.58 on 31 December 2023 (previous year mEUR 2.76).

Property price risk

The Group is invested in a diversified German residential property portfolio through two fund investments. 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 9.2 as of 31 December 2023 (previous year: mEUR 11.1).

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; 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 FX risk based on Value at Risk is in the order of mEUR 0.8 as of 31 December 2023 (previous year: mEUR 1.3).

The Group cockpit is updated on a regular basis with control-relevant information concerning flatexDEGIRO AG's market price risks, meaning that the Group's management team receives this information every week. 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.

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 (99.9 % confidence level; one-year observation horizon) for potential outflow rates; the potential refinancing costs are recognised as liquidity risk. In liquidity risk management, more than 60 % of the assets are due daily and are immediately available. Consequently, no refinancing costs are applied. The liquidity VaR was kEUR 0 as of 31 December 2023 (previous year: kEUR 0).

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 there are substantial investments in ECB-eligible securities, which may be pledge for short-term funding through the central bank as 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.

Around 60 % of assets were due daily as of the reporting date (previous year: around 53 %); capital was committed for an average of 43 days (previous year: 54 days).

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 measurement. 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 total value for operational risks measured on the basis of the approach explained above amounts to kEUR 44,591 as at 31 December 2023 (previous year: kEUR 33,386).

Selected operational and other risks:

1. Dependency on software and other EDP risks (ICT 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 online 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 online 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.

The wars in Ukraine and the Middle East do not have any adverse effects on dependency on service providers or in terms of cyber-attacks; permanent monitoring in these areas ensures that countermeasures can be taken at all times.

Significant Group-wide EDP and IT investments are made to ensure, on the one hand, that the significantly larger expanded business volume can be executed accordingly and on the other hand, that sufficient safeguards against disruptions is provided.

2. Legal risks

The flatexDEGIRO Group acts as a regulated provider of financial services in an environment with a rapidly changing (regulatory/) legal framework. 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.

3. Outsourced processes

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.

4. 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 the 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 risks 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.

Other risks

Other risks for flatexDEGIRO AG are currently general business risks and pension 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.

Pension risks refer to the risk of losses due to changes in market prices or demographic assumptions that have a negative impact on pension obligations. Changes in interest rates or discount rates can also lead to an increase in pension obligations and thus to a loss. The pension risk only results from legacy contracts, no new obligations are entered into for the main workforce. The quantitative assessment shows a risk exposure slightly above the materiality threshold, so pension risk is classified as material.

ESG risks are not an independent risk type in the definition of flatexDEGIRO, but rather consist of ESG risk factors, which impact existing or established risk types. An ESG materiality analysis was performed in this context as part of the risk inventory, with the result that the corresponding factors occur mainly for non-financial risks / operational risk. They are included as part of the original risk management process for non-financial risk / operational risk.

Overall risk position of the financial holding group

As already mentioned, flatexDEGIRO's risk-bearing capacity concept is based on the dual management approach of a normative and an economic perspective. The latest 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 minimum 3-year planning horizon, and ensures its 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 by comparing the risk potential of the main risk types with the economically calculated risk coverage potential.

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 of PR/IC < 95 %) is set as a strict secondary condition for further utilisation as part of the allocated limits for the material risk types.

The allocation of the risk coverage funds and the amount of the limits as well as the upstream early warning thresholds for 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 145,704 (previous year: kEUR 111,521) as at 31 December 2023 with an ICAAP ratio of 35.62 % (previous year: 34.40 %).

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 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 at 31 December 2023 is 25.03 % with liable capital of kEUR 227,824. The minimum regulatory requirements are significantly exceeded in the reporting year. The change compared to the previous year is mainly due to the renewed approval of credit risk mitigation techniques in September 2023, following the successful changes made to reporting processes.

In the internal management (economic perspective), the risk-bearing capacity was assured at all times during the financial year.

The disclosure report 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.

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 was slightly lower in 2023 financial year compared to the previous year. Even if certain risk drivers had a lesser effect on the overall risk situation in 2023, they were replaced by other risk factors. The world economy recovered slightly after an initial shock due to the Ukraine war and corrections on global financial markets, although there is still great uncertainty about the course of the war. The terrorist attack on Israel and the escalation of the conflict in the Middle East, as well as uncertain developments in other regions, also entail further risks for financial markets. In addition to the macroeconomic and geopolitical risks mentioned, there are new risk drivers, above all relating to cyber-security, which cannot be ignored. Attacks on corporate IT systems and financial market infrastructure are increasing in all regions of the world; not only the total number, but also their severity. As a financial services business for private customers, it is particularly important for flatexDEGIRO to monitor these developments very closely.

Against this background, flatexDEGIRO AG continues to be cautious in its risk assessment, but is still convinced that neither any of the aforementioned individual risks nor the risks in the group jeopardise the going concern of the company as of the reporting date or at the time of preparation of the consolidated financial statements.

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 effectiveness 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.

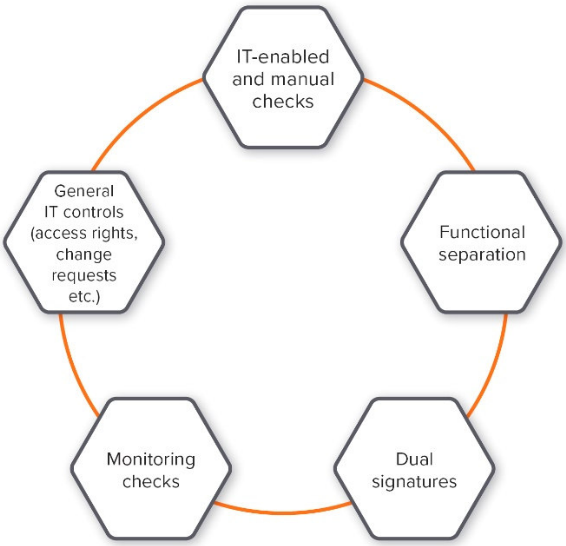
The accounting-related ICS of flatexDEGIRO AG comprises the principles, procedures, and measures to ensure the correctness of accounting. It is continuously developed and aims to achieve the following: The consolidated financial statements of flatexDEGIRO AG should be prepared in accordance with International 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 Global Finance department controls the processes for consolidated accounting and the preparation 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 documented and communicated, for example in the Group accounting guideline and, together with the reporting timetable for the Group, 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 financial reporting. If necessary, we also use external service providers, e.g., for the valuation of SARs or pension obligations. Global Finance department ensures that the requirements are complied with on a standardised basis Group-wide. The employees involved in the financial reporting process 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; The Global Finance department supports and monitors 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 misstatement 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 year and also on a random sample basis. Where control weaknesses are identified, they are analysed and evaluated, regarding 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. To ensure the high quality of this accounting-related ICS, the internal audit function 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 material deficiencies regarding regulatory capital were already closed in the 2023 financial year, including the application of credit risk mitigation techniques.

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 net assets, financial position 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 am Main, 06 March 2024

flatexDEGIRO AG

Frank Niehage
CEO, Chairman of the Management Board

Dr. Benon Janos
CFO, Member of the Management Board

Stephan Simmang
CTO, Member of the Management Board

Christiane Strubel
CHRO, Member of the Management Board

Consolidated Financial Statements

IFRS Consolidated Balance Sheet

as at 31 December 2023

In kEUR	Note	12/31/2023	12/31/2022
Assets		**4,540,026**	**4,095,167**
Non-current assets		**568,939**	**563,906**
Intangible assets	10	416,761	402,047
Goodwill	10, 11	180,649	181,087
Internally generated intangible assets	10	94,888	74,010
Customer relationships	10	98,457	106,583
Other intangible assets	10	42,767	40,367
Property, plant and equipment	12	51,827	47,182
Financial assets and other assets		4,366	3,045
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	13	71,393	81,943
Financial assets measured at fair value through profit or loss (FVPL)	13	23,643	28,729
Non-current assets due to customers	13	948	961
Current assets		**3,971,088**	**3,529,833**
Inventories and work in progress		392	6
Trade receivables	13	21,661	25,194
Other receivables	14	23,769	9,912
Other current financial assets	13	1,214,565	1,267,709
Financial assets measured at fair value through other comprehensive income (FVOCI)	13	228,818	311,015
Financial assets measured at fair value through profit or loss (FVPL)[1]	13	31,909	29,898
Current loans due to customers[1]	13	939,993	914,644
Other receivables due to banks	13	13,845	12,151
Cash and cash equivalents	13	2,710,701	2,227,012
Balances with central banks	13	2,398,380	2,067,489
Cash assets	13	27	40
Receivables due to banks (on demand)	13	312,294	159,483
Non-current assets held for sale	9	**-**	**1,428**

[1] In comparison to the 2022 consolidated financial statements, one credit engagement was retrospectively reclassified from the position “Current loans due to customers” to the position “Financial assets measured at fair value through profit or loss (FVPL)” (see Note 13).

In kEUR	Note	12/31/2023	12/31/2022
Liabilities and shareholders' equity		**4,540,026**	**4,095,167**
Equity		**673,624**	**608,272**
Subscribed capital	15	109,993	109,893
Additional paid-in-capital	15	230,972	230,687
Retained earnings	15	332,659	267,040
Shares of minority shareholders	9	-	653
Liabilities		**3,866,403**	**3,486,894**
Non-current liabilities		**113,024**	**124,967**
Non-current liabilities to non-banks	16	45,508	42,600
Pension obligations	17	7,847	5,366
Provisions for long-term variable compensation components	35	9,394	36,147
Deferred tax liabilities	29	50,275	40,854
Current liabilities		**3,753,379**	**3,361,927**
Trade payables	13	5,719	3,696
Liabilities to customers	18	3,605,869	3,201,490
Liabilities to banks	19	67,257	82,795
Other financial liabilities	20	22,803	6,271
Tax provisions	22	28,627	46,152
Other provisions	21	23,103	21,522

IFRS Consolidated Profit and Loss Statement

for the financial year from 1 January to 31 December 2023

In kEUR	Note	2023	2022
Revenues[1]	23	**390,732**	**406,963**
thereof commission income		234,965	272,228
thereof interest income		136,327	71,519
thereof interest income from financial instruments (amortised cost)		124,461	64,002
thereof other operating income		19,440	63,216
Raw materials and consumables	24	69,475	65,199
Net revenue		**321,257**	**341,764**
Personnel expenses	25	97,419	68,207
Current personnel expenses	25	83,323	68,063
Personnel expenses for long-term variable compensation components	25, 35	14,096	144
Marketing and advertising expenses	26	34,011	48,871
Other administrative expenses	27	49,474	41,403
EBITDA[1]		**140,352**	**183,283**
Depreciation	11-12	36,004	32,005
thereof impairment losses	37	1,605	1,420
EBIT		**104,348**	**151,278**
Financial result	28	-1,332	-3,980
EBT[1]		**103,016**	**147,297**
Income tax expenses	29	31,157	41,112
Consolidated net profit[1]		**71,859**	**106,186**
thereof: Majority shareholders' share of consolidated net profit		**71,859**	**106,069**
thereof: Minority shareholders' share of consolidated net profit		**-**	**117**
Earnings per share (undiluted) in EUR[1]	34	**0.65**	**0.97**
Earnings per share (diluted) in EUR[1]	34	**0.65**	**0.97**

[1] For better comparability of the key performance indicators for the period Revenues, EBITDA, EBT, Consolidated net profit, Earnings per share with the key financial performance indicators Adjusted Revenues, Adjusted EBITDA, Adjusted EBT, Adjusted Consolidated net profit as well as Adjusted EPS, please refer to the Group Management Report, Section “2.6 Financial performance”.

IFRS Consolidated Statement of Comprehensive Income

for the financial year from 1 January to 31 December 2023

In kEUR	Note	2023	2022
Consolidated net profit		**71,859**	**106,186**
Items of income and expenses recognized in equity			
Items that cannot be reclassified to the consolidated profit and loss statement in future periods			
Pensions	17	**-3,207**	**5,591**
Actuarial gains/losses		-2,926	5,329
Remeasurement of plan assets		-207	285
Reimbursement rights		-74	-23
Items that may be reclassified to the consolidated profit and loss statement in future periods (recycling)			
Securities	13	**1,880**	**-179**
Changes in fair value of financial assets measured at fair value through other comprehensive income (FVOCI with recycling)		1,880	-179
Sum of other comprehensive income before deferred taxes		**-1,327**	**5,412**
Deferred taxes	29	**414**	**-1,685**
Pensions		1,000	-1,740
Securities		-586	56
Sum of other comprehensive income after deferred taxes		**-913**	**3,727**
Total comprehensive income		**70,946**	**109,913**
thereof: Majority shareholders' share of total comprehensive income		**70,946**	**109,796**
thereof: Minority shareholders' share of total comprehensive income		**-**	**117**

IFRS Consolidated Cash Flow Statement

for the financial year from 1 January to 31 December 2023

In kEUR	Note	2023	2022
Consolidated net profit		**71,859**	**106,186**
Depreciation and amortisation/appreciation on property, plant and equipment and intangible assets	10, 12	32,024	29,697
Increase/decrease in inventories		-386	1
Increase/decrease in trade receivables	13	3,532	982
Increase/decrease in trade payables	13	2,023	307
Increase/decrease in other receivables, financial investments, and other assets	13, 14	-15,178	-4,515
Increase/decrease in provisions, pension obligations and deferred taxes	17, 21, 29	-4,042	19,098
Increase/decrease in provision for long-term variable compensation components	35	-26,754	-38,441
Cash flow from operating activities		**63,079**	**113,316**
Payments/proceeds for/from investments/disposals in/of intangible assets	10	-32,239	-33,194
Payments/proceeds for/from investments/disposals in/of property, plant and equipment	12	-6,258	-9,549
Payments/proceeds for investments in right-of-use assets	12	-7,837	-6,665
Payments/proceeds for/from additions/disposals to/of the consolidation group	9	200	-
Cash flow from investing activities		**-46,135**	**-49,408**
Proceeds from equity contributions from shareholders of the parent company		320	320
Increase/decrease long-term liabilities to non-banks	16	-714	4,426
Payment of purchase price component DeGiro B.V.		-	-14,702
Cash flow from financing activities		**-394**	**-9,957**
Free cash flow prior to accounting changes to the banking business		**16,550**	**53,951**
Increase/decrease in long-term loans to customers	13	12	21,137
Increase/decrease in financial assets measured at FVOCI	13	82,198	-162,103
Increase/decrease in financial assets measured at FVPL[1]	13	13,626	5,816
Increase/decrease in cash loans to local authorities	13	-	333
Increase/decrease in short-term loans to customers[1]	13	-25,349	360,835
Increase/decrease in other receivables to banks	13	-1,694	10,431
Increase/decrease in liabilities to customers	18	404,379	390,629
Increase/decrease in liabilities to banks	19	-15,538	-69,056
Increase/decrease in other financial liabilities	20	16,532	-5,595
Cash flow from accounting changes to the banking business		**474,166**	**552,428**
Non-cash movements in equity		-7,027	2,381
Change in cash and cash equivalents		**483,689**	**608,760**
Cash and cash equivalents at the beginning of the period		**2,227,012**	**1,618,252**
Cash and cash equivalents at the end of the period		**2,710,701**	**2,227,012**

[1]In comparison to the 2022 consolidated financial statements, one credit engagement was retrospectively reclassified from the position "Current loans due to customers" to the position "Financial assets measured at fair value through profit or loss (FVPL)" (see Note 13).

IFRS Consolidated Statement of Changes in Equity

for the financial year from 1 January to 31 December 2023

In kEUR	Subscribed capital (Note 15)	Additional paid-in capital (Note 15)	Retained earnings (Note 15)	*thereof* *Actuarial gains/losses (Note 15)*	*thereof* *Gains/losses from financial assets measured at fair value through other comprehensive income (Note 15)*	Total	Shares of minority shareholders (Note 9)	Total Equity
As at 12/31/2021 and 01/01/2022	**109,793**	**230,323**	**158,734**	*-2,614*	*-1,059*	**498,850**	**536**	**499,385**
Issue of shares	100	220	-	-	-	320	-	320
Allocation to/ transfer from reserves	-	144	-1,489	-	-	-1,345	-	-1,345
Changes in the scope of consolidation not involving a change of control	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	3,727	*5,591*	*-1,864*	3,727	-	3,727
Consolidated net profit	-	-	106,069	-	-	106,069	117	106,186
As at 12/31/2022 and 01/01/2023	**109,893**	**230,687**	**267,041**	*2,977*	*-2,923*	**607,621**	**653**	**608,272**
Issue of shares	100	220	-	-	-	320	-	320
Allocation to/ transfer from reserves	-	65	-4,551	-	-	-4,486	-	-4,486
Changes in the scope of consolidation not involving a change of control	-	-	-	-	-	-	-	-
Changes in the scope of consolidation involving a change of control	-	-	-777	-	-	-777	-653	-1,430
Dividend distribution	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-913	*-3,207*	*2,294*	-913	-	-913
Consolidated net profit	-	-	71,859	-	-	71,859	-	71,859
As at 12/31/2023	**109,993**	**230,972**	**332,659**	*-230*	*-629*	**673,624**	**-**	**673,624**

List of abbreviations

Para.	Paragraph
Adj.	Adjusted
Adjusted EBITDA	Earnings before interest, taxes, depreciation and amortisation, adjusted for income from the reversal of provisions for long-term variable remuneration and/or personnel expenses for long-term variable remuneration
Adjusted EBITDA margin	Earnings margin before interest, taxes, depreciation and amortisation, adjusted for personnel expenses for long-term variable remuneration, before marketing expense
Adjusted EBT	Earnings before income taxes, adjusted for income from the reversal of provisions for long-term variable remuneration and/or personnel expenses for long-term variable remuneration
AG	Aktiengesellschaft (public limited company)
AGCM	Italian competition authority
AIF	Alternative Investment Fund
AktG	Aktiengesetz (Stock Corporation Act)
AT	Austria
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority)
GDP	Gross domestic product
BPO	Business Process Outsourcing
B2B	Business-to-Business
B2C	Business-to-Consumer
B.V.	Dutch limited company
i.e.	id est
e.g.	exempli gratia
CET1	Common Equity Tier 1 capital
CCI	Client Check-in
CCyB	Capital Countercyclical Buffer
CDS	Credit Default Swap
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CH	Switzerland
CHF	Swiss franc
CHRO	Chief Human Resources Officer
COO	Chief Operations Officer
COSO	Committee of Sponsoring Organizations
CRM	Customer Relationship Management
CRR	Capital Requirements Regulation
CSRD	Corporate Sustainability Reporting Directive
CTO	Chief Technology Officer
CZ	Czech Republic
C&T	Credit & Treasury
DAX	Deutscher Aktienindex
DB	Deutsche Bank
DCF	Discounted cash flow
DE	Germany
DIW Berlin	Deutsches Institut für Wirtschaftsforschung e.V.
DRS	Deutsche Rechnungslegungs Standards (German Accounting Standards)
approx.	approximately
EAD	Exposure at Default
EBIT	Earnings before interest and tax

EBITDA	Earnings before interest, tax, depreciation and amortisation
EBT	Earnings before tax
ECL	Expected credit loss
EDP	Electronic data processing
EC	European Community
EQ	Equity
EL	Expected loss
EPS	Earnings per share
ERP	Enterprise Resource Planning
ES	Spain
ESG	Environmental, Social, Governance
ESRS	European Sustainability Reporting Standards
ETF	Exchange-traded fund
ETP	Exchange-traded products
etc.	et cetera
EU	European Union
EUR	euro
ECB	European Central Bank
FIN	Financial services
FIN	Finland
Debt ratio	Ratio of debt to equity
FSOF	Frankfurt School of Finance and Management
FVOCI	Assets measured at fair value through other comprehensive income
FVPL	Assets measured at fair value through profit or loss
FVPL-EQ	Equity instruments measured at fair value through profit or loss
FTX:CBS	flatex Core Banking System
FR	France
FX	Foreign exchange
GAAP	Generally Accepted Accounting Principles
GCM	General Clearing Member
GfBk	Gesellschaft für Börsenkommunikation mbH
GmbH	Gesellschaft mit beschränkter Haftung (German limited company)
GR	Greece
P&L	Profit and loss account
HCM	Human Capital Management
HGB	Handelsgesetzbuch (German Commercial Code)
HR	Human Resources
HRB	Commercial register, section B
HCPI	Harmonised consumer price index
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IC	Interpretations Committee
ICAAP	Internal Capital Adequacy Assessment Process
ICT	Information and Communication Technology
IE	Ireland
ifo Institut	Information und Forschung Institut
IFRS	International Financial Reporting Standards
IfW Kiel	Kiel Institut für Weltwirtschaft
ICS	Internal control system
ILAAP	Internal Liquidity Adequacy Assessment Process
ISIN	International Securities Identification Number

IT	Information technology
IT	Italy
IW Köln	Institut der deutschen Wirtschaft Köln e.V.
KG	Kommanditgesellschaft (German partnership)
KGaA	Kommanditgesellschaft auf Aktien (German partnership with shares)
KPI	Key Performance Indicator
CRMT	Credit risk mitigation techniques
CTF	Climate and Transformation Fund
KWG	German Banking Act
LGD	Loss Given Default
Ltd.	Limited
LTECL	Lifetime Expected Credit Loss
LTPD	Lifetime Probability of Default
L.O.X.	Limit Order System
MaRisk	Minimum requirements for risk management
MDAX	Middle-sized capitalization index
mEUR	million euros
mbH	mit beschränkter Haftung (German limited company)
m	million
bn	billion
MRR	Monthly Risk Report
MSCI	Morgan Stanley Capital International
NL	Netherlands
No.	Number
OCI	Other Comprehensive Income
OCR	Overall Capital Requirement
OPEC	Organization of the Petroleum Exporting Countries
UCITS	Undertakings for collective investment in transferable securities
OTC	Over the Counter
PD	Probability of Default
PEPP	Pandemic Emergency Purchase Programme
PFOF	Payment for Order Flow
p. a.	per annum
PL	Poland
PT	Portugal
IL	Impairment loss
ROTE	Return on Tangible Equity
RAIF	Reserved Alternative Investment Fund
RoU	Right of Use
RP/RDP	Remote Desktop Protokol
s.	see
SARs	Stock Appreciation Rights
SDAX	Small-Cap-DAX
SE	Sweden
SICAV	Investment company with variable capital
SLA	Service Level Agreement
SPPI	Solely Payments of Principal and Interest
SREP	Supervisory Review and Evaluation Process
TECH	Technologies
kEUR	thousand euro
TSCR	Total SREP Capital Requirement

UK	United Kingdom
USA	United States of America
USD	US dollar
UK	United Kingdom
UL	Unexpected Loss
VaR	Value at Risk
WKN	Securities number
WpHG	Securities Trading Act
CGU	Cash generating unit

Notes to the Consolidated Financial Statements as at 31 December 2023

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 am Main 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

In preparing the consolidated financial statements as a listed company and as a company based in the European Union, flatexDEGIRO AG follows the rules of Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, last amended by Regulation (EC) No. 297/2008 (OJ L97 of 09/04/2008, p. 62) and has implemented into national regulation by the German Federal Government in the German Accounting Law Reform Act.

According to Section 264d HGB, flatexDEGIRO AG is a company aligned with the capital markets, because it uses an organised market within the meaning of Section 2 (11) of the Securities Trading Act for its issued securities (shares). As a parent company it is obliged by Section 315e (1) in conjunction with Section 290 HGB to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

These consolidated financial statements of flatexDEGIRO AG are based on the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and endorsed as 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 net assets, financial position 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 as amended on 28 April 2022 was most recently updated and adopted by the Supervisory Board and the Management Board on 24 March 2023 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 the presentation 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 all the subsidiaries controlled by it.

Control exists when 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 2022

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

Changes in the 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.

Overview of the flatexDEGIRO scope of consolidation as at 31 December 2022/1 January 2023

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

There were no joint-venture companies or associated companies as at 31 December 2022.

Changes in the scope of consolidation in 2023

flatexDEGIRO AG signed a share purchase agreement with FINANCE GmbH, Beucha, for financial.service.plus GmbH on 22 December 2023. The share purchase agreement states that the sale and transfer of a part (52% of share capital) of the majority share (72% of share capital) previously held by the parent in financial.service.plus GmbH is transferred to the buyer as of 31 December 2023. Due to its immateriality, this entity was not reported separately in the consolidated financial statements as at 31 December 2023.

Overview of the flatexDEGIRO scope of consolidation as at 31 December 2023

- flatexDEGIRO AG, Frankfurt am Main (100 %)
- flatex Finanz GmbH, Frankfurt am Main (100 %)
- flatexDEGIRO Bank AG, Frankfurt am Main (100 %)
- Cryptoport GmbH, Frankfurt am Main (100 %)
- Xervices GmbH, Frankfurt am Main (100 %)

There were no joint ventures as of 31 December 2023. There was one associate (financial.service.plus GmbH) but it is not consolidated using the equity method as of 31 December 2023 since it is not material.

Consolidated financial statements of the largest group 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 company register as well as on the homepage of flatexDEGIRO AG.

NOTE 4 Effects of current global economic developments

The development of the global economy continued to be dominated by the war in Ukraine in the reporting year 2023 and from autumn 2023 by the newly emerged conflicts in the Middle East, as well as by the resulting supply chain bottlenecks, along with an emerging energy crisis and high inflation.

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

The business activity and therefore the net assets, financial position and financial performance of the Group were affected by the above events and the resulting effects in various business areas in terms of revenues and earnings due to a decline in trading activity. Any effects on the valuation of individual assets and liabilities are analysed on an ongoing basis. The incalculable factors regarding the further course mean that the flatexDEGIRO Group cannot rule out possible economic consequence. 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 based on 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. Incidental 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.

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 amortised 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 amortised on a straight-line basis over their expected useful life as follows:

- Technology and software: Straight-line amortisation over eight years.
- Customer relationships: Straight-line amortisation over six, eight, 16 and 20 years.
- Trademarks: Trademarks are generally amortised 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 2023 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. 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 equipment. 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. The right of use for property is up to 10 years, the right of use for business and office equipment and vehicles is up to 5 years.

As a result of IFRS 16, leases are recognised by the lessee in the balance sheet. 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 are for 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.

The companies of flatexDEGIRO AG only act as lessees in the 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 wars in Ukraine and the Middle East and the related economic effects, but it could be qualitatively and quantitatively concluded that there was no impairment.

If 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 used for discounting reflects the cost of equity, i.e., the risk-free rate plus the market risk premium and the beta factor. 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.

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 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 are also considered as classes within the meaning of IFRS 9:

- financial assets measured at amortised 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 profit or loss (FVPL-EQ)

Financial assets measured at amortised cost

The following financial instruments are assigned to the "held to maturity" business model and measured at amortised 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 funds assigned to the “held to maturity” business model and a credit engagement. The cash flow condition consisting of interest and principal payments is not met for these funds or for the credit engagement, so the initial measurement is at procurement cost and the ancillary acquisition costs are recognised in profit or loss. Subsequent measurement is at fair value, whereby measurement gains are recognised in interest income and measurement losses in interest expenses.

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 cost or at fair value through profit or loss. During the financial year, the financial liabilities of flatexDEGIRO AG were measured at the same amortised 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

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 based on 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 contain 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) taxes and deferred taxes. Taxes are recognised as income or expense and included in the profit or loss for the period, except to the extent that the tax arises from an item which is recognised in other comprehensive income, in which case the relevant taxes 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 laws.

Deferred taxes

Deferred taxes are recognised for temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax base, as well as for tax loss carry forwards and tax credits. Deferred tax assets are recognised for tax-deductible temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax base, as well as for tax loss carry forwards and tax credits, if it is probable that they can be used.

The recognition of deferred taxes relating to tax loss carry forwards is subject to a special rule. They 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 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 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: Recognise revenue on fulfilment of the performance obligation

If a contract contains several performance obligations, 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 adopted as European law. Significant new standards and interpretations are listed. The company has opted against early application of these standards and interpretations.

New standards, interpretations and improvements

Standard/ Interpretation	**Change/new regulation**	**Date of application (EU)**	**EU-Endorsement**
IFRS 16 Leases	Lease liability in a sale and leaseback transaction	Financial years that start on or after 01/01/2024	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 01/01/2024	No
IAS 1 Presentation of Financial Statements	Classification of liabilities with covenants as current or non-current	Financial years that start on or after 01/01/2024	No
IAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of exchangeability	Financial years that start on or after 01/01/2025	No

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 (2023)

Changes to the following standards became mandatory for flatexDEGIRO AG for the first time in the 2023 financial year:

Changes to IAS 1 Disclosure of Accounting Methods

IAS 1 requires entities to disclose all significant accounting policies rather than the relevant accounting policies. The changes define what is to be declared as a significant accounting method and how they are to be identified. In addition, it is pointed out that immaterial information on accounting methods is not to be disclosed.

Changes to IAS 8 Accounting Estimates

The changes to IAS 8 are intended to clarify the distinction between changes in accounting policies and accounting estimates. This means that changes in estimates are to be applied prospectively to future transactions and events, while changes in accounting policies are to be applied retrospectively to past transactions and events in the current period.

New standard IFRS 17 Insurance Contracts

IFRS 17 serves as a replacement for IFRS 4 "Insurance Contracts" and the valuation model is based on the determination of the current settlement values of the insurance contracts, so that their valuations must be adjusted in each reporting period due to changes in estimates. Insurance contracts are measured using a "building block approach". Accordingly, the following building blocks are taken into accounts in the valuation:

- discounted, probability-weighted expected cash flows
- an explicit risk adjustment and
- a contribution margin, which represents the unearned earnings on the contract is recognized as revenue over the period for which the entity provides insurance coverage.

Changes to IAS 12 Deferred Taxes Arising from a Single Transaction

The change to IAS 12 serves to clarify how deferred taxes on transactions such as leases and decommissioning obligations are to be accounted for. The content of the change is an additional re-exception from the first-time adoption exception provided in IAS 12.15(b) and IAS 12.24. Accordingly, the first-time adoption exception does not apply to transactions that give rise to deductible and taxable temporary differences of equal amounts on initial recognition. This is also explained in the newly inserted paragraph by IAS 12.22A.

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 recognised pension provisions. The effects of the wars in Ukraine and the Middle East are also of exceptional 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 measurement 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 provided by the wars in Ukraine and the Middle East proved that our conservative lending policies are valid. In this context, we refer to the comments on financial risk management in Note 37.

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 expense is recognized in personnel expenses.

The provision is measured using a suitable option pricing model (Black-Scholes formula) and taking into account the expected earnings per share (EPS) at the projected exercise date. Other measurement 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 Deconsolidation

The entity financial.service.plus GmbH was classified as a "non-current asset held for sale" in the previous year and a majority share in the entity was sold in 2023 to PHOENIX FINANCE GmbH, Beucha (hereafter known as PHOENIX FINANCE GmbH or the buyer). Until the disposal date, flatexDEGIRO AG held a majority shares of 72 % of voting rights in this subsidiary.

During the financial year 2023, the sales negotiations took place and the original purchase price indication could not be confirmed in the course of the fourth quarter of 2023.

A share purchase agreement was signed on 22 December 2023 between flatexDEGIRO AG and PHOENIX FINANCE GmbH (buyer) that took effect on 31 December 2023. The contract provides for flatexDEGIRO AG to transfer 52 % of its 72 % interest in the share capital to the buyer.

Until the disposal date, financial.service.plus GmbH was fully consolidated with its assets and liabilities in the IFRS consolidated financial statements of flatexDEGIRO AG in accordance with IFRS 10. Following the share sale, flatexDEGIRO AG now only holds 20% of the share capital of financial.service.plus GmbH as of 31 December 2023.

flatexDEGIRO AG no longer exercises control as a result of holding a majority of voting rights. There are no other possibilities of control. The entity financial.service.plus GmbH is therefore no longer a subsidiary as of the reporting date and is no longer fully consolidated in the consolidated financial statements as of 31 December 2023.

In 2023 the interest in financial.service.plus GmbH was therefore reduced to the remaining 20 % of the shares, applying the requirements for a deconsolidation.

The purchase price for 52 % of the shares in financial.service.plus GmbH was kEUR 200. The fair value of the remaining shares was kEUR 78. Non-controlling interests were recognised in Group equity for the accrued profits attributable to the minority shareholders (28 %). These came to kEUR 654 at the disposal date and were also taken into account in the course of the deconsolidation.

All the assets and liabilities of financial.service.plus GmbH were deconsolidated to reflect the reduced equity interest. This gave rise to a loss of kEUR 523 on deconsolidation. This is presented in the item retained earnings.

The residual book value of the goodwill for financial.service.plus GmbH of kEUR 438 was written off in full (see Note 10).

The remaining shares (20%) are not recognised using the equity method as of 31 December 2023 because they are not material.

NOTE 10 Intangible assets

Intangible assets are as follows in the 2023 financial year:

In kEUR	Acquisition/ production costs as at 01/01/2023	Additions	Disposals	Reclassifications	Acquisition/ production costs as at 12/31/2023	Accumulated depreciation as at 12/31/2023	Book value as at 12/31/2023	Depreciation in financial year 2023
Goodwill	183,362	-	-	-	183,362	2,712	180,649	438
Internally generated intangible assets	107,704	27,988	2,801	-	132,891	38,003	94,888	7,109
thereof Completed development costs	59,104	-	2,801	10,287	66,590	37,395	29,195	7,109
thereof Current development costs	48,600	27,988	-	-10,287	66,301	608	65,693	-
Customer relationships	128,776	-	203	-	128,573	30,117	98,457	8,127
Other intangible assets	56,851	5,941	1,203	-	61,589	18,823	42,766	3,142
thereof Industrial property rights and similar rights	25,315	5,941	1,203	-	30,053	18,210	11,843	3,072
thereof Trademarks	31,536	-	-	-	31,536	613	30,923	70
Advance payments	165	-	165	-	-	-	-	-
Intangible assets	**476,859**	**33,929**	**4,372**	**-**	**506,415**	**89,655**	**416,761**	**18,816**

Intangible assets were 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	-
Internally generated intangible assets	80,829	26,875	-	-	107,704	33,694	74,010	7,134
thereof Completed development costs	54,825	95	-	4,184	59,104	33,086	26,018	7,134
thereof 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
Other intangible assets	49,730	7,121	-	-	56,851	15,562	41,289	2,243
thereof Industrial property rights and similar rights	18,194	7,121	-	-	25,315	15,019	10,296	2,173
thereof 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**

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. Its reach in 15 countries and the continued use of the DEGIRO registered trademark by flatexDEGIRO AG means that its useful life is indefinite.

Intangible assets with a definable useful life are stated at their acquisition or manufacturing cost, less accumulated depreciation 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.

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 cost of equity of 10.7 %. The pre-tax discount rate in the previous year was 11.6 %. Cash flows exceeding the five-year period were extrapolated by assuming a constant annual growth rate of around 1.5% (previous year: 1.0%). The assumptions in the impairment tests are based on management's previous experience regarding the respective asset. A sensitivity analysis was also performed to further validate the recoverability of the significant customer relationships. In this case, the useful life of the customer relationships was varied by three years. A shortened useful life would result in a reduction in the carrying amount of < 1.0 %, and an extended useful life in a change of < 0.5 %.

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

Individual material intangible assets

Asset	Item	Book value as at 12/31/2023 kEUR	Book value as at 12/31/2022 kEUR	Remaining amortisation Years
Core Banking System (FTX:CBS)	Capitalised development cost	75,633	56,020	1 bis 8
Customer relationships (DEGIRO)	Customer relationships	94,777	102,309	13
Customer relationships (ViTrade)	Customer relationships	2,081	2,266	12
Customer relationships (factoring.plus)	Customer relationships	466	719	2
Customer relationships (Bank)	Customer relationships	1,133	1,289	8

* These are completed and ongoing development costs.

The main driver of current development costs is the multi-year development project FTX:CBS, where a new technological base will enable the full integration of DEGIRO and the migration of flatex. Important parts are expected to be completed within the next two years.

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

NOTE 11 Impairment of derivative goodwill

Cash-generating units

The goodwill recognised in the consolidated balance sheet includes acquired goodwill from previous business combinations. The goodwill has an indefinite useful life and so is not amortised. However, it is tested for impairment on the basis of the recoverable amount for the cash generating unit to which it is allocated (impairment only approach).

In the second half of the 2023 financial year the previous CGU

1. FIN: This CGU included products and services in B2C online brokerages, in B2B white-label banking, and securities settlement, custody management, and other banking services.

   and

2. TECH: This CGU included IT services and research and development activities.

were replaced by the two new CGU, structured by brand and allocated to the segments

1. flatex

   and

2. DEGIRO .

The distinction between the new CGU is based on the two operating segments flatex and DEGIRO. The CGU are determined by the internal reporting lines to the Management Board.

Goodwill from the acquisition of shares in DeGiro B.V. was previously allocated to the former FIN CGU and is now allocated to the DEGIRO CGU.

Goodwill from the acquisition of shares in factoring.plus GmbH was previously allocated to the former FIN CGU and is now allocated to the flatex CGU.

There is no longer any need to divide the goodwill from the acquisition of shares in XCOM AG across the two former CGU TECH (20%) and FIN (80%), because this goodwill is now allocated in full to the new flatex CGU.

Testing for impairment of goodwill

The Group uses a discounted cash flow method to test goodwill for impairment on a regular basis at the end of each financial year and also if there are indications of an impairment.

In the planning assumptions for the DCF method to determine the recoverable amount for the CGU the Group includes increasing competitive pressure and the new strategy for the CGU.

The cash flow forecasts are based on the detailed five-year budget approved by management. The pre-tax discount factor applied to the cash flow forecast is based on the cost of equity. Any cash flows expected after the detailed four-year budget period are calculated using a growth rate (perpetuity). This growth rate is the long-term average growth rate for the fintech sector and so reflects expectations for sector growth. Both past values and forecast future 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 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 cost of equity. 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 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.

No events occurred in 2023 that would have triggered an additional impairment test for the two former CGU, FIN and TECH.

As of the previous reporting date 31 December 2022, the carrying amount for the former FIN CGU was kEUR 718,739, the recoverable amount was kEUR 879,410 and the goodwill allocated to this CGU was kEUR 175,331. The carrying amount for the former TECH CGU was kEUR 79,098, the recoverable amount was kEUR 314,975 and the goodwill allocated to this CGU was kEUR 5,756.

The pre-tax discount rate used for the cash flow forecasts was 11.60% in both cases and the long-term growth rate was 1.0% in both cases.

Due to the reorganisation of the segments and the definition of the new CGU, the Group carried out an impairment test as of 31 December 2023 and as of the previous year's reporting date, 31 December 2022, for the two new CGU, flatex and DEGIRO.

Impairment testing of the goodwill for the two new CGU, flatex and DEGIRO, as of 31 December 2023 and 31 December 2022 did not reveal any impairment.

The carrying amount of the new flatex CGU determined in the course of impairment testing as of 31 December 2023 was kEUR 427,805 (previous year: kEUR 291,315). The recoverable amount for this new CGU as of 31 December 2023 was kEUR 984,475 (previous year: kEUR 790,812). The goodwill for this new CGU as of 31 December 2023 was kEUR 34,280 (previous year: kEUR 34,280).

The carrying amount of the new DEGIRO CGU determined in the course of impairment testing as of 31 December 2023 was kEUR 443,057 (previous year: kEUR 389,926). The recoverable amount for this new CGU as of 31 December 2023 was kEUR 632,056 (previous year: kEUR 531,494). The goodwill for this new CGU as of 31 December 2023 was kEUR 146,807 (previous year: kEUR 146,807).

The pre-tax discount rate used for the cash flow forecasts for both CGU as of 31 December 2023 was 10.70% (previous year: 11.60%). The long-term growth rate is 1.5% (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 recoverable amounts of the flatex CGU and the DEGIRO CGU could cause the carrying amount of the CGU to materially exceed their recoverable amount.

The recoverable amount of a CGU measured using a discounted cash flow method is sensitive to the assumptions made, particularly the estimate of future cash flows and the rate used to discount them. For the flatex CGU an increase in the cost of equity to 17.84% (cet. par.) or a decline in the free cash flow to equity of 60.95% (cet. par.) would result in the carrying amount of goodwill for the flatex CGU exceeding its recoverable amount as of 31 December 2023.

For the DEGIRO CGU an increase in the cost of equity to 13.54% (cet. par.) or a decline in the free cash flow to equity of 35.39% (cet. par.) would result in the carrying amount of goodwill for the DEGIRO CGU exceeding its recoverable amount as of 31 December 2023.

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

NOTE 12 Property, plant and equipment

Property, plant and equipment was as follows in the financial year 2023:

In kEUR	Acquisition/ production costs as at 01/01/2023	Additions	Disposals	Acquisition/ production costs as at 12/31/2023	Accumu-lated depreciation as at 12/31/2023	Book value as at 12/31/2023	Depreciation in financial year 2023
Land and buildings, including buildings on third-party land	5,057	577	29	5,605	4,536	1,068	392
thereof assets held for sale in accordance with IFRS 5	29	-	29	-	-	-	-
Other plant, business and office equipment	88,007	17,284	5,601	99,690	48,931	50,759	12,816
thereof assets held for sale in accordance with IFRS 5	604	11	615	-	-	-	-
Property, plant and equipment	**93,064**	**17,861**	**5,630**	**105,295**	**53,467**	**51,827**	**13,208**

Total rights of use recognised in property, plant and equipment

In kEUR	12/31/2023	12/31/2022
Rights of use for real estate	27,343	27,368
Rights of use for business and office equipment	6,776	3,919
Rights of use for vehicles	1,467	726
Total	**35,586**	**32,012**

Accruals from rights of use

In kEUR	2023	2022
Accruals from rights of use for real estate	4,849	13,639
Accruals from rights of use for business and office equipment	4,704	1,231
Accruals from rights of use for vehicles	1,905	818
Total	**11,459**	**15,688**

Amortisation of rights of use by asset class

In kEUR	2023	2022
Amortisation of rights of use for real estate	4,882	5,021
Amortisation of rights of use for business and office equipment	1,933	1,649
Amortisation of rights of use for vehicles	1,168	1,013
Total	**7,983**	**7,683**

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 third-party land	4,754	303	-	5,057	4,159	898	362
thereof 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
thereof 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**

There were no impairment losses in 2023 financial year (previous year: kEUR 0). Reversals of impairment losses were not recognised in the financial year 2023, nor in the financial year 2022. No property, plant and equipment has been pledged as collateral. The increase in property, plant and equipment is mainly due to additional IT hardware.

NOTE 13 Financial instruments

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

In kEUR	12/31/2023	12/31/2022
Business model "hold until maturity"		
Amortised cost		
Non-current loans due to customers	948	961
Trade receivables	21,661	25,194
Other receivables	23,769	9,912
Current loans due to customers[1]	939,993	914,644
Other receivables due to banks	13,845	12,151
Cash and cash equivalents	2,710,701	2,227,012
Financial assets measured at fair value through profit or loss (FVPL)[1]	31,909	29,898
Business model "hold to collect and sell"		
Financial assets measured at fair value through other comprehensive income (FVOCI)	228,818	311,015
Financial assets measured at fair value through profit or loss (FVPL)	23,643	28,729
Equity instruments without trading intent		
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	71,393	81,943
Financial liabilities		
Financial liabilities measured at amortised cost (including trade payables)	3,747,157	3,337,324

The main part of the receivables and liabilities has a maturity of less than one year, so there is no material difference between the carrying amount and fair value.

[1] In comparison to the 2022 consolidated financial statements, one credit engagement was retrospectively reclassified from the position "Current loans due to customers" to the position "Financial assets measured at fair value through profit or loss (FVPL)" (see Note 13).

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	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Business model "hold until maturity"[1]						
Amortised cost						
Non-current loans due to customers	-	-	-	-	948	961
Trade receivables	-	-	-	-	21,661	25,194
Other receivables	-	-	-	-	23,769	9,912
Loans due to customers[2]	-	-	-	-	939,993	914,644
Receivables due to banks	-	-	-	-	13,845	12,151
Cash and cash equivalents	2,710,701	2,227,012	-	-	-	-
Financial assets measured at fair value through profit or loss (FVPL)[2]	-	-	-	-	31,909	29,898
Business model "hold to collect and sell"						
Financial assets measured at fair value through other comprehensive income (FVOCI)	228,818	311,015	-	-	-	-
Financial assets measured at fair value through profit or loss (FVPL)	-	-	-	-	23,643	28,729
Equity instruments without trading intent						
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	-	-	-	-	71,393	81,943
Financial liabilities						
Financial liabilities measured at amortised cost (including trade payables)	-	-	-	-	3,747,157	3,337,324

There were no financial instruments at Level 2 of the measurement hierarchy as of the reporting date.

[1] The carrying amount is a reasonable approximation of fair value for the following financial instruments, which are mainly current. [2] In comparison to the 2022 consolidated financial statements, one credit engagement was retrospectively reclassified from the position “Current loans due to customers” to the position “Financial assets measured at fair value through profit or loss (FVPL)” (see Note 13).

Reconciliation of the financial instruments at fair value in Level 3 of the fair value hierarchy

In kEUR	Business model	Opening balance sheet amount 01/01/2023	Profit (P&L)	Loss (P&L)	Result increase (other comprehensive income)	Result reduction (other comprehensive income)	Purchases	Sales	Equalisations	Closing balance amount 31/12/2023
Financial assets at fair value through profit or loss (FVPL)	Hold until maturity	29,898	4,386	2,375	-	-	-	-	-	31,909
Financial assets at fair value through profit or loss (FVPL)	Hold to collect and sell	28,729	249	3,535	-	-	-	-	1,800	23,643
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	Equity instruments without trading intent	81,943	707	6,368	-	1,586	-	-	3,303	71,393
Total		**140,570**	**5,343**	**12,279**	**-**	**1,586**	**-**	**-**	**5,103**	**126,945**

There were no reclassifications from Level 3 to Levels 1 or 2 in the reporting period.

Cash and cash equivalents

In kEUR	12/31/2023	12/31/2022
Cash on hand	27	40
Balances with central banks	2,398,380	2,067,489
Receivables due to banks (on demand)	312,294	159,483
Total	**2,710,701**	**2,227,012**

The cash and cash equivalents amount in the cash flow statement correspond to the relevant amount in the balance sheet. In the 2023 financial year, 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 increase in the loan book, non-current and current loans to customers rose to a total of kEUR 940,942 (previous year: kEUR 915,605)[1]. The increase is due to securities-backed loans particularly margin loans, as well as the strategic focus in the lending unit and the resulting reduction in other financing.

Other receivables due to banks

Other receivables due to banks in amount of kEUR 13,845 (previous year: kEUR 12,151) essentially comprise the receivables from security deposits with cooperation banks in the amount of kEUR 11,510 (previous year: kEUR 11,414). The increase in other receivables from banks is due to the reduction in settlement of securities and payment transactions with cooperation banks from kEUR 516 to kEUR 1,253.

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

As of the reporting date there were current financial assets measured at fair value through profit or loss in the amount of kEUR 31,909 and non-current financial assets measured at fair value through profit or loss in the amount of kEUR 23,643.

Financial assets measured at fair value through profit or loss in the amount of kEUR 55,552 (previous year: kEUR 58,627) mainly consist of a credit engagement in the amount of kEUR 31,909 (previous year: kEUR 29,898)[1],and shares in a real estate fund in the amount of kEUR 21,627 (previous year: kEUR 25,020) , as well shares in a football fund in the amount of kEUR 1,827 (previous year: kEUR 3,520). The change mainly results from changes in the market value of the real estate fund in the amount of kEUR 3,393. Both funds are alternative investment funds ("AIFs").

[1] In comparison to the 2022 consolidated financial statements, one credit engagement was retrospectively reclassified from the position "Current loans due to customers" to the position "Financial assets measured at fair value through profit or loss (FVPL)" (see Note 13).

The equity instruments measured at fair value through profit or loss in the amount of kEUR 71,393 (previous year: kEUR 81,943) relate to shares in residential and infrastructure funds structured 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 7,343. The change in the infrastructure fund results partly from a capital call in the amount of kEUR 3,303 and partly from an increase of market value in the amount of kEUR 95.

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	55,509	682,010	1,604	102	Counterparty default risk
FG Wohnen Deutschland	Real estate fund	21,627	80,009	472	42	Counterparty default risk
Fidelio KA Infrast. Debt Fund Europe I - RAIF SICAV	Infrastructure fund	15,883	280,278	606	704	Counterparty default risk
DS Score Capital Football Finance Funds Nr. 1	fund	1,827	7,315	-	144	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 is determined by a VaR-based credit portfolio model with a 99 % confidence level on a look-through basis for all the individual positions in the fund.

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 Dusseldorf, 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)

The financial assets measured at fair value through other comprehensive income and equity instruments include public-issuer bonds in the amount of kEUR 218,621 (previous year: kEUR 308,999) and bonds of non-public issuers in the amount of kEUR 10,197 (previous year: kEUR 2,016).

The financial instruments designated under these items are partly held for the purpose of short-term liquidity management. Because of the securities held as collateral they are indirectly related to the Group’s operating activities and are presented in current assets. The decline in bonds is due to a greater focus on the deposit facility.

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	12/31/2023	12/31/2022
Financial instruments recognised in other comprehensive income (FVOCI with recycling)	355	-1,525
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 changes in value 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 “hold to collect and sell” 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.

Fair value for the financial instruments assigned to one of these categories is measured on the basis of quoted prices in active markets to which the entity has access on the measurement date (Level 1 of the fair value hierarchy defined in IFRS 13). This concerns fixed-income securities and shares.

The fair value of financial instruments listed in active markets accessible to the Group is measured on the basis of observable quoted market prices to the extent that these represent prices used in regular and current transactions (Level 2 of the fair value hierarchy) and is to be used preferentially as the fair value on the measurement date (market to market).

The assets at fair value through profit or loss comprise shares in SICAV, a football fund and the FG Wohnen Deutschland fund, as well as one credit exposure. The assets are not traded on an active market. Neither are there any relevant measurement inputs that can be derived from market parameters. Measurement is on the basis of Level 3 input factors as defined in IFRS 13. The interests in the SICAV and the football fund are measured using a net asset value method. The net asset value is used to determine the purchase or redemption amounts.

The fair value of the credit engagement is measured using a present value method in accordance with IFRS 13. Various scenarios were used to estimate future cash flows, which were discounted for different redemption dates. The measurement assumptions for future returns, potential discounts, cash flows in each scenario and the respective probability of occurrence were determined on the reporting date. The resulting weighted fair value as of the reporting date was kEUR 31,909, which was compared with the carrying amount of kEUR 34,284. This resulted in the loan exposure being written down by kEUR 2,375.

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 amount of the exposure. The recoverable amounts in the different scenarios range from kEUR 30,850 to kEUR 34,348.

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.
These include the following financial instruments:

In kEUR	Book value 12/31/2023	Fair value 12/31/2023	Book value 12/31/2022	Fair value 12/31/2022
Assets				
Cash on hand and bank balances and balances with central banks	2,398,407	2,398,407	2,067,529	2,067,529
Loans due to customers	940,942	892,062	945,503	919,028
Receivables due to banks (on demand)	312,294	312,294	159,483	159,483
Other receivables	23,769	23,769	9,912	9,912
Trade receivables	21,661	21,661	25,194	25,194
Receivables due to banks	13,845	13,845	12,151	12,151
Liabilities and shareholders' equity				
Liabilities to customers	3,605,869	3,605,869	3,201,490	3,201,490
Liabilities to banks	67,257	67,257	82,795	82,795
Non-current liabilities to non-banks	45,508	45,508	42,600	42,600
Other financial liabilities	22,803	22,803	6,271	6,271
Trade payables	5,719	5,719	3,696	3,696

For financial instruments that cannot 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 measured by discounting the contractual cash flows using discount rates that could have been obtained for assets with similar maturities and default risks. In the case of liabilities, interest rates are used at which corresponding debt with similar maturities could have been raised on the reporting date.
The fair value is measured using DCF methods, with parameters for credit risks, interest rate risk, exchange rate risk, estimated default rates and the amounts of loss on default. The parameters credit risk, default risk and loss on default are determined and continuously updated using available information whenever available and suitable.

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. The collateral provided amounted to kEUR 205,814 as of 31 December 2023 (previous year: kEUR 196,832) and is largely due to higher trading volumes in 2023 financial year.

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

- Securities trading business on the Eurex exchange accounts for a significant portion of the total amount. This means that securities have to be deposited both for the clearing fund and for margin collateral. The clearing fund, which amounted to kEUR 5,204 as of 31 December 2023 (previous year: kEUR 5,268) is the minimum collateral that Eurex can call if a clearing member defaults. The amount of margin collateral (31 December 2023: kEUR 14,571; previous year: kEUR 26,847) depends largely on the transaction volume and the risk associated with the transactions. The margin collateral serves as coverage for open transactions at Eurex. It is intended to offer protection against fluctuations in market prices. Margin collateral is determined by Eurex on a daily basis.
- flatexDEGIRO Bank AG carries on foreign exchange trading via two business partners. Contractually agreed amounts of fixed collateral must be held in this context for the default risk. They amounted to kEUR 10,010 as of 31 December 2023 (previous year: kEUR 10,510).
- flatexDEGIRO Bank AG uses UniCredit as a general clearer for its customer business in exchange-traded derivatives on Eurex. Cash collateral of kEUR 1,500 was deposited with UniCredit for this purpose as of 31 December 2023 (previous year: kEUR 904).
- flatexDEGIRO Bank AG has received credit lines of kEUR 9,050 from its business partners for securities settled in foreign currencies (previous year: kEUR 9,376). In exchange it has deposited securities as collateral amounting to kEUR 25,244 (previous year: kEUR 11,665). flatexDEGIRO Bank AG can access the securities deposited as collateral at any time, whereby the credit line would be reduced as a result.
- The collateral can be provided both in the form of defined securities with a fixed term and long and short maturities, and in the form of cash available at short notice. Permitted collateral can be switched at any time, as long as the total amount required is provided.
- Securities amounting to kEUR 133,196 were also used as collateral to finance clearing business with ABN AMRO Clearing Bank (previous year: kEUR 115,338).

Net gains/losses on financial instruments

Net gains and net losses on financial instruments measured at fair value through profit or loss include all the effects of current measurement, i.e. current interest and the results of measurement and disposal.

Net gains and net losses on financial instruments measured at amortised cost or fair value through OCI include only the results of measurement and disposal recognised in the income statement for the period.

Net gains/losses on financial instruments are as follows:

In kEUR	Net gains 2023	Net losses 2023
Financial assets measured at fair value through profit or loss:	**5,142**	**12,279**
Financial assets (FVPL)	4,435	5,910
Equity instruments (FVPL-EQ)	707	6,368
Financial assets measured at amortised cost:	**649**	**2,120**
Financial assets	634	2,120
Financial liabilities	15	-
Financial instruments measured at fair value through other comprehensive income:	**2,689**	**568**
Financial assets (FVOCI)	2,689	568
Total	**8,480**	**14,967**

In kEUR	Net gains 2022	Net losses 2022
Financial assets measured at fair value through profit or loss:	**3,249**	**977**
Financial assets (FVPL)	206	26
Equity instruments (FVPL-EQ)	3,043	951
Financial assets measured at amortised cost:	**-**	**1,989**
Financial assets	-	1,989
Financial liabilities	-	-
Financial instruments measured at fair value through other comprehensive income:	**148**	**2,360**
Financial assets (FVOCI)	148	2,360
Total	**3,397**	**5,326**

The increase in net gains is largely due to a measurement effect from the reclassification of a credit engagement, which was measured at amortised cost in the previous year and is now measured at fair value through profit or loss.

The increase in net losses results mainly from measurement effects for financial instruments measured at fair value through profit or loss. The year-on-year increase is primarily due to market-to-market losses on the real estate funds and cumulative write-downs on a loan exposure in 2023.

NOTE 14 Other receivables

Other receivables increased by kEUR 13,857 to kEUR 23,769 as of the balance sheet date (previous year: year: kEUR 9,912).

The increase in other receivables is mainly due to higher claims for tax refunds in the current financial year. These other receivables from tax refund claims amounted to kEUR 20,732 as of the reporting date (previous year: kEUR 6,506).

The tax refund claims consist largely of advance payments for corporate income tax and solidarity surcharge in the amount of kEUR 8,518 (previous year: kEUR 0), advance payments for trade tax of kEUR 6,493 (previous year: kEUR 47) and input tax refund claims amounting to kEUR 4,049 (previous year: kEUR 1,801).

The tax refund claims also include claims against the tax authorities from an objection procedure against the tax authorities amounting to kEUR 1,214 (previous year: kEUR 1,214) and claims for the refund of capital gains tax in the amount of kEUR 0 (previous year: kEUR 3,273).

Furthermore, other receivables from non-banks in the amount of kEUR 1,115 (previous year: kEUR 1,421) are also included.

NOTE 15 Equity

Subscribed capital

The share capital at the end of the financial year is divided into 109.993 million (previous year: 109.893 million) non-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).

No own shares were held at any time during the reporting period.

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
Number of new shares issued in 2023	100,000
Number of shares issued and outstanding as of 12/31/2023	**109,992,548**

The change in subscribed capital from 2022 to 2023 results from options being exercised in the context of the employee participation programme (2015 share option programme). For further details, we refer to Note 35.

Authorised capital

At the beginning of the financial year 2023, 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 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 General Meeting of 29 June 2021 became effective upon entry in the commercial register on 20 August 2021. Authorised Capital 2021/I of flatexDEGIRO AG remains unchanged at kEUR 43,600 as of the balance sheet date.
- By resolution of the 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 General Meeting of 29June 2021 became effective upon entry in the commercial register on 20 August 2021. Authorised Capital 2021/II of flatexDEGIRO AG remains unchanged at kEUR 10,800 as of the balance sheet date.

	12/21/2023	12/21/2022
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, also referred to as Conditional Capital 2014/I in the Company's commercial register). 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 General Meeting of 30 October 2014 within the framework of the 2014 share options programme. The 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 subscription rights issued on the basis of the authorisation resolution of the General Meeting of 30 October 2014, also with adjustments by the 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 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 as of 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 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 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 General Meeting of 28 August 2015 within the framework of the 2015 share options programme. The 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 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 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 kEUR 107,500 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 General Meeting on 29 June 2021, the existing Conditional Capital 2015 increased by law in the same proportion as the subscribed capital (factor 4) and now amounted to kEUR 430. The corresponding amendment to the Articles of Association was entered in the Commercial Register on 20 August 2021. 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. Later in the 2022 financial 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 after the share split. The corresponding amendment to the Articles of Association was entered in the Commercial Register on 11 May 2022. In the financial year 2023, due to the exercise of share options, an additional total of 100,000 subscription shares were issued from the Conditional Capital 2015, each representing share capital of EUR 1.00 per share; as a result, the Conditional Capital 2015 was reduced in the reporting year by kEUR 100 to kEUR 142. The corresponding amendment to the Articles of Association was entered in the Commercial Register on 19 February 2024. As at the balance sheet date, the Conditional Capital 2015 amounted to kEUR 142.

By resolution of the Extraordinary General Meeting of 4 December 2017 in the version after the adjustments by the resolution of the ordinary General Meeting of 7 August 2018 and by resolution of the Ordinary General Meeting of 20 October 2020 and by resolution of the General Meeting on 29 June 2021, the Management Board, with the consent of the Supervisory Board, was authorised to conditionally increase the share capital by up to kEUR 14,000 by issuing up to 14,000,000 new registered no-par-value shares with dividend rights starting at the beginning of the financial year in which they are issued (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 General Meeting of 4 December 2017, as amended after adjustments by the resolution of the General Meeting of 7 August 2018, by the resolution of the General Meeting of 20 October 2020 and by the resolution of the General Meeting of 29 June 2021. The authorisation to issue bonds expired on 3 December 2022 without being used. Conditional Capital 2017 became void in its entirety on 3 December 2022 as it expired; the Articles of Association were amended accordingly. The amended was entered in the commercial register on 4 April 2023.

By resolution of the General Meeting of 7 August 2018, as amended following the adjustments made by the resolution of the 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 General Meeting of 7 August 2018 in the version after the amendments by the resolution of the General Meeting of 29 June 2021. The authorisation to issue bonds expired on 6 August 2023 without being used. The Conditional Capital 2018/II therefore became void in its entirety. The Articles of Association were amended accordingly. The amended was entered in the commercial register on 19 February 2024.

Additional paid-in-capital

As at 31 December 2023, the additional paid-in-capital is kEUR 230,972 (previous year: kEUR 230,687) and is made up of the following components:

- Amount exceeding the nominal value from payments for the issuance of new shares
- Additional payments made by shareholders into the equity
- Additional payments made by shareholders against the grating for preferred shares

The additional paid-in-capital 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 additional paid-in-capital in the amount of kEUR 65 (see Note 35).

Retained earnings

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

In kEUR	Change
As at 01/01/2022	**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 and 01/01/2023	**267,040**
Additions to retained earnings	66,531
thereof: Allocation from net profit	71,859
thereof: Dividend distribution	-
thereof: Contribution to/withdrawal from reserves	-4,551
thereof: Changes in the scope of consolidation not involving a change of control	-777
Other comprehensive income	-913
As at 12/31/2023	**332,659**

NOTE 16 Non-current liabilities to non-banks

Non-current liabilities comprise the following:

In kEUR	12/31/2023	12/31/2022
Non-current liabilities to non-banks		
Liabilities from leases	36,760	33,139
Liabilities from hire purchasing	8,747	9,461
Total	**45,508**	**42,600**

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

In kEUR	12/31/2023	12/31/2022
Liabilities from leases	36,760	33,139
Total	**36,760**	**33,139**

No non-current financial liabilities to banks exist.

NOTE 17 Pensions 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 Rentenanstalt Swiss Life AG and MV Insurance Group. Some of the insurance policies have been pledged to the beneficiaries and meet the plan asset requirements, while other policies 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 the actuarial assumptions are recognised 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	12/31/2023	12/31/2022
Actuarial discount rate	3.20 %	3.60 %
Inflation rate	2.50 %	2.50 %
Mortality	Heubeck tables 2018 G	Heubeck tables 2018 G

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

In kEUR	12/31/2023	12/31/2022
Present value of defined benefit obligations	31,087	27,379
Fair value of plan assets	-23,240	-21,951
Net obligation	**7,847**	**5,428**

The development of the net pension obligation was as follows:

In kEUR	2023	2022
As per balance sheet at beginning of the financial year	**5,428**	**11,530**
Service expense	12	22
Net interest expense	184	104
Actuarial gains/losses	3,133	-5,614
due to changes in financial assumptions	1,971	-7,379
due to adjustments in experience	954	2,050
Income from plan assets, less the amount recognised in the profit and loss statement	207	-285
Employer contributions to plan assets	-864	-596
Pension benefits paid	-46	-19
As per balance sheet at the end of the financial year	**7,847**	**5,428**

The development 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	2023	2022
Present value of defined benefit obligations at the beginning of the financial year	**27,379**	**32,578**
Components recognised in the profit and loss statement	**994**	**315**
Service expenses	12	22
Accrued interest expenses	982	292
Amounts recognised in other comprehensive income	**2,926**	**-5,329**
Actuarial gains/losses	2,926	-5,329
due to changes in financial assumptions	1,972	-7,379
due to adjustments in experience	954	2,050
Payments and other adjustments	**-212**	**-186**
Pension benefits paid	-212	-186
Present value of defined benefit obligations at the end of the financial year	**31,087**	**27,379**

Plan assets

In kEUR	2023	2022
Fair value of plan assets at the beginning of the financial year	**-21,951**	**-21,048**
Components recognised in the profit and loss statement	**-798**	**-192**
Accrued interest income	-798	-192
Amounts recognised in other comprehensive income	**207**	**-284**
Income from plan assets, less the amount recognised in the profit and loss statement	207	-284
Payments and other adjustments	**-698**	**-429**
Employer contributions	-864	-596
Pension benefits paid	167	167
Fair value of plan assets at the end of the financial year	**-23,240**	**-21,951**

Reimbursement rights

In kEUR	2023	2022
Fair value of reimbursement rights at the beginning of the financial year	**-1,852**	**-1,668**
Components recognised in the income statement	**-70**	**-16**
Accrued interest income	-70	-16
Amounts recognised in other comprehensive income	**74**	**23**
Revenues from reimbursement rights other than amounts recognised in the profit and loss statement	74	23
Payments and other adjustments	**-191**	**-191**
Employer contributions	-191	-191
Fair value of reimbursement rights at the end of the financial year	**-2,040**	**-1,852**

Reimbursement rights are recognised in the 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	12/31/2023	12/31/2022
Active employees	440	382
Former, vested employees	26,041	23,033
Retirees	4,606	3,964
Present valued of pension obligations	**31,087**	**27,380**
Weighted average duration of obligations in years	17	18

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 Pension Act. 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 same basis and using the same valuation method as for 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	12/31/2023	12/31/2022
Total obligation if the actuarial discount rate is increased by 0.25% p.a.	29,833	26,247
Total obligation if the actuarial discount rate is decreased by 0.25% p.a.	32,417	28,580
Total obligation if the inflation rate is increased by 0.25% p.a.	32,307	28,486
Total obligation if the inflation rate is decreased by 0.25% p.a.	29,930	26,331
Total obligation when the life expectancy of a 65-year-old increases by 1 year	31,839	27,999

For the upcoming year, pension payments of kEUR 218 are expected (previous year: kEUR 191). Payments contributions to plan assets are also expected in the amount of kEUR 691 (previous year: kEUR 596) and in the amount of kEUR 191 (previous year: kEUR 191) for reimbursement rights.

NOTE 18 Liabilities to customers

Financial liabilities to customers increased by kEUR 404,379 to kEUR 3,605,869 as of 31 December 2023 (previous year: kEUR 3,201,490). 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 2023, customers' foreign exchange holding increased by kEUR 29,728 to kEUR 204,079 (previous year: kEUR 174,352). The increase in customer deposits results primarily from the customer growth and a higher average deposit ratio.

NOTE 19 Liabilities to banks

Liabilities to banks are comprised as follows:

In kEUR	12/31/2023	12/31/2022
Liabilities to banks	46,007	69,154
Foreign currency holdings	21,250	13,641
Total	**67,257**	**82,795**

Liabilities to banks amount to kEUR 67,257 in the financial year (previous year: kEUR 82,795) and include kEUR 46,007 (previous year: kEUR 69,154) in liabilities from securities settlement processing from customer transactions and foreign exchange holdings from customers transactions in the amount of kEUR 21,250 (previous year: kEUR 13,641). No financing liabilities to banks exist.

Foreign exchange 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 20 Other financial liabilities

Other financial liabilities break down as follows:

In kEUR	12/31/2023	12/31/2022
Tax liabilities	20,065	5,329
Accruals and deferrals	2,287	921
Other financial liabilities	452	21
Total	**22,803**	**6,271**

Other financial liabilities amount to kEUR 22,803 as at 31 December 2023 (previous year: kEUR 6,271). Tax liabilities mainly consist liabilities to the tax authorities for transaction taxes from customer business in the amount of kEUR 13,183 (previous year: kEUR -2,554), of capital gains tax of kEUR 3,435 (previous year: kEUR 1,910), and of employee income tax and church tax of kEUR 3,458 (previous year: kEUR 2,119).

NOTE 21 Other provisions

Other provisions performed as follows in the financial year:

In kEUR	01/01/2023	Utilisation	Disposal	Additions	12/31/2023
Other provisions	21,522	17,618	1,605	20,804	23,103
Total	**21,522**	**17,618**	**1,605**	**20,804**	**23,103**

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**

Other provisions include identifiable risks in relation to third parties. These provisions are measured at full cost, and amount to kEUR 23,103 at year-end (previous year: kEUR 21,522). They mainly include expenses of the Group for performance-related, variable remuneration components in the amount of kEUR 4,597 (previous year: kEUR 4,188), for audit fees and Group contribution of kEUR 1,682 (previous year: kEUR 3,944), for other personnel costs including holiday provisions of kEUR 2,784 (previous year: kEUR 1,710), and for outstanding invoices in the amount of kEUR 13,295 (previous year: kEUR 12,043).

NOTE 22 Tax provisions

Tax provisions mainly consist of provisions for corporate income tax, solidarity surcharge and trade tax. As at the reporting date, tax provisions decreased by kEUR 17,525 to kEUR 28,627 (previous year: kEUR 46,152). The decline in tax provisions is the result of tax payments made in the financial year, higher advance payments and a lower addition to tax provisions due to the lower taxable income in the financial year.

Corporate income tax including solidary surcharge declined by kEUR 10,754 to kEUR 18,959 (previous year: kEUR 29,713).

Trade tax provisions also declined by kEUR 6,994 to kEUR 7,120 compared with the previous year (previous year: kEUR 14,114).

NOTE 23 Revenues

Revenues for the financial years 2023 and 2022 are as follows:

In kEUR	2023	2022
Commission income	234,965	272,228
Interest income	136,327	71,519
Other operating income	19,440	63,216
thereof: Income of IT services	10,252	11,762
Total	**390,732**	**406,963**
Timeline of revenues recognition		
at a specific point in time	390,732	406,963
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 234,965 (previous year: kEUR 272,228) was largely generated from the 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 respective order. The corresponding payments are due at the time of fulfilment of the performance obligation.

Interest income increased in the amount of kEUR 136,327 (previous year: kEUR 71,519) in comparison to the previous year. The increase is mainly due to a rising interest rates since July 2022 and the resulting positive interest rate in the deposit facility by the Bundesbank, as well as the adjustments made during the year 2023 for the interest rates on securities credits. General growth in customer numbers also contributed to the increase.

Other operating income includes income from IT services in the amount of kEUR 10,252 (previous year: kEUR 11,762). The major component here is the IT services with the inhouse-developed FTX:CBS core banking system. The decline in external income of IT services is particularly due to the continued strategic focus on internal IT projects. In contrast to the previous year, other operating income does not include any income from the release of provisions for SARs granted (previous year: kEUR 38,441).

In kEUR	12/31/2023	12/31/2022
Trade receivables (IT contracts)	11,912	14,055
Trade receivables (banking business)	10,685	10,077
Total receivables	**22,597**	**24,132**
Contract liabilities from IT contracts	26	35
Contract liabilities from banking business	2,214	375
Total current contract liabilities	**2,240**	**410**

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 one 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 2,143 in trade receivables from IT contracts is due to the overall slight decline in business volume in this area.

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. It is presented in the balance sheet under Other assets:

In kEUR	12/31/2023	12/31/2022
Costs capitalised at the time of execution of a contract with a customer as at 31 December	325	6
Depreciation, amortisation and impairments	-	-
Total	**325**	**6**

NOTE 24 Raw materials and consumables

The raw materials and consumables for the financial years 2023 and 2022 are broken down as follows:

In kEUR	2023	2022
Commission expense	44,964	50,642
Interest expense	13,892	8,594
Other operating expense	10,619	5,962
thereof: IT costs	3,004	2,950
thereof: IT business expenses	1,510	1,614
Total	**69,475**	**65,199**

Commission expenses of kEUR 44,964 (previous year: kEUR 50,642) were recognised 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 reduced trading activities of brokerage clients.

Interest expenses in the amount of kEUR 13,892 (previous year: kEUR 8,594) increased compared to the previous year, in particular due to interest payments for clearing accounts, and to mark-to-market losses at the funds.

Other operating expenses in the amount of kEUR 10,619 (previous year: kEUR 5,962) include IT costs in the amount of kEUR 3,004 (previous year: kEUR 2,950) and IT business expenses in the amount of kEUR 1,510 (previous year: kEUR 1,614). Similar to the decline in revenue, the decrease in expenses from the IT business expenses is due to the strategic focus on internal IT development projects.

NOTE 25 Personnel expenses

On average, 1,285 employees were employed during the 2023 financial year (previous year: 1,219). 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	2023	2022
Wages and salaries	68,470	56,272
Social security contributions and discretionary benefits	15,659	12,461
Income/expenses for pension obligations and employee benefits	-805	-670
Personnel expenses for long-term variable remuneration	14,096	144
Total	**97,419**	**68,207**
Capitalised development expenses	27,988	26,875

Wages and salaries in the 2023 financial year were kEUR 68,470 (previous year: kEUR 56,272). The increase mainly results from the increase in the number of employees, salary increases and inflation equalisation payments. Capitalised development expenses for intangible assets in accordance with IAS 38 increased to kEUR 27,988 (kEUR 26,875).

The development expenses 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.

In the financial year 2023, expenses were incurred for the SARs plan launched in 2020 of kEUR 14,030 (previous year: kEUR 0). In the previous year, provisions for SARs granted were released. In addition, kEUR 66 (previous year: kEUR 144) was also used for existing stock option plans (see Note 35).

NOTE 26 Marketing expenses

In kEUR	2023	2022
Marketing expenses	34,011	48,871
Total	**34,011**	**48,871**

Marketing activities are focused in particular on acquiring new customers with an increased focus on brand awareness of flatex in the German and Austrian markets and of DEGIRO in the international markets. The reduction of marketing expenses of kEUR 14,860 was related to a direct reaction of the change in the market environment.

NOTE 27 Other administrative expenses

Other administrative expenses for the financial years 2023 and 2022 are as follows:

In kEUR	2023	2022
IT expenses	14,201	11,233
Legal and consulting fees	10,510	10,345
Other expenses	7,475	1,179
Bank-specific contributions	7,652	9,062
Rental expenses	3,820	3,369
Insurance, contributions and official fees	1,859	2,501
Travel expenses	1,823	1,310
Representation	858	1,130
Vehicle expenses	678	586
Postage and office supplies	599	688
Total	**49,474**	**41,403**

The main drivers of other administrative expenses are described below.

IT costs, which have increased by kEUR 2,968, primarily comprise expenses for maintenance, consultancy, and support services.

Legal and consulting fees are on the similar level as the previous year.

The increase in other expenses by kEUR 6,296 is mainly due to the penalties from the Italian competition authority AGCM (kEUR 3,500) and the BaFin (kEUR 1,050).

Among other things, the decrease of kEUR 1,410 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 expenses by kEUR 513 is primarily attributable to an increase of the travel activity and the increased number of employees compared to the same period of the previous year.

NOTE 28 Financial result

The financial result for the financial years 2023 and 2022 is as follows:

In kEUR	2023	2022
Pension interest income	869	207
Other interest income	58	0
Total other financial income	**926**	**208**
Interest expenses for deposit facilities	-	2,947
Interest expenses for pensions	976	275
Interest expenses for non-current liabilities	1,076	698
Other interest expenses	206	269
Total other financial expenses	**2,258**	**4,188**
Financial result	**-1,332**	**-3,980**

The decrease in interest expense for deposit facilities by kEUR 2,947 is due to the cancellation of negative interest rates at the European Central Bank (ECB). The kEUR 701 increase in interest expenses for pensions is due to the adjustment of the interest rate levels in favour of the pension recipient.

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

NOTE 29 Income tax expense

Income tax expense for the financial years ending 31 December 2023 and 31 December 2022 comprise the following components:

In kEUR	2023	2022
Current income taxes		
Current income tax expense	-21,972	-25,513
Tax income/expense for previous years	-15	3,538
Deferred taxes		
Deferred taxes on temporary differences	-9,358	-19,252
Deferred taxes on losses carry forwards	188	115
Income taxes as per the profit and loss statement	**-31,157**	**-41,112**
Other comprehensive income		
Changes to deferred taxes recognised in other comprehensive income	414	-1,685
thereof actuarial gains/losses from defined benefit pension obligations	1,000	-1,740
thereof gains/losses due to changes in fair value of financial assets measured at fair value through other comprehensive income (FVOCI)	-586	56
thereof recycling of deferred taxes	-	-
Income taxes recognised in other comprehensive income	**-30,743**	**-42,797**

In other comprehensive income in 2023, a deferred tax expense for the actuarial gains from defined benefit pension obligations in the amount of kEUR 1,000 (previous year: kEUR -1,740), and deferred tax expense on changes in the fair value of financial assets measured at fair value through other comprehensive income (FVOCI) in the amount of kEUR -586 (previous year: kEUR 56) 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. Including the additional trade tax payable, the combined income tax rate for flatexDEGIRO AG in the tax group for income tax purposes is 31.185 % (previous year: 31.127 %). 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

		2023	2022
Earnings before taxes	kEUR	103,016	147,297
Applicable tax rate	%	31.19	31.13
Expected tax expense	kEUR	-32,126	-45,849
Effect from non-deductible expenses	kEUR	-2,324	-701
Effect from non-taxable income	kEUR	128	684
Effect from non-deductible expenses from stock options plans	kEUR	-	-45
Effect from current income taxes on previous year	kEUR	-15	3,538
Effect from deferred taxes for previous years	kEUR	-	450
Effect from changes in tax rates of deferred taxes	kEUR	-19	1
Effect from deviating tax rates	kEUR	2,959	616
Effect of consolidation	kEUR	-	-
Other tax effects	kEUR	240	194
Reported tax expenses	kEUR	-31,157	-41,112
Group tax rate	%	30.24	27.91

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 184 (previous year: kEUR 118) on which no deferred tax liabilities were recognised.

The composition of deferred tax assets and liabilities is shown in the following table:

In kEUR	**2023**	**2022**
Deferred tax assets		
Loss carry forwards	307	119
Financial instruments	735	-
Pension obligations	4,756	4,006
Other financial obligations	13,506	20,832
Other temporary differences	-	-
Offset in accordance with IAS 12.74	-19,304	-24,957
Total	**-**	**-**
Deferred tax liabilities		
Intangible assets	-58,011	-53,629
Property, plant and equipment	-10,466	-9,433
Financial instruments	-	-744
Other financial obligations	-1,102	-2,005
Other temporary differences	-	-
Offset in accordance with IAS 12.74	19,304	24,957
Total	**-50,275**	**-40,854**

NOTE 30 Additional disclosures in accordance with IAS 7 – Consolidated Cash Flow Statement

Lease payments according to IFRS 16

Principal payments

In kEUR	2023	2022
Principal payments	7,699	6,764
Total	**7,699**	**6,764**

During the financial year, principal repayments were made on lease liabilities in accordance with IFRS 16 in the amount of kEUR 7,699 (previous year: kEUR 6,764).

Interest payments

In kEUR	2023	2022
Interest payments	851	548
Total	**851**	**548**

Interest payments on leases in accordance with IFRS 16 were made in the amount of kEUR 851 (previous year: kEUR 548).

Payments of principal and interest therefore resulted in a total cash outflow of kEUR 8,550 (previous year: kEUR 7,312).

For the rights of use we refer to Note 12

Income tax payments relating to IAS 12

Income tax payments

In kEUR	2023	2022
Income tax payments	53,035	6,611
Total	**53,035**	**6,611**

Cash flow from operating activities includes income tax payments in the amount of kEUR 53,035 (previous year: kEUR 6,611).

NOTE 31 Contingent liabilities and other financial obligations

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

In kEUR	Total as at 12/31/2023	Thereof: up to 1 year	Thereof: 1 to 5 years	Thereof: more than 5 years	Previous year
From rent and lease contracts	217	156	61	-	37,423
From maintenance contracts	19,247	8,591	10,656	-	18,760
From other contracts	11,641	8,406	3,235	-	6,237
As at 12/31/2023	**31,105**	**17,152**	**13,952**	**-**	**62,420**

There were also contingent liabilities from irrevocable unused credit commitments in the amount of kEUR 153 (previous year: kEUR 153).

NOTE 32 Related parties relationships and transactions

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

Stock appreciation rights (SARs) were granted to members of the Management Board in the 2023 financial year (previous year: none). For further disclosures, we refer to Note 35.

Legal transactions and other transactions with related parties

In the 2023 financial year, Group companies of flatexDEGIRO AG conducted legal transactions with related parties and companies as a total volume of kEUR 423; these mainly consisting of contractual services.

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

NOTE 33 Remuneration of the Management Board and Supervisory Board of flatexDEGIRO AG

Remuneration of the Management Board of flatexDEGIRO AG

The Management Board of flatexDEGIRO AG in 2023 consisted of Frank Niehage, Dr Benon Janos, Stephan Simmang and Muhamad Said Chahrour, who resigned from the Management Board as of 28 July 2023. In the previous year, the Management Board was represented by Frank Niehage and Muhamad Said Chahrour.

The total remuneration for the Management Board of flatexDEGIRO AG in 2023 amount to kEUR 3,308 (previous year: kEUR 2,447). Thereof, the members of the Management Board received non-performance-based remuneration components in the form of fixed annual salaries of kEUR 1,268 (previous year: kEUR 800) and other remuneration of kEUR 69 (previous year: kEUR 47). In addition, they received performance-based remuneration in the form of short-term variable remuneration components of kEUR 1,900 (previous year: kEUR 1,600) and long-term variable remuneration components of kEUR 72 (previous year: kEUR 0).

A detailed description and presentation of the remuneration system for the Management Board members of flatexDEGIRO AG can be found in the remuneration report, which is published on the flatexDEGIRO AG website at https://flatexdegiro.com/en/investor-relations/corporate-governance.

Remuneration of the Supervisory Board of flatexDEGIRO AG

The following people were members of the Supervisory Board at flatexDEGIRO AG:

2023

Martin Korbmacher, Chairman
Position held:
Managing Director of Event Horizon Capital & Advisory GmbH, Frankfurt am Main
Managing Director of arsago ACM GmbH, Frankfurt am Main
Managing Director of arsago Ventures GmbH, Frankfurt am Main

Stefan Müller, Deputy Chairman
Position held:
Head of Finance and General Representative of Börsenmedien AG, Kulmbach
General Representative of BF Holding GmbH, Kulmbach
General Representative of
GfBk Gesellschaft für Börsenkommunikation mbH, Kulmbach
General Representative of Panthera AM GmbH, Kulmbach

Herbert Seuling
Position held:
Managing Director of M & S Monitoring GmbH, Kulmbach

Aygül Özkan
Position held:
Managing Director of Zentraler Immobilien Ausschuss (ZIA) e. V., Berlin
lawyer

Britta Lehfeldt (elected at the Annual General Meeting on 06/13/2023)
Position held:
Member of the Supervisory Board of flatexDEGIRO Bank AG, Frankfurt am Main

2022

Martin Korbmacher, Chairman

Stefan Müller, Deputy Chairman

Herbert Seuling

Aygül Özkan

Mr. Korbmacher was a member of the following statutory Supervisory Boards of companies in Germany in 2023:

- Chairman of the Supervisory Board of flatexDEGIRO Bank AG, Frankfurt am Main
- Chairman of the Supervisory Board of SGT German Private Equity GmbH & Co. KGaA, Frankfurt (until 06/28/2023)

Mr. Müller was a member of the following statutory Supervisory Boards of companies in Germany in 2023:

- Chairman of the Supervisory Board of Heliad AG, Frankfurt am Main (known as FinLab AG prior to 10/13/2023)
- Deputy Chairman of the Supervisory Board of Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main (until its merger on 10/12/2023 with the former FinLab AG / current Heliad AG)

- Deputy Chairman of the Supervisory Board of tubesolar AG, Augsburg (until 09/29/2023)
- Member of the Supervisory Board of flatexDEGIRO Bank AG, Frankfurt am Main

Mr. Seuling was a member of the following statutory Supervisory Boards of companies in Germany in 2023:

- Deputy Chairman of the Supervisory Board of Heliad AG, Frankfurt am Main (known as FinLab AG prior to 10/13/2023)
- Member of the Supervisory Board of Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main (until its merger on 10/12/2023 with the former FinLab AG / current Heliad AG)
- Chairman of the Supervisory Board of tubesolar AG, Augsburg (until 10/02/2023)

Ms. Özkan was a member of the following statutory Supervisory Boards of companies in Germany in 2023:

- Deputy Chairman of the Supervisory Board of flatexDEGIRO Bank AG, Frankfurt am Main

In addition Ms. Özkan was also a member of the following similar domestic Advisory Boards with respect to Section 125 Para. 1 Sentence 5 Stock Act (AktG) in 2023:

- Member of the Advisory Board of Privatbank Donner & Reuschel Aktiengesellschaft, Hamburg
- Member of the Advisory Board of ERIC Group GmbH, Berlin

Ms. Lehfeldt was a member of the following statutory Supervisory Boards of companies in Germany in 2023:

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

The remuneration of the Supervisory Board is regulated in the Articles of Association. The remuneration of the members of the Supervisory Board of flatexDEGIRO AG and its subsidiaries for the activity of their duties in the financial year amounted to kEUR 668 (previous year: kEUR 597).

In kEUR	**2023**	**2022**
flatexDEGIRO AG	387	315
Subsidiaries	281	282
Total	**668**	**597**

Members of the Supervisory Board of flatexDEGIRO AG receive only a fixed remuneration of a regular nature plus the expenses allowances, which are classified as current payments in line with IAS 24.17. The Supervisory Board members received fixed remuneration of kEUR 646 for the financial year (previous year: kEUR 590), plus additional reimbursement for travel expenses to Supervisory Board work in the amount of kEUR 22 (previous year: kEUR 7).

The remuneration components for the activity of the Supervisory Board members of flatexDEGIRO AG and its subsidiaries are also described in detail and explained in the remuneration report, which is published on the flatexDEGIRO AG website at https://flatexdegiro.com/en/investor-relations/corporate-governance.

NOTE 34 Earnings per share

Earnings per share (undiluted)

The undiluted earnings per share is calculated by dividing the consolidated net profit attributable to the shareholders by the average number of the parent company's shares issued during the financial year.

in units	2023	2022
Issued shares (in pieces)		
Number of issued shares as at 1. January (all outstanding)	109,892,548	109,792,548
Number of new shares issued during the financial year	100,000	100,000
Time-weighted number of new shares issued during the financial year	40,658	86,904
Average weighted number of issued shares during the financial year (undiluted)	**109,933,206**	**109,879,452**
in kEUR		
Earnings after taxes		
From continuing activities	71,859	106,186
From discontinued operations	-	-
Total	**71,859**	**106,186**
in EUR		
Undiluted earnings after tax per share		
From continuing activities	0.65	0.97
From discontinued operations	-	-
Total	**0.65**	**0.97**

Earnings per share (diluted)

Diluted earnings per share in the 2023 financial year amount to EUR 0.65. The diluted average number of shares issues in the reporting year was 110,129,963.

NOTE 35 Share option plans

Share option plans 2014 and 2015

flatexDEGIRO AG set up share option plans to ensure the competitive overall remuneration of its managers. 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: Deutsche Bundesbank). It is assumed that the option is exercised on the first possible exercise date.

Valuation parameters

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 a 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: Deutsche 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	1.83	-	-	-
2014 share options plan	08/24/2015	300,000	1.83	-	-	-
2014 share options plan	01/26/2016	80,000	1.83	-	-	-
2014 share options plan	07/03/2017	40,000	1.83	-	-	-
2014 share options plan	03/02/2018	140,000	1.83	-	-	-
Expired options		**896,000**				
Already exercised options		**5,006,000**	**-**	**-**	**-**	**-**

Option value

No other option rights were issued in the 2023 calendar year.

Expenses from share option plans

In the 2023 calendar year, a pro rata expense of kEUR 66 (previous year: kEUR 144) was recognised in the profit and loss statement from the share option plans and added to the additional paid-in-capital. 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). The 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	2023 expense to be recognised/ capital reserve in kEUR
2015	619	365	82 %	66
2014	-	-	-	-
Total				**66**

2020 Stock Appreciation Rights Plan (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 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 2023, a total of 456,129 SARs were granted to employees (previous year: 325,606). A total of 2,030,438 SARs were outstanding as of the reporting date.

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 expense is recognized 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 of 31 December 2023, a provision of kEUR 9,394 (previous year: kEUR 36,147) was recognised, along with corresponding expenses of kEUR 14,030 (previous year: income of kEUR 38,441). The higher expenses result from the exercise of SARs share options during the year.

The intrinsic value of vested SARs as of 31 December 2023 was kEUR 11,634 (previous year: kEUR 9,775).

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 performance of the share price cannot be directly influenced by the management. In a simulation, adjustment of the EPS by +/- 5.0 % resulted in a change to the provision of up to +/- 9.2 %. With an adjustment of the EPS by +/- 10.0 % resulted in a change to the provision of up to 19.0 %. This effect will decrease disproportionately over the course of the vesting period.

NOTE 36 Segment reporting in accordance with IFRS 8

flatexDEGIRO AG is required by IFRS 8 to report on its operating segments. The type of segmentation is based on the management approach. Segments are parts of a company on which separate financial information is available. This information is regularly analysed by the Management Board and management during the allocation of resources and as part of performance appraisal.

Since 2023 financial year the Group's business segments have been defined by the two brands flatex and DEGIRO. The flatex segment comprises the online brokerage activities of the flatex brand, the Business Process Outsourcing unit, and that portion of the Credit & Treasury unit at flatexDEGIRO Bank AG that is not assigned to the DEGIRO segment. Furthermore, the flatex segment comprises the activities of the ViTrade brand for which no separate segment has been created for reasons of materiality. The DEGIRO segment comprises the online brokerage activities under the DEGIRO brand and that portion of the Credit & Treasury unit assigned to the DEGIRO brand.

Services provided between the segments are charged at market rates / arm's length based on existing contracts. The business activities of the IT services unit (former TECH segment) and the holding company are allocated to both segments as cost centres. 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 at a point in time exclusively from the Group companies based in Germany. In the 2023 financial year, flatexDEGIRO AG did not generate significant revenue (> 10 %) from any single customer.

Segment report for continuing activities in 2023

In kEUR	flatex	DEGIRO	Consolidation	Total
Revenues	244,572	223,501	-77,341	390,732
Raw materials and consumables	73,806	35,205	-39,535	69,475
Personnel expenses (adjusted)	37,335	57,980	-11,992	83,323
Marketing expenses	21,152	21,479	-8,620	34,011
Other administration expenses	29,027	37,642	-17,194	49,474
EBITDA (adjusted)	**83,252**	**71,195**	**-**	**154,447**
Personnel expenses for long-term, variable remuneration				14,096
EBITDA				**140,352**
Depreciation				36,004
EBIT				**104,348**
Financial result				-1,332
EBT				**103,016**
Income tax expense				31,157
Consolidated net profit				**71,859**

Segment report for continuing activities in 2022

In kEUR	flatex	DEGIRO	Consolidation	Total
Revenues (adjusted*)	246,455	177,077	-55,011	368,522
Raw materials and consumables	57,488	30,858	-23,147	65,199
Personnel expenses	30,201	47,040	-9,178	68,063
Marketing expenses	22,138	36,112	-9,378	48,871
Other administration expenses	28,777	25,934	-13,308	41,403
EBITDA (adjusted)	**107,853**	**37,133**	**-**	**144,986**
Income from the release of provisions for long-term, variable remuneration				38,441
Personnel expenses for long-term, variable remuneration				144
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, variable remuneration.

NOTE 37 Financial risk management

The Management Board incorporates potential opportunities and risks into its business and risk strategy and adjusts this accordingly when necessary. At flatexDEGIRO AG, the monitoring and management of risks is a central component of the Company's management tools.

flatexDEGIRO AG conducts a regular risk inventory, which is also updated in response to specific events, and is integrated into the further risk management process to the extent that it is relevant and material. According to the last risk inventory in 2023 there are the following material risk types:

- Credit risk: Credit risk means the risk of losses due to the default of counterparties (borrower, issuer, contracting party) and from changes in the creditworthiness of these parties.
- 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
- Operational risk: Operational risk refers to 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.
- Liquidity risk: Risk of losses resulting from liquidity shortfalls.
- Other risk types: These particularly include business and pension risk.

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 management,
- 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.

Credit risk

Essentially, credit risk arises in any transaction that flatexDEGIRO AG conducts with a business partner, in particular with respect to loans due 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 (so-called credit volume or exposure). 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, if a business partner faces unexpected economic problems.

In addition, a number of receivables are bundled into homogeneous groups and tested collectively for impairment.

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

General impairments must be taken into account on the initial recognition of the financial asset. The risk provisions allocated to level 1 are recognised at the 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 the opportunistic credit portfolio, 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 credit risks which are monitored and controlled in homogeneous portfolios by the bank's credit risk management, the credit risk must be assessed at the portfolio level, since assessment at an individual financial instrument level would result in changes in the credit risk being recognised too late.

Risk provisions at portfolio level are calculated at least quarterly.

Parameters which are provided to fulfil the supervisory requirements of the Capital Requirements Regulation (CRR) are used to determine the expected credit loss (ECL). In order to determine the expected loss (EL) according to the CRR, multiplicative linking between probability of default (PD), loss given default (LGD), and the exposure amount in exposure at default (EaD), is carried out using the following formula:

$$\text{Impairment loss or risk provisions (EL)} = \text{PD} \times \text{LGD} \times \text{EaD}$$

At a Group level, an impairment loss is recognised for the amount of the expected credit losses that occur within the next twelve months.

Risk provisions for level 1 financial instruments must therefore be recognised in the amount of the 12-month ECL. The 12-month ECL corresponds to the loss expected over the remaining term resulting from a default outcome which may occur within the next twelve months. This requires the ECL to be weighed against the probability of default of the financial instrument within the next twelve months following the measurement date (hereinafter: 12-month PD [PD_t^{12M}]). Using the calculation formula according to CRR as described above produces a 12-month ECL as follows:

$$ECL_t^{12M} = PD_t^{12M} \times LGD_t^{12M} \times EAD_t^{12M}$$

This corresponds to the portion of expected credit losses from default events anticipated within twelve months of the balance sheet date. If the credit risk has not increased significantly since the initial recognition, the financial instrument remains at level 1.

For an assessment at the credit portfolio level, individual transactions are grouped on the basis of the credit risk characteristics of similar financial product portfolios.

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 historical recovery rate for the Moody's rating. 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 credit risk, the credit risk at the time of acquisition is compared with the credit risk as at the balance sheet date.

A loan impairment 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 in Level 2 as credit risk increases and the impact of a longer time horizon, compared with 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 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 credit risk, including

- The financial instrument in question
- The borrower
- The borrower's geographic region
- Forward-looking information (including macroeconomic factors)

Procedure for the early detection of increased credit risks

The procedure for early detection of increased 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 credit risks in credit exposures 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 credit risk for a particular financial instrument, such as credit default swap rates, particularly for issuers from the treasury and internal credit ratings, are used as early warning indicators.

The assessment of credit risk at a borrower 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 credit 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 credit 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 credit 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 for subsequent measurement, since a lower credit 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 an impairment.

The development of risk provision in 2023 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	**149**	**42**	**15,491**	**15,682**
Changes in impairment losses on financial assets, including newly issued or acquired financial assets	-62	335	-7,019	-6,746
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	-	-	-	-
Changes in impairment for irrevocable loan commitments	-	-	-	-
Risk provision at the end of the reporting period	**87**	**377**	**8,472**	**8,937**

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 impairment losses on 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	0
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 decline in risk provisions in the amount of kEUR 6,746 (previous year: increase in the amount of kEUR 1,434) is due in particular to the conservative credit portfolio and the impairment of the factoring portfolio as part of the strategic focussing of the lending business.

The changes in the portfolio from the stage allocation show the additions and reversals resulting from a change in the stage allocation in the reporting period. In the case of a transfer, the portfolio in the previous stage is cancelled in full and the target portfolio is added in full in the new stage.

Level 1 (12-month ECL) includes gross carrying amounts totalling kEUR 3,902,207 as at the reporting date (previous year: kEUR 3,498,535). Of this, a gross carrying amount of kEUR 892,624 (previous year: kEUR 882,505) is attributable to the securities 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 securities backed loans fall below the collateralisation level, they are assigned to Level 2 or 3. As part of the strategic focussing of the lending business, the factoring portfolio was completely reduced. The decline is also the result of the strategic focussing of the lending business. The gross carrying amounts in Level 1 are also due to receivables from banks in the treasury portfolio in the amount of kEUR 2,912,762 (previous year: kEUR 2,504,688) and irrevocable loan commitments in the amount of kEUR 153 (previous year: kEUR 1,354). For further details on the irrevocable loan commitments, see Note 31 “Contingent liabilities and other financial obligations”.

The gross carrying amounts at level 2 (total ECL of non-credit-impaired financial instruments) amount to kEUR 3,032 (previous year: kEUR 10,137). This level includes securities backed loans with a significantly increased risk of default at a gross carrying amount of kEUR 3,032 (previous year: kEUR 4,937).

Level 3 (total maturity ECL of impaired financial instruments) has gross carrying amounts totalling kEUR 11,264 (previous year: kEUR 42,807). These largely consist of the factoring portfolio with a gross carrying amount of kEUR 7,162 (previous year: kEUR 7,576) and securities backed loans with a gross carrying amount of kEUR 1 (previous year: kEUR 135). Compared with the 2022 consolidated financial statements, one credit engagement in an amount of kEUR 31,909 (previous year: kEUR 29,898) was retroactively reclassified from “current loans to customers” to “financial assets measured at fair value through profit or loss (FVPL)” (see Note 13).

Risk provisioning was reduced during the reporting period on account of the conservative loan portfolio and the disposal of impaired financial instruments. 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 on a forward-looking basis. The simulated scenarios include the potential loss of 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 160, while a downgrading by two rating grades would result in increased risk provisioning of up to approximately kEUR 477. 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 also considers the collateralisation. Therefore, suitable requirements for the type of security, creditworthiness, volatility and liquidity of the securities accepted as collateral, conservative collateralisation rates, as well as and ongoing monitoring of credit 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 AG has stable and extensive customer deposits (flatexDEGIRO Bank AG) in its flatex and DEGIRO segments. In this context, flatexDEGIRO is only involved in maturity transformation to a minor extent and manages interest rate risk as a rule by its highly conservative assets/liability management.

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) in kEUR	Equity (new) in kEUR
2023	+0.5 percentage points	120,719	691,327
2023	+0.5 percentage points	85,313	655,920
2022	+0.5 percentage points	162,569	623,528
2022	+0.5 percentage points	146,074	607,033

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

Liquidity risk

flatexDEGIRO AG monitors its liquidity regularly and ensures the continuity of financing through the use of debt financing and 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 12/31/2023	Thereof: up to 1 year	Thereof: between 1 and 5 years	Thereof: more than 5 years	Previous year
Non-current liabilities to non-banks	45,508	10,858	29,957	4,793	42,600
Trade payables	5,719	5,719	-	-	3,696
Liabilities to customers	3,605,869	3,605,869	-	-	3,201,490
Liabilities to banks	67,257	67,257	-	-	82,795
As at 12/31/2023	**3,724,353**	**3,689,704**	**29,957**	**4,793**	**3,330,581**

Risk concentration

Risk concentrations are important for flatexDEGIRO AG, especially with regard to potential cumulative counterparty credit risks among bond issuer or partners in the Group's credit business ("cluster risks"). flatexDEGIRO AG drafts an 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 2023, the nominal amount (after credit mitigation) of the highest receivable from a counterparty was mEUR 48.2 (previous year: mEUR 36.87).

NOTE 38 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, are 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 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, additional paid-in-capital, 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 8.00 % 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 4.25 percentage points (previous year: 5.00 percentage points). Overall, this results in a capital requirement of 12.25 % (previous year: 13.00 %) as a TSCR requirement (Total SREP Capital Requirement).

Furthermore, additional Common Equity Tier 1 capital of 2.50 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 15.44 % for flatexDEGIRO AG (previous year: 15.6 %).

In the 2022 financial year, flatexDEGIRO AG fell short of the statutory minimum capital requirements at the Group level (and before net profit recognition) for the first time as of the reporting date 30 September 2022 and also of the reporting date 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. After the approval of the capital recognition for the 2022 financial year, the capital requirements for regulatory capital were met again. As part of a new project set up in the first half of 2023 to work on the findings, the BaFin's findings to CRMT for the margin loans were removed in full. BaFin gave its approval on 29 September 2023, which was deemed to enable the use of CRMT again for securities provided as collateral for margin loans according to the CRR requirements as defined in Art. 194 CRR. CRMT was therefore applied again for the margin loans as of the reporting date 30 September 2023. As a result, the capital requirements for counterparty default risks were reduced again and the overall capital ratio increased significantly.

The relationship between capital requirements and capital as of the reporting date (data for the financial year 2023 without profit recognition, data for the financial year 2022 after profit recognition) is shown below:

In kEUR	**2023**	**2022**
Common Equity Tier 1 capital	227,824	261,158
Additional Tier 1 Capital	-	-
Supplementary capital	-	-
Eligible capital	227,824	261,158
Capital requirements for counterparty risks	427,445	833,485
Capital requirements for market risks	13,766	7,254
Capital requirements for operational risk	468,870	468,870
Total capital ratio (at least 15.44 % consisting of 12.94 % + 2.50 % capital buffer)	25.03	19.94
Common Equity Tier 1 capital ratio including SREP surcharge (at least 12.25 %, previous year 13.00 %)	25.03	19.94

NOTE 39 Dividends

This year, for the first time, a proposal will be tabled at the Annual General Meeting to pay a dividend of EUR 0.04 per share from the net profit of flatexDEGIRO AG for the 2023 financial year. With 109,992,548 outstanding shares, this represents a dividend payment of mEUR 4.4.

NOTE 40 Auditors' fees

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

In kEUR	2023	2022
Audit of financial statements	1,501	1,576
thereof: BDO AG	886	1,026
thereof: Baker Tilly GmbH & Co. KG	615	550
thereof: for the previous year	83	107
Other assurance services	219	268
Total	**1,720**	**1,844**

Expenses for audits of financial statements decrease by kEUR 75 to kEUR 1,501.

NOTE 41 Events after the balance sheet date

There were no significant events after the balance sheet date.

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 balance sheet as at 31 December 2023 and the consolidated statement of profit and loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2023 to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the group management report of flatexDEGIRO AG for the financial year from 1 January 2023 to 31 December 2023. 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 2023, and of its financial performance for the financial year from 1 January 2023 to 31 December 2023, 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 (German Commercial Code), 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) letter (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 2023 to 31 December 2023. 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 to be disclosed in our auditors’s report:

1. Impairment of Goodwill
2. Valuation of the Stock Appreciation Rights Plan (SARs Plan 2020)
3. Valuation of a credit engagement measured at fair value

IMPAIRMENT OF GOODWILL

Matter

In the consolidated financial statements of flatexDEGIRO AG, goodwill amounting to EUR 180.6 million, corresponding to 3.98% of the consolidated total assets, is reported under the balance sheet item "Intangible assets". The goodwill was allocated to cash-generating units.

Cash-generating units with goodwill are tested for impairment by the company at least once a year and additionally if there are indications of impairment. The valuation is carried out using a valuation model based on the discounted cash flow method. If the carrying amount of a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized for the difference.

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

Due to the significance of the goodwill for the consolidated financial statements of flatexDEGIRO AG in terms of amount and the considerable uncertainties associated with the valuation, a particularly important audit matter applies.

The disclosures of flatexDEGIRO AG on goodwill are included in the sections "Note 6 Accounting policies", "Note 10 Intangible assets" and "Note 11 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 Management Board 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 2023. 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 factor used for the cash flow forecasts. 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 EUR 9.4 million are recognized under the balance sheet item "Provisions". Due to valuation results at the reporting date and the exercise of stock options during the financial year, EUR 14.0 million was added to the provision and recognized as an expense during the financial year.

For the SARs Plan 2020, a provision is recognized 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, the initial exercise of stock options in the financial year 2023 and the high level of discretionary decisions, a key audit matter applies.

The disclosures of flatexDEGIRO AG on the valuation of the SAR Plan 2020 are included in the sections "Note 25 Personnel expenses" and "Note 35 Share options plan" of the notes to the consolidated financial statements.

Auditor´s Response

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

In addition, we assessed the appropriateness of the key assumptions and discretionary parameters as well as the calculation method for the valuation of the SARs Plan 2020. For the valuation of the SARs Plan 2020, the Company regularly commissions an external expert opinion covering relevant valuation parameters. We validated the forecast of expected EPS at the expected exercise date with the multi-year plan approved by the management board. 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. In addition, we verified the amount paid out for the exercise of stock options on a sample basis and reconciled it with supporting documents.

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.

VALUATION OF A CREDIT ENGAGEMENT MEASURED AT FAIR VALUE

Matter

In the consolidated financial statements of flatexDEGIRO AG, a loan exposure of EUR 31.9 million is reported under current assets in the balance sheet item "Financial assets at fair value through profit or loss (FVPL)" as at 31 December, 2023. The credit engagement is classified under the "hold" business model and is measured at fair value as the criteria of solely payments of principal and interest is not met. The asset is classified as a level 3 financial instrument due to unobservable valuation parameters.

The fair value is determined as part of a valuation model based on a discounted cash flow valuation according to IFRS 13. Various scenarios for estimating future cash flows are considered and each scenario is discounted using an appropriate discount rate at different termination points.

As part of the valuation, various assumptions were made regarding the valuation model, future cash flows, interest rates, probabilities of occurrence and other parameters, which require significant estimations and discretionary decisions by the management. Even minor changes in assumptions and parameters can lead to significantly different valuation results. Due to the complexity of the valuation, a key audit matter applies.

The disclosures of flatexDEGIRO AG on the valuation of the credit engagement are included in the sections "Note 6 Explanation of significant accounting policies" and "Note 13 - Financial instruments" of the notes to the consolidated financial statements.

Auditor´s Response

As part of our audit procedures on the internal control system, we obtained an understanding of the classification process, the valuation model and the assumptions made in determining the scenarios for the valuation of the credit engagement. In addition, we assessed the effectiveness of selected relevant controls regarding the classification and performance of the corresponding valuations for the credit engagement.

In addition, we assessed the appropriateness of the key assumptions and discretionary parameters as well as the calculation method used to determine the fair value. We verified the scenarios and future cash flows underlying the determination of the present value and conducted our own independent validations. For this purpose, we assessed the appropriateness of the assumptions made regarding the amount and timing of the cash flows and the probability of occurrence of the scenarios. In addition, we critically reviewed the discount rates used. We also satisfied ourselves of the mathematical accuracy of the valuation model used.

For the audit of the valuation of the credit engagement, we also consulted internal specialists with special expertise in the field of valuations.

OTHER INFORMATION

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

- the separate non-financial group statement published on the parents company's website, to which reference is made in section 1.11 of the group management report
- the separately published group declaration 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 separately published renumeration report according to § 162 AktG, to which reference is made in section 1.3 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 MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The management board 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 management board 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 (i. e. fraudulent financial reporting and misappropriation of assets or error.

In preparing the consolidated financial statements, the management board 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 management board 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 management board 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

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 controls.
- 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 management board and the reasonableness of estimates made by the management board and related disclosures.

- conclude on the appropriateness of the management board 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 management board in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the management board 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 actions taken or safeguards applied to eliminate independence threats.

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 "529900IRBZTADXJB6757-2023-12-31-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 2023 to 31 December 2023 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 PS 410 (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 audit firm has applied the quality assurance system requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management.

Responsibilities of the Management Board and the Supervisory Board for the ESEF Documents

The management board 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 management board 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 annual general meeting on 13 June 2023. We were engaged by the joint risk and audit committee on 18 October 2023. 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 joint risk and 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 reporting requirements and rules of conduct in accordance with § 89 of the German Securities Trading Act and the audit of safe custody business in accordance with § 1 (1) sentence 2 no. 5 of the German Banking Act and § 89 (1) sentence 2 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)

OHTER 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 Company Register – 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 Lukas Rist.

Frankfurt am Main, 15 March 2024

BDO AG
Wirtschaftsprüfungsgesellschaft

Schmidt	Rist
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)