

# Statement by GfBk regarding uncertainties at the flatexDEGIRO AG Annual General Meeting

Friday 17 May, 2024

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**Kulmbach** – To clarify GfBk's position on the agenda items for the Annual General Meeting on June 4, 2024, we would like to make the following fundamental clarification: We support numerous agenda items set by the Executive Board. When we express a contrary opinion, it is from the perspective of a shareholder focusing on the overall well-being of the company and all other shareholders.

In particular, we would like to clarify the following:

1. We fully support the **share buyback program** in all proposed variants (agenda items 9 to 12).

2. Regarding the urgency of the removal of the Chairman of the Supervisory Board:

a) **Control Mechanism and Supervision:** The Chairman of the Supervisory Board, as a long-standing chairman, is significantly responsible for the composition of the Executive Board and governance within it. The flatexDEGIRO AG Executive Board consisted of only two members for a long time, with almost all tasks and responsibilities concentrated on the CEO. There was no division of tasks within the Executive Board, which is customary for good governance in a company of this size. Additionally, the Chairman of the Supervisory Board generally maintained only bilateral communication with the CEO, with limited communication with the second board member. An appropriate expansion of the board in view of the company's size was initiated by the Chairman of the Supervisory Board only during and due to the extraordinary BaFin audit. However, a proactive and initiative-driven

approach to compose the management board should have been one of his essential duties.

b) **BaFin Findings:** The communication of the news regarding the crucial BaFin finding was an organizational failure for all shareholders. Regardless of legal and regulatory questions: The disastrous result of the BaFin special audit and the profit warning published on a Saturday evening under the title 'flatexDEGIRO expands the board and clarifies financial expectations for 2022' and was destroying trust of shareholders in the company. The stock lost 37% of its value on the following trading day and took a year to recover to its pre-announcement level.

As the Chairman of the Supervisory Board himself writes in a letter to the shareholders, there are still relevant findings by BaFin that have not been fully resolved.

c) **Compensation – Pay for Performance:** During the restructuring process of the board due to BaFin findings, both board members appointed at that time resigned. However, this board received a distribution of EUR 25,857,622 through a participation program in 2023 – more than a third of the company's total result for that year. This distribution of 25.8 million euros largely went to the two responsible board members at the time. Martin Korbmacher chaired the Compensation Committee, which decided this program in favor of the board members who are no longer with the company. Furthermore, the Supervisory Board does not consider it appropriate to transparently include these distributions in the 2023 compensation report – they are only mentioned in a footnote.

d) **Succession Planning:** Only due to shareholder pressure did the Chairman of the Supervisory Board begin searching for an alternative CEO, which he has delayed for months. Instead of urgently addressing the search for a new CEO after the departure of two board members, he is currently considering extending the current board contracts just days before the upcoming Annual General Meeting. Given that the flatex brand in Germany became the slowest-growing online broker during the COVID crisis due to a failed fee policy, it is incomprehensible that the Chairman of the Supervisory Board is not actively pursuing necessary management changes. Urgent action is needed.

e) **Employee Stock Option Program:** The new employee participation program proposed by the Supervisory Board again does not meet good corporate governance standards and is heavily tilted in favor of the board. The plan is unambitious and does not show how its contributing to increase the long-term value of flatexDEGIRO AG. There is no improvement in corporate governance or proper incentivization. After high shareholder rejections at last year's Annual General Meeting – a year in which GfBk also voted for the board's proposals – investors should expect decisions from a Supervisory Board Chairman and Compensation Committee member that better reflect shareholder interests. The current

plan specifically lists the following 'success targets':

- a. A one-time stock price increase of 40% above the issue price, which does not need to be maintained when the options are exercised.
- b. This 'success target' can be 'adjusted' and 'reduced' for future tranches without setting minimum targets, potentially lowering the success target to just 1%.
- c. The 'risk-adjusting factors' are listed generically without specific quantitative minimum conditions, leaving shareholders unable to determine if the options are tied to sustainable company value growth. These details are left to the company, indirectly even to the management board.
- d. Although the law requires shareholders to set success targets, this is not the case here.

The reasons outlined do not allow for further waiting and analyzing. A timely replacement of the Chairman of the Supervisory Board is required for the company's, employees', and shareholders' well-being.

In this context, we would like to clearly state that **Mr. Axel Hörger** has been proposed as an independent candidate with no economic, personal, or business relationships with GfBk or Mr. Förtsch. As recognized by numerous investors and market participants, GfBk also considers Mr. Hörger an independent candidate. He is qualified and equipped with the necessary expertise, industry knowledge, and reputation to bring stability for a necessary fresh start in the committee immediately. Given the many subjective opinions and statements in recent weeks, we urge shareholders to form their opinions based on facts.

In this context, it is also important for us to point out that Mr. Bernd Förtsch is only standing as a replacement for Herbert Seuling, who has resigned from the Supervisory Board. Mr. Bernd Förtsch is expressly not seeking to become Chairman of the Supervisory Board, but would like to support the company as a simple member of the Supervisory Board.

Lastly, we want to clarify that it was never our intention to provoke a public confrontation. As the largest shareholder, we are very aware of the negative aspects of such a publicly conducted discussion. Unfortunately, a consensual solution could not be achieved after numerous discussions over the past months.

Thus, we ask all shareholders to support this concern. By supporting this request, the company should be given the opportunity to refocus on its core business as quickly as possible.

You can find all relevant documents and information on our website at [www.gfbk.de](http://www.gfbk.de). If you have any questions, please feel free to contact us at [info@gfbk.de](mailto:info@gfbk.de).

Thank you for your support.

## **Press contact**

Quadriga Communication GmbH – Kent Gaertner

Potsdamer Platz 5, 10785 Berlin

[gaertner@quadriga-communication.de](mailto:gaertner@quadriga-communication.de)

## **Investor Engagement Inquiries at Embera Partners**

[flatex@emberapartners.com](mailto:flatex@emberapartners.com)

## Company Contact:

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