

SMARTBROKERHOLDING

**ANNUAL
REPORT 2022**

Table of Contents

01	Highlights
02	Letter from the Management Board
03	Business Model
04	The Smartbroker Holding AG Share
05	ESGC-Report
06	Consolidated Management Discussion and Analysis <ul style="list-style-type: none">■ Group Profile<ul style="list-style-type: none">- Company Structure and Organisation- Operating Model- Corporate Strategy■ Economic Report<ul style="list-style-type: none">- Market Environment- Business Development- Development of Results of Operations, Financial Position and Assets- Summary Statement on the Company's Development in 2022■ Opportunities and Risk Report■ Forecast Report■ Declaration on Dependency Report
07	Consolidated Financial Statements
08	Notes to the Consolidated Financial Statements
09	Independent Auditor's Report

This translation is furnished for information purposes only. The original German version is binding.



Investing Redefined

We empower investors to make informed decisions and implement their investment strategies in a highly efficient way – via Smartbroker, Germany’s largest next generation broker by assets under custody and the country’s most active investor community.

Our unique combination of a comprehensive digital brokerage and investment platform with the largest group of publisher-independent financial news and community portal adds value to Germany’s retail investing marketplace in a targeted and differentiated way.

„After a strong start in the first quarter, the past financial year was characterized by a challenging market environment that impacted our growth opportunities in both areas of business, Media and Transaction. The war in Ukraine, uncertainty in the capital markets, rising inflation, and the economic aftermath of the Corona pandemic led to declines in retail investor trading activity and advertising budgets.

Nevertheless, we were able to protect the profitability in our Media business, enabling us to continue our investments in our transaction offering. Our most important project for the future - Smartbroker 2.0 - is back on track, albeit after significant delays and write-downs. We have found a reliable partner in Baader Bank, with whom it will be possible to launch the upgraded and improved version of our popular broker in 2023, and to fully benefit from the commercial advantages of the improved business model.“

André Kolbinger, CEO of Smartbroker Holding AG



DEVELOPMENTS

2022

- Revenue decreased to € 52.8 million due to challenging market environment and focus on Smartbroker development work, compared to €56.8 million¹ in the previous year
- Operating EBITDA after customer acquisition costs of €8.8 million, compared with €4.4 million in the previous year, mainly due to lower customer acquisition costs | Enabled targeted investment in the further development of Smartbroker 2.0
- Net income negatively impacted by extraordinary write-downs of €13 million, caused by significant changes in the Smartbroker 2.0 project set-up | Postponement of market launch to 2023
- Around 30,000 new securities accounts opened in 2022 | Customer acquisition costs reduced to €4.0 million
- Smartbroker managed nearly 267,000 securities accounts at year-end and again won several awards as one of the leading German online brokers for retail investors
- Established new trading editorial team | Launched premium media content and expanded offering of video formats
- Completed the squeeze-out to obtain 100% stake in the Smartbroker operating company Smartbroker AG (formerly wallstreet:online capital AG)
- Completed name change of wallstreet:online AG to Smartbroker Holding AG and wallstreet:online capital AG to Smartbroker AG

¹Both figures in accordance with HGB; 2021 corresponds to pro forma revenue, which represent Smartbroker AG fully consolidated as of 1 January 2021.

In € millions Rounded	2022 HGB	2021 HGB	Change in %	2021 Proforma	2020
Revenues	52.8	48.2*	+10%	56.8**	28.2
thereof Media	34.1	35.5	-4%	35.5	26.9
thereof Transaction	18.7	12.7	+51%	21.3	1.3
Operating EBITDA*** after client acquisition costs	8.8	4.4	+99%	4.4	4.5
thereof Media	14.6	-	-	-	-
thereof Transaction	(5.8)	-	-	-	-
Operating profit	(8.4)	0.3	n.a.	0.3	2.0
Earnings before taxes	(9.9)	0.0	n.a.	0.0	4.6
Earnings after taxes	(10.1)	(0.5)	-1,913%	(0.5)	3.6
Operating cash flow	5.0	13.9	-64%	13.9	1.2
Free cash flow	(16.9)	(19.8)	+15%	(19.8)	(1.3)
Investments (fixed assets, intangible assets)	(14.5)	(19.8)	-26%	(19.8)	(1.3)
Equity	49.4	49.5	0%	49.5	30.2
Net cash	12.7	19.8	-36%	19.8	6.6
Balance sheet total	73.9	75.4	-2%	75.4	51.2
Number of shares	15,681,252	15,101,252	+4%	15,101,252	14,382,144
Earnings per share, in €	(0.64)	0.04	n.a.	0.04	0.25

* Smartbroker AG fully consolidated as of 1 August 2021. ** Smartbroker AG fully consolidated as of 1 January 2021 | According to the Management Information System, revenues in 2021 amounted to € 51.4 million as reported in the 2021 Annual Report, with no significant impact on EBITDA. *** In 2021, EBITDA is adjusted for one-off costs of -€0.5 million in connection with the capital increase carried out in July 2021.



Rounded	2022	2021	Change in %	2020
Securities accounts	267,000	246,000	+8 %	117,000
Assets under custody (in € millions)	9,156	8,820	+4 %	4,310
Ø Assets under custody per securities account (in €)	34,300	35,800	-4 %	37,000
Number of trades (in Mio.)	4.6	5.3	-12 %	1.7
Ø Number of trades per securities account	18	29	-38%	29
Page impressions for the financial portals (in millions)	2,600	3,900	-33 %	3,400
Ø Number of employees	239	196	22%	107

About Smartbroker Holding

The Smartbroker Group operates the Smartbroker – a multiple award-winning digital broker, which is the only provider in Germany to combine the extensive product range of traditional brokers with the extremely favourable conditions of neo brokers. In addition, the Group operates four high-reach stock market portals and related digital media assets (wallstreet-online.de, boersenNews.de, FinanzNachrichten.de and ARIVA.de). With several hundred million monthly page impressions, the Group is the by far largest publisher-independent financial portal operator in German-speaking countries, and also hosts the region's largest finance community.

The Group's Business Segments



TRANSACTION | DIGITAL BROKERAGE

SMARTBROKER
AKTIENGESELLSCHAFT

SMARTBROKER+

FondsDISCOUNT.de

wallstreetonline
capital

Germany's only digital retail broker combining the extensive product range of traditional brokers with the extremely favourable conditions of neo brokers.

CURRENT AWARDS

FINANCIAL MEDIA | COMMUNITY

wallstreet ONLINE

börsenNEWS.de | FinanzNachrichten.de | ARIVA.DE | Smart Investor

Germany's leading publisher-independent financial and stock news portal operator including the largest finance community.

OUR REACH

- 2.6bn page impressions in 2022
- ~ 3m monthly active users in 2022
- Reaching min. 40% of all execution-only investors in Germany on a monthly basis

OUR PARTNERS (selection)

Morgan Stanley | UBS | HSBC | Vontobel | citi | BNP PARIBAS

gettex | tradegatexchange | LS LANG & SCHWARZ | Quotrix

OUR ADVERTISING PARTNERS (selection)

citi | Amundi | Morgan Stanley

SOCIETE GENERALE | DZ BANK | BNP PARIBAS



LETTER FROM THE MANAGEMENT BOARD

**Dear Ladies and Gentlemen,
Dear Shareholders,**

2022 presented our group with many challenges. Rising inflation worldwide led to higher interest rates and thus also to uncertainty on the capital markets. The war in Ukraine caused a sharp rise in energy costs, especially in Europe, and further fuelled inflation. The market environment weighed on our business in various ways and led to a decline in the number of visitors to our financial media portals and apps, advertising revenue and the number of times that investors transacted through our broker. Similar developments have been recorded throughout the industry. In addition, we faced delays in developing Smartbroker 2.0, and had to ultimately postpone the start of the project to 2023.

Pro forma Group revenues decreased by 4% to €53 million. Nevertheless, we protected the profitability of the Media business and reduced customer acquisition cost for Smartbroker, thus achieving an EBITDA of € 9 million at Group level.

At the end of 2022, we managed around 267,000 securities accounts with client assets of more than € 9 billion. As we had announced in early 2022, we reduced investments in the expansion of our customer base, to focus on the development and launch of Smartbroker 2.0. After the product launch and the move of existing customers onto the new platform, we will return our focus to acquiring new customers from the end of 2023 onwards.

2022 proved the sustained importance of the equity markets for private wealth accumulation, despite the generally challenging capital markets environment. The 'Deutsches Aktieninstitut', Germany's leading association for the promotion of capital markets, reported more than 800,000 new retail shareholders in 2022. The proportion of Germans over the age of 14 who invest in listed assets thus rose to over 18 percent, tying the previous record set in 2001. The offer of digital, cost-effective solutions that, like Smartbroker, offer easy and secure access to the capital markets, supports this trend.

Smartbroker 2.0 market launch imminent

The product launch for Smartbroker 2.0 was originally planned for the end of 2022. Most of the development work was outsourced to external service providers. To our disappointment, not all service providers have adhered to the agreed time schedules and quality standards. For this reason, major changes to the originally planned setup for Smartbroker 2.0 were required. The design and development on the frontends were internalized at the end of 2022, and a cooperation with Baader Bank was concluded in December 2022 for the securities account management, transaction processing and other backend functions.

Even though this step has led to additional development costs, extra-ordinary write-offs of around €13 million and a considerable delay; going forward, it allows us to focus on our core competencies. For Smartbroker 2.0 we are developing a user-friendly frontend consisting of an Android app, an iOS app and a revised desktop solution. We can offer our customers a fast application process and have full flexibility to implement new features over time and drive the integration with our media portals. We hired new employees, especially in the areas of product and development, and built up expertise and know-how with the expansion of our management team, especially for the Transaction business led by Smartbroker. In addition, several regulatory positions were filled, including in the areas of data protection, compliance and outsourcing management.



Our Media business continues to form the Group's profitable basis

The aforementioned market developments have also created a challenging environment for the Media business in 2022. Despite declining visitor numbers and page impressions, we have succeeded in maintaining the Media segment's margin and profitability. Our long-term collaborations with premium advertising partners played a key role in this. The B2B information business of our subsidiary ARIVA.DE AG also remained unaffected by advertising market trends, and hence stable, contributing to the positive operating result. With revenues of around €34 million, our Media segment generated an EBITDA of around €15 million, which corresponds to a margin of 43%.



This profitability enabled extensive investments in Smartbroker 2.0. In addition, around €23 million of new capital was raised through a cash capital increase and debt facilities provided by our principal banks. Even in the difficult market environment, we were able to secure our access to capital and deploy it as planned.

The diversification of revenue streams continued with the establishment of a new editorial team for paid premium content, which also develops free-to-access video content.

The share of Group revenue generated by the Transaction business continues to increase as planned. Smartbroker is expected to become the Group's main growth engine in the coming years. The course has been set for this in recent months. We continued to grow the Smartbroker team, invested in the new frontends and middleware, and prepared the integration with our new partner bank.

On behalf of the entire Management Board, I would like to express my sincere thanks to our customers for the trust they have placed in us. I would also like to thank our investors for their perseverance throughout a very difficult phase. And above all, my gratitude goes out to our employees, who once again contributed to the success of the Smartbroker Group with tremendous commitment and admirable dedication. This support allows us to look to the future with confidence. We are optimistic about the further commercial opportunities that present themselves across our two business areas. But first and foremost, we are looking forward to launching Smartbroker 2.0 as soon as possible.

**Kind regards,
André Kolbinger
CEO**

Basis of presentation

Differentiation between parent company and group

Throughout this report, “Smartbroker Holding AG”, the “AG” or the “Parent Company” shall be used to refer to the parent company. For information regarding the consolidated Group, the report shall refer to the “Smartbroker Group”, “the Group”, “the Company” or simply to “we”. Where the aforementioned differentiations are not used and no other reference is made, the information shall refer equally to the Group as well as the Parent Company.

Gender form

For simplification purposes, in sections of the business report, only one gender form is used. Any other gender form is expressly included.

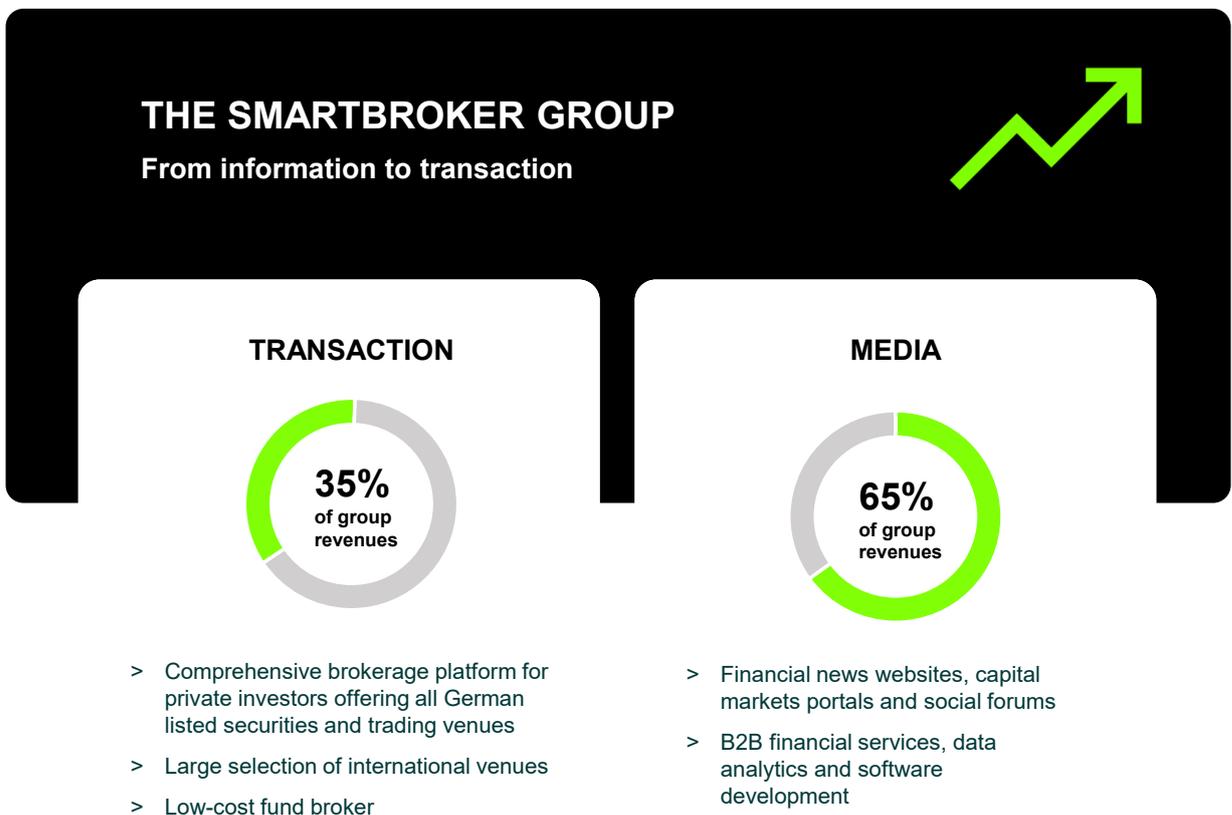
Forward-looking statements

This report contains forward-looking statements which include both our own assumptions as well as third-party assessments. Such statements are always associated with uncertainties and risks. If fundamental assumptions do not turn out to be accurate as planned, the actual results may deviate from the expectations.



BUSINESS MODEL

The Smartbroker Group is a financial services provider with a comprehensive product range, combining digital retail brokerage, savings and investment solutions with financial media and capital markets information. The Company develops and operates brokerage platforms for private investors and savers as well as Germany's largest financial community and group of financial media portals. Moreover, the Group offers customised B2B software and information solutions for financial data, web services and the production of regulatory documents.



Smartbroker Group on the way to becoming the leading integrated financial platform for retail investors

The Group combines transaction and media services for private retail investors and thus benefits from growth trends in both markets.

Media: The Smartbroker Group is a leading operator of digital media assets including portals, news apps and financial communities dedicated to the capital markets. Our wide reach, targeted audience as well as our innovative advertising formats form important distinguishing characteristics.

Transaction: Via our subsidiary Smartbroker AG (formerly wallstreet:online capital AG), we offer a broad range of brokerage products for private retail investors in Germany. The combination of a comprehensive product offering, and permanently low fees set us apart.

Synergies: Since the launch of our own online broker in late 2019, the Smartbroker Group is covering the entire value chain of private retail investors and savers - from information gathering to decision-making and ultimately executing the transaction. We have defined growth initiatives for each area and, following the launch of Smartbroker 2.0, we will return our focus to acquiring new customers and start the realisation of synergies between our Media and Transaction businesses.

This will include using the media portals and apps to target potential new customers for Smartbroker, as well as integrating media and news offerings within the Smartbroker trading app. Advertisers will be able to benefit from cross-platform advertising. In addition, direct trading from the media portals and discussion forums will be added in the future.



THE SMARTBROKER HOLDING AG SHARE

Smartbroker Holding AG is a stock corporation organised under German law with its registered office in Berlin. The Company's shares are listed on the Basic Board of the Frankfurt Stock Exchange.

Basic Information

ISIN	DE000A2GS609
WKN	A2GS60
Ticker Symbol	SB1
Listing	Frankfurt Stock Exchange (Basic Board)
Share Type	Bearer shares
Share Capital	€15,681,252
Number of Shares	15,681,252

The ticker symbol changed during the year in line with the Company's name change from WSO1 to SB1.

Share Price Development

Share Price 30 Dec 2022	€ 5.84
Share Price 30 Dec 2021	€ 21.6
52W Performance 2022	-73%
52W Period Low	€ 5.74
52W Period High	€ 22.2

** Share price data refers to XETRA closing share prices; 52W = 30 December 2021 - 30 December 2022*

Share Price Development and Shareholder Structure



Performance and shareholder structure data as of 31 December 2022
André Kolbinger shown as the sum of private holding and holdings of family members



ESGC REPORT

The Company integrates considerations regarding sustainability, the environment, social responsibility, compliance and good corporate governance into its day-to-day corporate management and the assessment of its business activities. The management plans to deepen current analyses and compile the derived recommendations for action in a voluntary ESGC reporting (Environmental, Social, Governance, Compliance reporting). Part of the efforts will include standardising procedures and tools that are already deployed in selected Group subsidiaries.

Currently implemented measures include:

Environment

- All of the Group's web servers are powered by renewable energy
- Virtual abolition of paper consumption, or, where not possible, reduction of paper consumption to the absolute minimum
- One subsidiary's office building is powered fully by its own solar power

Smartbroker Holding is responsible for the environmental compatibility and sustainability of its services and products. During development and implementation, the careful use of all

resources is taken into account at all locations. This includes the appropriate and efficient use of energy, supplies and materials, as well as business travel and remote working practices.

The Company ensures that its business activities have the least possible negative impact on the environment and comply with environmental protection laws and regulations. The Group promotes environmentally conscious behaviour on the part of its employees and the use of environmentally friendly resources.

Social

- Comply with all aspects of applicable labour laws and regulations
- Create a safe, modern and pleasant working environment where all employees feel welcome
- Open communication at the workplace, across teams and job levels
- Initiatives for personal and professional development of employees, appropriate pay and opportunities for training and development
- Regular team events

Governance & Compliance

Responsible, prudent corporate governance, compliance with all legal requirements, but also ethical responsibility and transparency are core principles of all entrepreneurial actions at the Smartbroker Group.

The subsidiary Smartbroker AG is a securities institution licensed by BaFin (Zugelassenes Wertpapierinstitut § 15 WpIG) and is therefore subject to a number of national and international requirements and legal provisions regulation, among others, the risk management and compliance functions, the code of conduct and organisational procedures.

A detailed employee manual describes the business organisation, regulates all essential aspects of internal processes and explains the conduct, organisational and transparency obligations with regard to the Transaction business, including the compliance function, risk management, measures to prevent money laundering and fraud. In addition, it sets out information on the initial training and continuous education of employees and the principles for personal transactions.

The reporting and notification system ensures that all notification and information obligations are complied with. Every employee has access to a whistleblower system for reporting violations of rules and laws.



CONSOLIDATED MANAGEMENT REPORT

of the Smartbroker Group and Smartbroker Holding AG (formerly wallstreet:online AG)

Group Profile

Company Structure and Organisation

The Smartbroker Group (the “Company”, the “Group”, “we”) is a technology company headquartered in Berlin and employs more than 240 employees at its locations in Berlin, Kiel, Leipzig, Munich and Zurich. As a financial services provider, the Group develops and operates digital brokerage platforms for retail investors as well as digital financial media assets such as financial markets online portals and mobile apps, communities and discussion forums, thus combining important aspects of the retail investment market. The two main business areas are “Transaction” (digital brokerage services) and “Media” (digital financial media).

Management

At the end of the 2022 financial year, the following persons were appointed as members of the Management Board:

- **André Kolbinger | Chairman of the Management Board, Chief Executive Officer** Entrepreneur, Member of the Management Board since 19 August 2022, also on the Supervisory Boards of ARIVA.DE AG, Kiel,

(subsidiary of Smartbroker Holding AG) and crumbI AG (in liquidation), Berlin, (subsidiary of Smartbroker Holding AG)

- **Roland Nicklaus | Management Board member, Chief Financial Officer** Italian and Business Administration (BA), Sevenoaks (UK), Management Board member since 1 April 2021, also on the Supervisory Board of Smartbroker AG, Berlin, (subsidiary of Smartbroker Holding AG)
- **Stefan Zmojda | Management Board member, Chief Revenue Officer** Dipl. Betriebswirt (FH), Management Board member since 1 January 2016, also on the Supervisory Board of crumbI AG (in liquidation), Berlin, (subsidiary of Smartbroker Holding AG)
- **Michael Bulgrin | Management Board member, Chief Content Officer** Diplom-Kaufmann, Management Board member since 1 November 2017, also on the Supervisory Board of ARIVA.DE AG, Kiel, (subsidiary of Smartbroker Holding AG)

- **Oliver Haugk | Management Board member, Chief Technology Officer** Diplom-Kaufmann, Management Board member since 1 November 2017, also on the Supervisory Board of crumbl AG (in liquidation), Berlin, (subsidiary of Smartbroker Holding AG)

André Kolbinger was appointed to the Management Board on 19 August 2022 and replaced Matthias Hach in the role of CEO. After reaching an agreement with the relevant bodies, Mr. Hach resigned from his position as CEO of Smartbroker Holding AG and Smartbroker AG by mutual agreement and with immediate effect.

At the end of 2022, the Supervisory Board was composed as follows:

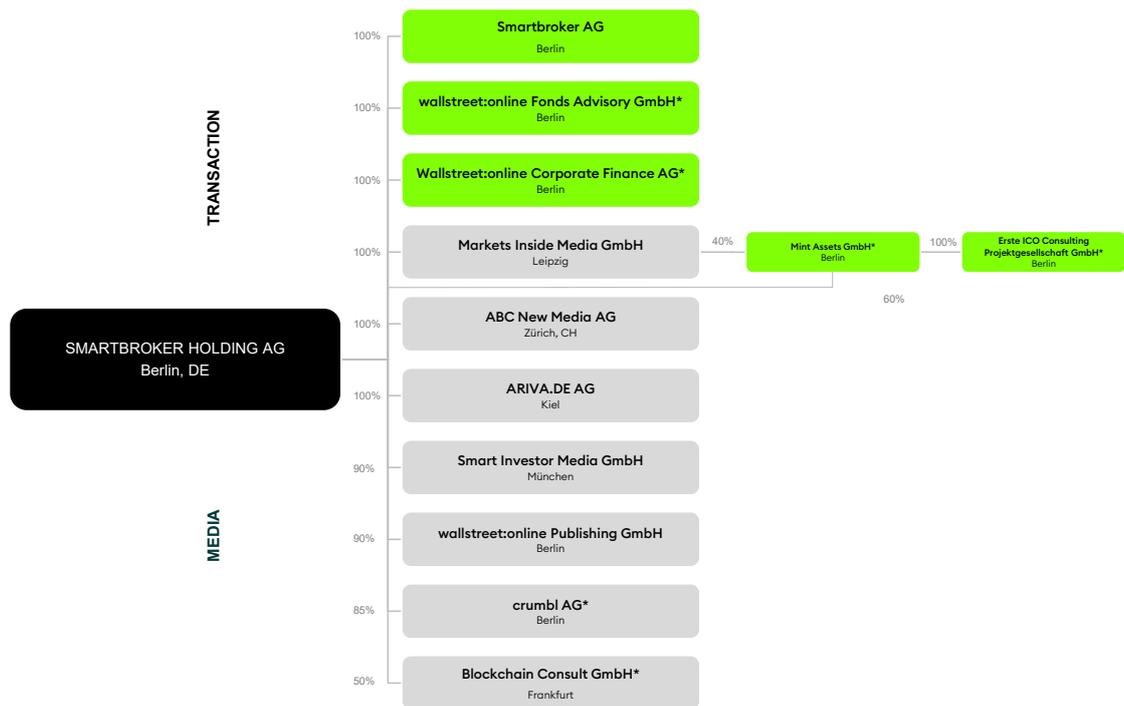
- **Silvia Gromoll | Chairwoman of the Supervisory Board** Tax consultant, Diplom-Kauffrau (FH), member of the Supervisory Board since 24 June 2022. Ms. Gromoll is employed as Head of Finance & Tax (in-house tax consultant) in André Kolbinger's Family Office.

- **René Krüger | Supervisory Board member, Deputy Chairman** Banker, Supervisory Board member since 9 September 2010, also on the Supervisory Board of Smartbroker AG, Berlin, (subsidiary of Smartbroker Holding AG)
- **Marcus Seidel | Supervisory Board member** Entrepreneur, Supervisory Board member since 20 August 2020

André Kolbinger was Chairman of the Supervisory Board until his move to the Management Board. As of 19 August 2022, he resigned from his supervisory role and moved to the Management Board. Silvia Gromoll was appointed to the Supervisory Board of Smartbroker Holding AG by the Annual General Meeting of shareholders on 15 June 2022. By Supervisory Board resolution of 2 December 2022, she was elected Chairwoman of the Supervisory Board.

Legal Structure

The registered office of the parent company, Smartbroker Holding AG, is Berlin. As of the reporting date, Smartbroker Holding AG (the "AG", the "Parent Company") directly or indirectly had the following subsidiaries with shareholdings of more than 50%:



*not operating, in liquidation

Business Model

The Smartbroker Group is a financial technology provider that combines digital personal investing and saving with financial media and stock market information. The Company develops and operates brokerage platforms for private investors as well as digital media assets covering the financial markets for retail investors. In addition, the Group offers individual B2B software solutions in the areas of financial data, web services and the production of regulatory documents.

The Media business, which was founded in 1998, was complemented by brokerage solutions for retail investors via the staged acquisition of Smartbroker AG between 2019 and 2022. The Transaction-Media combination ensures the Company's position as a comprehensive provider for private investors and savers in all fields of execution-only in-

vesting and capital markets information. The Group addresses the following customer and user groups:

- With Smartbroker, **savers and investors** trade virtually all registered securities in Germany at any German trading venue, and also have access to numerous international trading venues;
- For **capital markets enthusiasts**, the Group's websites and apps offer coverage of economic and capital market news, investment trends and analyses. Savers, investors and those interested in the capital markets can exchange views in the online social forums and receive further information and opinions on financial and investment topics.
- **Advertisers and bank partners** use our outlets to target attractive consumer groups – via web and in-app.

The Transaction segment is mainly operated through the subsidiary Smartbroker AG. Its mission is, among others, to broker transactions of financial instruments or the provision of documentation thereof (investment brokerage), the acquisition and sale of financial instruments in the name of third parties for the account of third parties (acquisition brokerage), the brokerage of investment accounts and securities accounts without securities services (empty accounts/empty securities accounts) as well as the operation and the marketing of its financial portals. The main sources of income arise from transaction, acquisition, retention and internal commissions as well as rebates from bank partners and trading venues.

Smartbroker, a digital next generation broker for private investors and savers, constitutes the most important component and, at the same time, is the largest revenue and growth driver of the Transaction segment.

The broker is currently accessible via a web interface. With the launch of Smartbroker 2.0, access via mobile apps will be added. Securities account management and the technical execution of securities trading are currently being carried out by the partner bank DAB BNP Paribas S.A. Germany branch, Munich („DAB“). With the new trading platform Smartbroker 2.0, the securities account management and transaction processing will be handled by Baader Bank AG.

A secondary brokerage platform, FondsDISCOUNT, specialises in funds, direct and crowd investing and the distribution of participations in closed-end funds. The company offers the possibility to invest in funds without issue premiums. It also caters to the former brokerage clients of Volkswagen Bank, whose client base was acquired by the company in 2020.

Across the Transaction segment, the Smartbroker Group managed more than 267,000 securities accounts through its subsidiary Smartbroker AG at the end of 2022, with assets under custody of more than €9.2 billion. This corresponds to an average volume of more than €34,000 per account.

Through its Media segment, the Company develops and operates digital financial media assets, in particular financial and capital markets information portals and discussion forums on financial, economic and political topics relating to the fields of the capital markets, economic trends, investing, wealth management, etc. The primary brands are wallstreet-online.de, boersenNews.de, Finanznachrichten.de and Ariva.de. The media offering further includes the print magazine Smart Investor (also digitally at smartinvestor.de). A new editorial team was launched in 2022, and analyses markets, trends, companies and assets with the objective of providing concrete, actionable ideas for retail investors through paid-for content (Börsenbriefe). With this step, the existing media offering is being



expanded by paid content products for the first time.

Within the B2C Media segment, the Company's main revenue source stems from advertising placed on its various properties by banking partners, issuers of financial products and advertising agencies on behalf of consumer brands, and companies. Additional income is generated from magazine subscriptions to Smart Investor magazine.

Within the B2B Media segment, the Company offers the creation of websites (web, app), the processing and provision of financial data and regulatory documents, and supplies market data, master data and price information to banks, financial institutions and private investors. Revenues are generated from the licensing of software and the sale of products and services related to the development and provision of digital content. Several of these services will be used in a synergistic fashion in the self-developed frontends (web, app) of Smartbroker 2.0.

Corporate Strategy

The Smartbroker Group's strategy is to provide comprehensive products and applications for private investors, savers and capital market enthusiasts, linking the areas of information and transaction. The Group's growing, profitable media business enabled the design, launch and continuous investment in the transaction offering – initially by building up a stake in Smartbroker AG and then, at the end of 2019, by jointly launching Smartbroker. This

step diversified the Group's sales and established a new business unit that not only represents a significant growth potential in itself but also complements the existing product suite and offers synergies.

The current and future corporate strategy is derived from this approach. The Group's goal is to continue the stand-alone growth of its business segments. Product and business initiatives have been defined for both areas to further strengthen their competitive position. For the Media segment, these include the ongoing visual and functional overhaul of its properties (e.g., relaunch of the Ariva news app) and the launch of the Company's own recommendation newsletters. On the Transaction side, the most important growth project is the introduction of Smartbroker 2.0. In addition, the synergetic combination offers the opportunity to support private investors throughout their entire investment process – from financial education and information gathering to investment and long-term asset accumulation. The aim is to sustainably expand the competitive position while at the same time achieving profitable growth. 2023 will be marked by the completion of the Smartbroker 2.0 development and its market launch during the later phase of the year. Hence we are planning with a low number of newly opened securities accounts and, due to the move of the customer base onto the new Smartbroker 2.0 platform, an overall decrease in managed accounts until the end of the year compared to 31 December 2022. 2023 will

thus represent the last transition year before Smartbroker 2.0 will contribute commercially and financially for the whole year starting in 2024. As in 2022, this means new customer acquisitions will not represent the commercial focus of 2023.

Research and Development

Smartbroker Holding AG strives to continuously develop its products and services and to rapidly implement appropriate customer requests. Fundamental research work is not carried out. The Group continued development work on the Smartbroker 2.0 project in 2022. The project comprises the expansion of the Group's own IT infrastructure, the creation of web- and app-based user interfaces, customer databases, parts of the middleware, as well as the necessary integrations with the depository and transaction processing systems of the partner bank. Most of the work is being implemented internally.

During the course of the year, there were significant changes to the project plan. Due to delays or non-delivery of key components that had been outsourced to external service providers, the planned product launch had to be postponed to 2023. These changes were partially driven by the revision of the earlier decision to internalise the order and execution platforms, the order routing as well as the securities accounts management functions in their entirety. In the new setup of Smartbroker 2.0, these will now be outsourced to Baader Bank instead. We will contribute the frontends, which are being

developed internally, as well as select back-office functions, regulatory components and the middleware, which will be provided in cooperation with another partner. Customer support will be handled by the Group as is currently the case.

The external services providers' non-delivery and the changes to the set-up described above triggered non-recurring write-downs of around €13 million. Some of these related to capitalized internal services for platform components that are no longer required in the new setup with Baader Bank, however, a larger part was attributable to the costs of external service providers. All of the service providers concerned are no longer part of the Smartbroker 2.0 project.

In the project period 2021 and 2022, the Group invested a total of around €3.2 million (gross capital expenditure of €15.8 million less the one-off write-down of €12.6 million mentioned above).



Economic Report

Market Environment

Macroeconomic framework

Despite a variety of issues, including the energy crisis triggered by the Ukraine war, supply chain disruptions and the rise in the general price level, the German economy remained stable in 2022. Gross domestic product increased by around 1.9% compared to the previous year. The increase was made possible by the positive development in private consumption (+4.6%), which in turn is attributable to catch-up effects due to the easing of Corona virus containment measures and the recovery of certain supply bottlenecks. Although the second half of 2022 was economically stronger than forecasted, uncertainties about the further outlook and the high inflation rate in the winter half of 2022/2023 clouded development and willingness to invest. In December 2022, the inflation rate (measured as the year-on-year change in the consumer price index (CPI)) was +8.6%, or +9.7% on average during Q4 2022. Consumer sentiment was pessimistic at the end of the year, as the catch-up effects slowly faded and negative factors such as high inflation and uncertainties regarding expected energy costs gained the upper hand.²

The inflation rate peaked at 10.4% in October 2022 and amounted to 8.6% in December. The annual average inflation rate was 7.9% in 2022, compared to 3.1% in 2021. The increase is mainly due to

high price increases for energy and food since the outbreak of the Ukraine war. Energy products alone rose by more than 34% on average in 2022, with prices already having risen by 10.4% in 2021 compared to the previous year. Excluding energy prices, which were partially cushioned by government relief measures, the inflation rate would have amounted to around 5% in 2022. In addition, there were crisis- and war-related one-off effects such as supply bottlenecks, which also had an impact on downstream markets.³

The German labour market remained stable in 2022 despite these developments. The unemployment rate fell slightly to 5.3% on an annual average compared to 2021, despite the inclusion of Ukrainian refugees starting mid-2022. The rate of underemployment was also declining. The security mechanisms of furloughed and reduced working hours continued to be used, albeit at a significantly lower level than in the Corona years 2020 and 2021. Employment rose to 46.6 million people, and employment subject to social security contributions exceeded the pre-Corona level of June 2019 in the first half of the year. The statistics of job vacancies reached a new high with 845,000 reported open posts.⁴

Total government expenditure increased by 1.5% during the first three quarters of 2022. On the other hand, there

²Federal Ministry for Economic Affairs and Climate Action, January 2023 and Bundesbank, Monthly Report December 2022

³Federal Statistical Office (Destatis), January 2023

⁴Federal Employment Agency, January 2023

was a 9.1% increase in government income, which led to a reduction in the financing deficit by €85 billion compared to the first nine months of 2021. The increase in tax revenues is attributable to the increased price level as well as to the weak comparative basis in 2021, during which VAT in particular was negatively affected by the Corona containment measures.⁵

The global economy in 2022 was also characterized by increasing risks in connection with the Russian war of aggression, supply bottlenecks and increases in price levels. In addition, there are special factors such as the decline in growth in China, especially in connection with the strict Corona policy and over-capacities in the Chinese real estate sector. Global trade growth declined by more than 4% in 2022 based on declining production growth and remained below the historical average despite opening up after many Corona virus lockdowns. This can also be seen, for example, in the development of the S&P Global Index (PMI), which remained below the growth threshold (50 points) at 48 points in December 2022.⁶

Germany's DAX stock index recorded its worst annual performance in four years, closing down 12% and below the 14,000 level. The TecDAX fell by 25% year-on-year, the SDAX by around 27%. International indices also declined compared to 2021, such as the S&P 500 Index with an annual performance of minus 19% or the NASDAQ 100 Index with a historic decline of 33%.⁷

Outlook 2023

The German Bundesbank expects the German economy to shrink by 0.5% in 2023, with growth returning to 1.7% in 2024 and 1.4% in 2025. The decline in the current year is mainly due to the manufacturing sector (high energy costs, reduced exports) as well as restrictions on private consumption as a result of falling real wages. Easing price pressure, falling inflation (estimated value 2023: 7.2%, decline to 2.8% by 2025) and rising foreign demand are expected to lead to re-invigorated economic growth in the following years.⁸

Industry-related framework conditions – Transaction

Last year, the number of private investors reached a new high, according to *Deutsches Aktieninstitut* („DAI“), Germany's leading association for the promotion of equity culture and equity capital markets, equalling the previous record set in 2001. In 2022, 12.9 million individuals invested in stocks, funds and ETFs, which corresponds to over 18% of the population aged 14 and over in Germany. One in five used the capital markets for their own wealth accumulation despite the challenging market environment. Around 600,000 people under the age of 30 invested in stocks, funds or ETFs for the first time in 2022 – an increase of 40% compared to the previous year.⁹



Number of private individuals in Germany with securities accounts

in millions, at the end of the year



Source: DAI 2022

Of the nearly 13 million shareholders, around 7.6 million are invested in funds and ETFs, 2.4 million in equities and 2.9 million in both categories.¹⁰ According to the Bundesbank, the number of securities accounts held by private households in Germany at the end of 2022 was just under 30 million.¹¹

Among the reasons for this growth are the wide availability of digital brokers, which provide easy access to the capital markets, and are also suitable for first-time investors due to favourable fee structures and low minimum investment amounts. Topics related to private wealth management and financial education are also gaining in importance in the media and social networks, thus creating attention and engagement. Many of the investors are long-term oriented and are trying to bridge the growing state pension gap. For example, around 70% of investors under the age of 35 use savings plans

for shares, ETFs and funds, and 77% of young investors cite long-term wealth accumulation as their most important investment motive.¹²

The retirement of the „baby boomer generation“ means that the number of pensioners will double by 2040. Maintaining the pension level and capping contributions at the current level would seriously increase the deficits of the statutory public pension insurance schemes from 2025 onwards. Even today, the approximately 35 million German citizens between the ages of 20 and 65 cannot secure their standard of living in old age solely relying on state pensions. Upon retirement, these generations are forecast to receive an average of 48% of their last pre-retirement income, resulting in a pension shortfall of around €540 per month. This amount is required to augment the anticipated state pension income to secure the standard of living at the ac-

¹⁰DAI, shareholder figures of Deutsches Aktieninstitut 2022

¹¹Bundesbank, number of custody accounts by depositor group, 2022

¹²DAI, shareholder figures of Deutsches Aktieninstitut 2022

customised pre-retirement level. Slightly more than half of the working population reduces this shortfall with statutory supplementary pensions („Riester pension“) or company pension schemes. Due to the likely future decline in the state pension level, the private element of pension provisioning will play an ever more important role.¹³ Until 2025, the current pension level of 48% is guaranteed by law. Should levels drop below this threshold, the government would have to propose appropriate countermeasures. After 2030, the minimum guaranteed pensions level drops away completely.¹⁴ The Federal Government's current report on the statutory pension insurance sector models a decline in the pension level to 45% in 2036 - and points to the need for individual action by the citizens to protect and improve their income levels in old age. In 2021, the average monthly pension payment from the statutory pensions was around €1,200 for men and around €800 for women.¹⁵

Inheritance assets transferred and subjected to inheritance tax in Germany in 2021 increased by more than 26% to €63.4 billion. The majority of this, €35 billion, was attributable to the category „Other assets: bank deposits, securities, shares and profit participation certificates“. At the same time, taking into account the assets transferred by donation, the total value increases to €118 billion, with the majority of the donations being business assets and around €13 billion being attributable to the category of „other assets“.¹⁶ The actual inherited assets are significantly

higher, as the official statistics only record (large) tax-affected inheritances outside of Germany's generous inheritance tax allowances.

The financial assets of German households fell for the third consecutive quarter in the third quarter of 2022 due to ongoing valuation losses. Q3 losses were lower than in the second quarter, but still amounted to €88 billion. The largest losses were recorded in pension and insurance claims (-€43 billion), followed by shares and other equity (-€28 billion) and investment funds (-€21 billion). However, these declines were offset by inflows into cash and deposits (+€36 billion), equities, shares and funds (+€9 billion) and insurance (+€22 billion). The debt-to-GDP ratio remained stable. As expected, the savings rate fell to around 11% of disposable income in 2022, which is roughly in line with the long-term average of the pre-Corona virus period and is projected by the Bundesbank to be at around this level for the projection period up to 2025. The distribution of financial assets remained largely stable compared to the previous year. Based on data for the third quarter of 2022, German households held €3,193 billion in cash, deposits and bonds, €2,625 billion in insurance, pensions and standard guarantee schemes and other receivables, and €1,657 billion in shares, other equity and investment funds (including approximately €390 billion in unlisted shares and other equity rights).¹⁷

¹³Research Centre for Intergenerational Contracts, *Union Investment, Pension Atlas 2021*

¹⁴*German Pension Insurance, Declaration of Pension Level 2022*

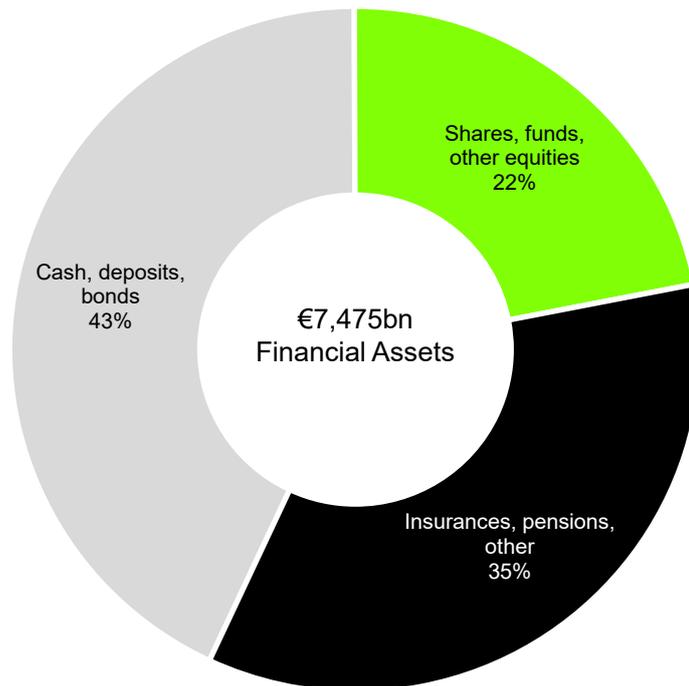
¹⁵*Federal Government Pension Insurance Report 2022*

¹⁶*Federal Statistical Office (Destatis), Inheritances and gifts 2021, Press release No. 308 of 20 July 2022*

¹⁷*Deutsche Bundesbank, Financial Accumulation of Private Households, January 2023; Bundesbank press release of 13 January 2023*



Financial assets of German households Q3 2022, in %



Source: Deutsche Bundesbank

Despite valuation losses, households continue to be willing to invest in the stock markets, even in a difficult market environment.

At the end of 2022, the Bundesbank recorded around 29.9 million securities accounts held by private households in Germany, the vast majority of which were administered by Germany's major commercial banks, savings banks, Landesbanken and other credit institutions.¹⁸

¹⁸Deutsche Bundesbank, *Statistics on customer custody accounts, January 2023*

Sector-specific market conditions – Media

As predicted by the online marketing section of the German Association for the Digital Economy („OVK“), the digital advertising market achieved extraordinarily high growth of 25% in 2021 compared to the previous year. Digitalization continued to progress due to the Corona pandemic. Home office and online shopping increased and are just two of the factors that led to a strengthening of display advertising. Many of the trends proved to be sustainable even after the end of the measures to contain the pandemic. For 2022, the OVK therefore expects the advertising volume to increase by a further 7% to € 5.5 billion.

The average annual growth rate between 2018 and 2022 thus rises to 14% (average growth rate 2018 – 2021: 12%). The main growth drivers include video advertising and programmatic advertising. More than a third of sales in 2022 are expected to be attributable to video formats. More than two-thirds of display advertising are placed programmatically. During the first half of 2022, the finance sector climbed into third place terms of gross online marketing spend.¹⁹

Whilst always subject to the short-term volatility of the capital markets, in the past and over the longer run, the Smartbroker Group's digital media assets benefit from these secular trends. Its websites and apps, and text and video content offer a safe and commercially appealing environment for numerous digital advertising formats, which are placed both directly and programmatically.



Business Development

In 2022, the Smartbroker Group faced a variety of transitional challenges. The testing market situation, characterized by inflation, uncertainty in the markets and declining household incomes, had a negative impact on our largest business areas. The annual page views across our main media assets fell by more than 30%. The average number of transactions per year and securities account decreased from 29 trades in 2021 to around 18 trades in 2022. Both exerted a negative impact on the revenue development.

In addition, internal, strategic mistakes led to a postponement of the market launch of Smartbroker 2.0 with far-reaching consequences. The project had to get realigned and redefined in terms of the scope of the platform elements to be developed internally. Large parts of the internal, and particularly external, development work that had been started exhibited shortcomings and hence could not be included in the final setup. As a result, earnings were significantly impacted by extraordinary write-offs. Due to the time delay and hence the continued work on the introduction of Smartbroker 2.0, the cost base is remains burdened with increased one-off development costs.

Profitability in the Media business was maintained, however. This made it pos-

sible to bear the increased investments in Smartbroker 2.0 and to continue the project in spite of the delays.

At the same time, our Transaction business, through Smartbroker AG, was able to expand the number of securities accounts and assets under custody in the course of 2022, but with significantly lower momentum. The decline in growth is due to the challenging market environment and, above all, to the postponement of the market launch of Smartbroker 2.0.

As of 31 December 2022, Smartbroker AG recorded around 267,000 securities accounts (previous year: 246,000). At the same time, assets under custody amounted to around € 9.2 billion (previous year: € 8.8 billion). This corresponds to a growth of 4% compared to the end of 2021 and an average volume of around € 34,000 per account.

In 2022, the Group generated revenues of € 52.8 million, which corresponds to growth of around 10% compared to the previous year (previous year: € 48.2 million). The net loss for the year amounted to € 10.1 million (previous year net loss: € 0.5 million).

As planned, we also increased our shareholding in Smartbroker AG, from our previously held controlling majority position to sole, 100% shareholder status since April 2022.

The minorities squeeze-out procedure pursuant to Section 327a of the German Stock Corporation Act (AktG) was successfully completed in April 2022. From the accounting perspective according to the German Commercial

Code (HGB), Smartbroker AG has been fully consolidated as of 1 August 2021 when we reached the majority stake. Prior to this date, consolidation was carried out using the ‚at equity‘ method.

The key financial performance indicators for the Group in its operating business developed as follows in fiscal year 2022:

Key performance indicators	Result 2022	Plan 2022
Revenues	€52.8 million	~€52 million
EBITDA	€8.8 million	~€9 million

The performance indicators for the Company financial statements are as follows:

Key performance indicators	Result 2022	Plan 2022
Revenues	€18.2 million	~€19 million
EBITDA	€5.9 million	~€2.4 million

Development of Results of Operations, Financial Position and Assets

Net assets

Consolidated financial statements (Smartbroker Group)

For a detailed presentation of the asset position, please refer to the balance sheet and the consolidated statement of changes in fixed assets. The balance sheet total as at 31 December 2022 amounts to €73,933 thousand (previous year: €75,409 thousand).

In € millions	31 Dec 2022	31 Dec 2021
Fixed assets	36.9	40.6
Current assets	36.3	34.4
Equity	49.4	49.5
Liabilities	18.5	16.6
Balance sheet total	73.9	75.4
Equity ratio	67%	66%

Annual financial statements (Smartbroker Holding AG)

For a detailed presentation of the asset position, please refer to the balance sheet and the statement of changes in fixed assets. The balance sheet total for 2022 amounts to €88,606 thousand (previous year: €77,186 thousand), an increase of €11,421 thousand compared to the previous year. This was mainly due to the capital increase carried out in 2022, the raising of bank loans and the payment of outstanding liabilities from the previous year.

In € millions	31 Dec 2022	31 Dec 2021
Fixed assets	63.6	57.7
Current assets	24.7	19.4
Equity	58.6	50.2
Liabilities	27.7	23.5
Balance sheet total	88.6	77.2
Equity ratio	66%	65%

Financial Position

Consolidated financial statements

The Group's solvency was ensured at all times during the reporting year. As at 31 December 2022, the cash balance amounted to €27,374 thousand.

In € millions	2022	2021
Cash flow from operating activities	5.0	13.9
Cash flow from investing activities	(22.0)	(19.8)
Cash flow from financing activities	18.7	17.3
Cash and cash equivalents at the beginning of the period	25.5	14.1
Cash and cash equivalents at the end of the period	27.4	25.5

Cash flow from operating activities decreased due to the challenging market environment. The increase in investing activities was mainly due to the development work on the Smartbroker 2.0 project, final instalment payments in relation to the acquisition of the VW customer base, the squeeze-out of the

last minority shareholders of Smartbroker AG, as well as pre-agreed instalment purchase price payments for other investments and the move to new office premises. Financing activities mainly comprised the capital increase carried out in July 2022 and new bank loans taken out.

Annual financial statements

Smartbroker Holding AG's solvency was ensured at all times during the reporting year. The cash balance as at 31 December 2022 amounted to €15,781 thousand (previous year: €5,626 thousand). In order to further strengthen its existing liquidity position, as well as to allow for further investments, Smartbroker Holding AG carried out a cash capital increase from authorized capital in 2022 against cash contributions under exclusion of shareholders' subscription rights, including the increase of the capital reserve in the amount of €10,034 thousand.

In addition, Smartbroker Holding AG took out new bank loans totalling €13,000 thousand in 2022. The loans do not carry any restrictive covenants or similar limitations.

Our cash flow budgeting foresees a comfortable development for the 2023 financial year, with sufficient liquidity available to finance the further development of Smartbroker.

Earnings situation

Due to the challenging market environment in 2022, the Group was unable to match the previous year's growth. Although revenues increased by 10%, this was mainly due to the full-year consolidation of Smartbroker AG, which was initially consolidated 'at equity' in 2021 and became fully consolidated from August 2021. In respect of operational earnings however, the Group recorded significant growth. EBITDA (earnings before interest, depreciation, amortiza-

tion and taxes) increased from €3,558 thousand in 2021 to €8,773 thousand in 2022. This improvement was mainly due to reduced customer acquisition costs for Smartbroker in anticipation of the launch of Smartbroker 2.0. The substantial extra-ordinary write-offs relating to the original Smartbroker 2.0 setup ultimately led to a significant negative net income in 2022.

Consolidated financial statements

The Smartbroker Group generated €52,788 thousand (previous year: €48,203 thousand) in revenues in 2022. In line with the corporate strategy, the increase in revenue and the profitability achieved in the Media segment were invested to drive further growth and development of Smartbroker.

The cost of sales decreased to €21,058 thousand (previous year: €25,852 thousand), of which €4,019 thousand was attributable to customer acquisition costs for Smartbroker (previous year: €12,867 thousand).

Personnel costs increased by 48% to €18,746 thousand (previous year: €12,637 thousand).

Total amortisation of intangible assets and depreciation of property, plant and equipment amounted to €17,185 thousand in 2022 (previous year: €3,209 thousand), of which €2,845 thousand (previous year: €1,798 thousand) is attributable to goodwill. One-off write-downs in relation to the old setup of the Smartbroker 2.0 project amounted to a total of €12,586 thousand.

Other operating expenses of €7,956 thousand (previous year: €7,653 thou-

sand) comprised general administrative expenses such as rent, insurance and consulting costs, costs for the stock exchange listing, etc.

The financial result 2022 was €-1,520 thousand (previous year: €-307 thousand).

sand). This includes €-1,172 thousand in write-downs on financial assets (investments in FinMarie GmbH, listed securities).

The Group recorded a loss for the year of 10,067 thousand (previous year: €537 thousand).

In € millions	2022	2021
Revenues	52.8	48.2
Cost of sales	(21.1)	(25.9)
Personnel expenses	(18.7)	(12.6)
Depreciation and amortisation	(17.2)	(3.2)
EBIT	(8.4)	0.3
Net loss / profit for the year	(10.1)	(0.5)

Annual Financial Statements

Smartbroker Holding AG achieved revenues of €18,218 thousand for the year 2022 (previous year: €22,510 thousand) – a decrease of 19%.

In B2B, no new media contracts were acquired in 2022, however existing contracts continued to be honoured. Revenues increased by €425 thousand.

The cooperation agreement with Smartbroker AG on the joint operation of Smartbroker remained in place as planned. The Parent Company assumes significant product development and marketing costs for the Smartbroker project and in return receives a portion of the subsidiary's revenues. Revenues from Smartbroker amounted to €1,187 thousand in 2022 (previous year:

€4,079 thousand). The decrease is due to the contractually agreed reduction of the applicable revenue share. Revenues from the VW customer base acquired in 2020 amounted to €797 thousand (previous year: €995 thousand).

The cost of sales in 2022 amounted to €9,659 thousand (previous year: €17,787 thousand), a decrease of 46%. The largest part of this, €4,019 thousand, is attributable to customer acquisition and customer legitimisation costs for Smartbroker (previous year: €12,867 thousand).

Personnel expenses amounted to €5,922 thousand in 2022 (previous year: €5,899 thousand).

Depreciation and amortisation increa-

sed to €7,042 thousand in 2021 (previous year: €367 thousand). In fiscal year 2022, there were one-off write-downs on the old setup of the Smartbroker 2.0 project totalling €6,653 thousand.

Other operating expenses decreased by 49% to €2,292 thousand (previous year: €4,512 thousand). Among other factors, this was due to reduction in consulting costs for the conceptual development of Smartbroker 2.0.

The financial result decreased by 47% to €3,599 thousand (previous year: €6,734 thousand). Smartbroker Holding AG decided to write down its investment in FinMarie GmbH in 2022. In addition, securities were written down to their current market value. The profit transfers from Markets Inside Media GmbH and Ariva.de AG had a positive effect on the financial result.

The net loss for the financial year 2022 amounts to €1,663 thousand.

Investments

Consolidated financial statements

Cash flow from investing activities mainly includes the contractually pre-agreed purchase of further shares in FinMarie GmbH (€267 thousand) as well as the purchase of securities (€250 thousand), the purchase of intangible assets in the amount of €11,840 thousand, and the purchase of property, plant and equipment in the amount of €1,700 thousand.

Annual financial statement

Investments in intangible assets of €5,824 thousand were made for the new and further development of the Smartbroker project.

Investments in tangible assets mainly relate to hardware purchases.

The following investments were made in affiliated companies/subsidiaries:

In the financial year 2022, write-downs

Name	Stake	Type
FinMarie GmbH, Berlin	17 %	2nd instalment of purchase price
Smartbroker AG, Berlin	100 %	Payment into additional capital reserves and acquisitions as part of the squeeze-out procedure

on securities due to expected permanent impairment were recognized in the amount of €382 thousand.

As of 31 December 2022, the investment in FinMarie GmbH was written down by €790 thousand due to an expected permanent impairment.

Employees

Consolidated financial statements

In 2022, on average 239 employees were employed by the Smartbroker Group.

		Annual Average	
	2022	2021	Change
Number of employees	239	196	43

Including Management Board members and working students.

The increase is largely attributable to the hiring of new employees in relation to the Smartbroker 2.0 project.

Annual financial statements

During 2022, on average 50 employees were employed by Smartbroker Holding AG including four Management Board members.

		Annual Average	
	2022	2021	Change
Number of employees	50	43	7

Including Management Board members and working students.

Summary Statement of the Company's Development in 2022

The Group looks back on a challenging year 2022. The decline in Transaction revenue and investor relations advertising were countered by savings in the area of customer acquisition costs for Smartbroker. The changes in the setup of Smartbroker 2.0 resulted in material write-downs, which had a significant impact on the 2022 result. Despite the market environment, the Media business was able to defend its profitability. Around 30,000 new Smartbroker securities accounts were opened and assets under custody increased.

Overall, the Group closed with a loss after tax of €10.1 million. Total assets decreased by €1.5 million to €73.9 million. Consolidated cash flow from operating activities amounted to €5.0 million. Cash and cash equivalents amounted to €27.4 million as of 31 December 2022.

OPPORTUNITIES AND RISK REPORT

Principles of opportunity and risk management

The Smartbroker Group operates in a dynamic market environment, has recorded strong growth in recent years and has set itself the goal of achieving profitable long-term growth and meeting its forecasts. The Company looks back on a history of more than 25 years and has been listed on the Open Market of the Frankfurt Stock Exchange since 2006. The acquired know-how, industry expertise and the dense network of partners built up during this time allow the Company to recognise and realise the opportunities arising from its activities.

The information on opportunities and risk management applies to both the Group and the Parent Company, unless stated otherwise.

Opportunities

Since our foundation in 1998, we have established ourselves as the largest publisher-independent financial portal operator in German-speaking Europe through organic and inorganic growth, ongoing investments and the in-house development of its media platforms. In 2019, the digital full-service broker Smartbroker was launched together with the now wholly-owned subsidiary Smartbroker AG – a company that in turn looks back on a successful history

of product and innovation leadership.

We benefit from the market developments described in the earlier sections of this report, as the target market of private investment in listed securities is growing in its own right, and within the segment the market moves towards digital, low-cost providers increasingly used by execution-only investors. We cover all asset classes and forms (shares, funds, ETFs, bonds; direct investment, savings plans) and we support investors throughout the entirety of their investment cycle. We expect the market to continue to develop positively.

Digital, cost-effective solutions address specific, targeted customer groups. Specialized, digital brokers offer the most favourable conditions, while at the same time striving to cover a similar product range investors and savers are used to from traditional banks. From our perspective, next generation brokers such as Smartbroker, which offer comparable services at low or no fees, are well placed to take market share from the more expensive providers.

The fragmented banking market in Germany with its more than 1,500 credit institutions²⁰ offers challengers the opportunity to expand their market position more easily than in a market

dominated by few major players. We also see further opportunities in the increasing affinity of private savers and investors for securities. This is reflected, for example, in the growing number of shareholders in Germany and in the customer growth recorded by neo brokers and other digital brokers and wealth managers. With increasingly differentiated product offerings, the demand of price-sensitive investors for low-cost offers and the willingness to switch usually also increases, which benefits platforms such as our Smartbroker.

Likewise, further digitalisation, the shift in user behaviour towards digital media on app and web platforms and the related increase in digital advertising, represent opportunities for our Media division.

In summary, we benefit from diversified sources of income and established a secure competitive position thanks to our product quality, innovative strength and pricing model. The Company assumes that the target markets offer sufficient potential for long-term growth. Further investments in technology and product capacities should enable the expansion of the partner and customer network. Furthermore, the closer integration of the two main business areas offers additional growth opportunities for turnover and profitability.

The following section first discusses the risk management of the subsidiary Smartbroker AG for the Transaction business. This is followed by disclosu-

res on risk management at Smartbroker Holding AG for the Media business and general business risks.

Risks in connection with the Transaction segment

The subsidiary Smartbroker AG is a securities institution licensed by BaFin and consequently subject to the applicable legal provisions.

Proper business organization includes appropriate risk management, which consists, among other things, of procedures for determining and ensuring risk-bearing capacity, defining strategies and setting up control procedures, regulations for determining the financial situation of the institution at any time, an internal control system and appropriate safeguards for the use of our IT.

The risk management system of Smartbroker AG essentially includes the definition of a risk policy (basic statements on how to deal with risks); a risk culture (characteristics of implementing the risk policy), as well as the risk management process (from the identification and assessment of risks to risk control, monitoring and communication). Compliance with Smartbroker AG's risk policy is numerically assessed at regular, pre-determined intervals, and thus ensures that the risk appetite, i.e., the acceptable, aggregated amount of risk after risk mitigation measures, does not exceed the available risk coverage potential. The risk culture enshrines, among other things, the role model function of the Management Board to

pro-actively perform as examples of the non-numerical value system – integrity and sincerity, accountability, respect, and diversity. The personal responsibility of all employees to align their work with the value systems - numerical and non-numerical - the defined risk appetite, and the defined risk limits, as well as open communication and critical dialogue also form important parts of the culture.

The risk management process is based on the identification of risks by means of a risk inventory, which is determined, reviewed and adjusted, if necessary, at least annually or on an ad hoc basis, as required. The identified risks are categorized as follows:

- Counterparty default risks (risk of loss due to the deterioration of creditworthiness or the default of a business partner)
- Market price risks (including potential losses that may result from changes in market parameters)
- Liquidity risks (risks that may arise from disruptions in own liquidity or from changes in funding conditions)
- Operational risks (unintended events that occur as a result of the inadequacy or failure of internal processes, employees or technology or through external influences and lead to damage or other significant negative consequences for Smartbroker AG, such as legal risks,

compliance risks, sourcing risks, conduct risks, fraud risks, personnel risks, operational risks, liability risks, information security risks, pension risks or project risks)

- Other risks (e.g., strategic risks, reputational risks and other business risks)

In addition, risks are grouped into categories that would threaten the continued existence of the company as a going concern, material risks, relevant risks or non-relevant risks and are being checked for possible risk concentration.

It is Smartbroker AG policy to generally avoid all risks that are not directly related to its business activities. For all other identified risks, individual mitigation activities are determined and evaluated. The procedures for quantifying and managing risks ensure that the material risks are covered by the risk coverage potential at all times, and that the risk-bearing capacity is thus given. This applies to both the normative and the economic perspective of risk-bearing capacity. The economic perspective takes into account the risk potentials of material risks for the categories counterparty default risks, market price risks, operational risks, business risks and other risks at a defined confidence level. This provides for sufficient economic risk coverage potential to ensure the continued existence of the institution from its own resources, i.e., without recourse to external funds, even in the event of rare and severe losses, and thus to protect creditors from losses.



At its core, the normative perspective's principal intention is to ensure that institutions comply with all regulatory and external restrictions as well as internal requirements on an ongoing basis.

The combined aim of both perspectives is to ensure ongoing compliance with regulatory requirements as well as Company objectives, and thus to affirm the going concern approach.

These perspectives form the decision-making framework to determine the extent to which risk-mitigating actions will be implemented for any particular risk. The handling of risks is monitored on an ongoing basis, for example through the Compliance, Information Security Management, Data Protection and Risk Controlling functions, which report directly to the Risk function of the Management Board ('Marktfolge').

Risks in connection with the Media segment & general risks

Technology Risks

As an advertising technology company and provider of software solutions, Smartbroker Holding is dependent on the continuous availability of its IT systems, technological infrastructure and communications systems. Any interruption could lead to a loss of revenue or customers as well as damage to the company's reputation. System interruptions could be caused by external circumstances, force majeure, cyber-attacks or computer viruses. To minimise risk, the company relies on the use of firewalls, redundant server structures, continuous system monito-

ring, the use of software from reputable third-party providers in areas where development is not done in-house, and relevant employee training.

In addition, the company operates in a dynamic market environment that is characterised by technological innovations and rapidly changing product standards and requirements. New or improved products and technologies from competitors could weaken the Group's market position or make it more difficult to place its products (e.g., ad blocking). In the mobile environment in particular, Alphabet (Google) and Apple have great market power with their platforms. To counter this, the Company is focusing on continuous investment in its product range and aligning it as closely as possible with the current and anticipated requirements of its customers, partners, and the relevant platforms.

Market Risks

The company's Media business operates in a highly competitive market environment. Current or future competitors may have higher capital resources and could use them to expand their market position at Smartbroker Holding's expense. New market trends could make the offering less attractive or, in the worst case, obsolete. On the advertisers' side, large, market-dominant companies could change fundamental market dynamics that make the Group's products more difficult or impossible to use (e.g., Apple's introduction of new policies on app user privacy and the use of tracking for the purpose of placing targeted ads; Google's plan-

ned termination of the use of third-party cookies in its Chrome browser). Measures in these areas were partially implemented in 2022 or are expected to be implemented in the near future. So far, however, no adverse effects have resulted for the Company. Adaptation measures in in-app advertising (e.g., context-based advertising) are being applied and essentially offset the negative effects, the marketing of own products is gaining importance, and the media outlets of Smartbroker Holding are benefiting from the advantages of topic-based websites and apps with a targeted readership. We are analysing the developments on a continuous basis, and are putting in place adjustment measures requested by advertising customers or networks whenever technically feasible.

On the Transaction side, traditional banks and brokers may adapt their product offerings along the lines of neo brokers, which could intensify competition (such as app-based brokerage solutions, alignment of fee structures, etc.).

A general deterioration of the economic environment, recessionary tendencies or a persistently weak performance of the stock markets could lead to partners limiting their advertising spend and retail investors to reduce or stop their use of the Company's platforms. Particularly noteworthy is the further development of the Covid-19 pandemic and its impact on the global economy, which could cause a negative development of the economy.

The Smartbroker Group looks back on

a 25-year-long company history and has established a broad product range with well-diversified sources of income. The profits generated are used to sustainably promote competitiveness. The close customer relationships and long-standing expertise of the Group's product and management teams enable early identification of trends and market changes.

Legal Risks

The Group is subject to a large number of legal regulations and standards. The introduction of new directives, for example in the area of data protection or the reimbursement of banks and brokers by trading venues and issuers („payment for order flow“), could have a negative impact on the Company's profitability.

All group companies comply with the respective applicable laws and regulations and provide the necessary resources to ensure quick and suitable reactions to any changes in the conditions of our external framework. The operational risks in the advertising business are countered with appropriate disclaimers. These are regularly checked for accuracy and completeness, also with the help of external legal counsel. Significant legal transactions are also co-supervised by external counsel. The Group has sufficient insurance coverage to protect itself against possible liability risks. At the time of this report, the Group was not involved in any legal proceedings that had the potential to materially affect business results.



Financial Risks

In order to maintain and further expand the Company's profitability, the Company is dependent on growing its customer network, maintaining existing customer relationships and continuing to successfully market its products.

Market developments and competitive pressure could lead to declining sales and profit margins. In addition, the Company is dependent on the payment behaviour of its customers. The receivables are generally unsecured and result from sales generated predominantly with customers based in Europe. Receivables from advertising revenues in particular can fluctuate throughout the year along the natural seasonality of the advertising market. In addition, these revenues are dependent on the general state of the capital markets.

The Company maintains sufficient liquidity to meet working capital requirements. At year-end 2022, the cash balance at group level stood at €27 million.

In order to have sufficient liquidity even in the event of a short-term negative business development, the company generally maintains a positive cash balance. In addition, at the reporting date the Group had an unused credit line of €2 million in place and access to external financing options at standard market conditions. However, potential negative developments in the financial markets could make (re-)financing at acceptable conditions more difficult or prevent it. The SBH AG share price has shown considerable fluctuations since

the initial listing and is likely to remain volatile in the future. The general fluctuations of the stock market – technology stocks in particular often exhibit significant fluctuations in price and trading volume – may affect the SBH share price regardless of actual business results.

The Company confirms that it has sufficient financial resources for the current period to be able to implement its existing business activities and planned product investments. In addition, Smartbroker Holding has long-standing, trusted business relationships with its principal banks and consequently assumes that existing credit lines can be extended, or new credit facilities concluded if desired.

Personnel Risks

The corporate success of the Smartbroker Group depends to a large extent on the ability to attract talented employees and specialist staff with industry knowledge and to employ them on a long-term basis. The labour market is highly competitive, especially in the technology sector, and the demand for experts in areas such as programming or product management remains high. The same applies to recruitment in areas such as compliance and risk controlling, which mainly relate to the Transaction segment. If important key positions cannot be filled in time or if a large number of employees decide to leave the Company in a short period of time, this could lead to significant restrictions in the operating processes. Among other things, Smartbroker

Holding relies on industry-standard remuneration including performance-related variable elements as well as a comprehensive range of additional benefits. The Company strives to provide a state-of-the-art working environment and to enable mobile working depending on the requirements of the respective role. In addition, in-house training is designed to ensure that critical positions are always covered by deputies.

Planning Risks

All plans and forward-looking statements are based on assumptions and are naturally subject to risks and uncertainties. The regular review of these assumptions by the Management Board should enable the early detection of any deviations and the implementation of countermeasures. The achievement of the revenue and profitability targets for 2023 and the further business vision in subsequent years depend, among other things, on the introduction of Smartbroker 2.0 and the successful migration of existing customers to the new system, the successful expansion of the Smartbroker Holding AG editorial network, and the retention and expansion of the network of lucrative advertising partners.

External Effects

Economic conditions and the development of the domestic and global economy have a significant influence on the development of the advertising and financial technology industry. The Covid-19 pandemic demonstrated the impact that comprehensive contain-

ment measures can have on economic development. A renewed increase in infection rates and resumption of lockdown measures could have an impact on economic recovery, available advertising budgets and private investors' interest in investing in the capital markets. Although such crises may lead to an increase in volatility and thus an increase in the number of securities transactions in the short term, there is a risk of a longer-term negative market environment, which could have a detrimental effect on the Company's business.

The Company examines external influences and anticipates possible effects on its business activities to the best of its ability.

General Risk Management

Risk management is an integral part of the corporate governance of the Smartbroker Group. The Management Board is responsible for introducing, updating and implementing the risk management system. Its effectiveness is monitored by the Supervisory Board. The Company's risk management system analyses current developments in all areas of business and compares them with the plans. In the event of any deviations, steps are initiated for the swift implementation of countermeasures. The Management Board obtains information on the Company's earnings and liquidity situation on a monthly basis and on the general business situation on an ongoing basis. The Company's management is geared towards achieving growth and long-term value generation, accepting certain risks.



The Supervisory Board is regularly being informed about existing risks and countermeasures and receives a detailed overview of the financial development of the Company as well as important key figures for relevant individual group companies and the Parent Company. These are in particular turnover, earnings before interest, taxes, depreciation and amortisation, liquidity and the gross margin of selected products.

At the time of this report, the Management Board was not aware of any risks that could jeopardise the continued existence of the individual companies or the Group as a going concern, or of any liquidity risks that could have an impact on the Group's net assets, financial position and results of operations.

Control of the Accounting Process

In addition, the internal control system is intended to ensure the correctness of the Group's accounting, correctly representing the actual circumstances with regard to the Company's assets, financial position and earnings. Operational responsibility for this lies with the Management Board, which is supported by the commercial management.

The control system includes the processes of finance and accounting as well as other corporate processes that provide information required for the preparation of the annual and consolidated financial statements. The dual control principle, separation of functions, IT-supported access restrictions and controls and uniform accounting standards are important pillars of proper implementation.

As of the reporting date, there are no discernible risks that could jeopardise the existence of individual group companies or the Group, nor are there any liquidity risks that could have an impact on the assets, financial and earnings situation.

FORECAST REPORT

For 2023, the operational focus lies on the market launch of Smartbroker 2.0, the move of our existing customers to our new platform, followed by the renewed increase of new customer acquisition. 2023 therefore represents a transition year in which higher costs for the development of Smartbroker 2.0 and the planned customer move - while concurrently operating the current version of Smartbroker - will result in negative cash flow. The investment in new customer marketing will be reduced again compared to 2022, to around €2 million.

From 2024, Smartbroker 2.0 is expected to contribute to revenue for the full year, as well as to the Group's profitability for the first time.

Assessment of key market developments

- Despite the historically challenging market environment of 2022 (inflation, rise in interest rates, decline in German household wealth, pricing pressure, negative market developments, volatility), hundreds of thousands of investors became active in the capital markets for the first time in 2022 (source: *Deutsches Aktieninstitut*). The institute estimates that more than 18% of the German population over the age of 14 now holds listed securities, surpassing the previous peak of 2001.
- Household assets declined slightly in the first three quarters of 2022 for the first time since the 2008 financial crisis, according to the German *Bundesbank*. Shares, other equity securities and investment funds suffered significant valuation losses. Nevertheless, net cash inflows continued, underscoring the sustained importance of the capital markets for households' wealth accumulation.
- Longer-term trends such as digitization, the spread of user-friendly digital products for banking and investing, commission-free business models, and access to reliable financial information and financial education are expected to contribute to further growth in our addressable market.
- Pressure on state pension systems is prompting a search for alternative returns. Even in times of rising interest rates, capital market savings and investments continue to constitute an important pillar of private retirement planning
- A new generation of investors are the "digital natives" who almost exclusively use online or mobile means for their daily banking transactions, and are inclined to use digital platforms also for securities trading and wealth management.

- Germany's fragmented banking market with its more than 1,500 institutes (total number of credit institutes in Germany according the German *Bundesbank*) offers a favourable starting position for neo and next generation brokers as new market participants.
- Ongoing digitalisation is causing a shift in the media landscape and consumption towards digital media on desktop, app and mobile web. As a result, advertising expenditure on these channels is increasing.

In our view, all of these factors drive the sustained growth of our addressable markets. We have therefore developed a comprehensive product roadmap and aligned marketing strategies to further unlock market potential by expanding our existing client relationships and broadening our partner network.

Company Initiatives

- Market launch of Smartbroker 2.0. The new application process should be significantly faster, less error-prone, open up new customer groups and, in time, reduce customer acquisition costs.
- Modernization of the stock market portals, starting with the Group's oldest website *wallstreet-online.de*, which celebrated its 25th anniversary in 2023.

- Closer functional integration of Smartbroker 2.0 into the Media portals, in particular through new functions such as direct trade of securities from the portals for Smartbroker 2.0 customers.

In addition to the factors and uncertainties mentioned in the risk report, it is unclear how further developments in the war in Ukraine will affect the economy in Europe, the volatility of the financial markets, the available advertising budgets and thus the Group's business.

The Group expects 2023 revenue to be between €51 million and €56 million, with operating EBITDA after customer acquisition costs expected to be between €1 million and €4 million.

It should be emphasized that the introduction of Smartbroker 2.0 will lead to significant development costs also in 2023, which will not yet be covered by correspondingly higher revenues from the operating business, as the moving of our existing customers will only take place during the second half of the year. However, the project represents an investment in the Group's long-term competitiveness and value creation.

Group revenue and profitability forecast

In € millions	2023F ¹
Revenues	51 - 56
Operating EBITDA after client acquisition costs	1 - 4

¹2023F: Forecast upon the basis of current assumptions and plans subject to risks and uncertainties

The plan is based on the assumption that the Media business will remain stable or increase slightly in line with market developments, but in both cases will be able to retain its EBITDA margins. For the Transaction business, the Company is planning for a small increase in gross customer numbers. However, as the focus is not on new customer acquisition but on the market launch of Smartbroker 2.0 and the subsequent move of existing customers, the number of total customer accounts should decline year-on-year by the end of 2023, as there likely will be attrition in connection with the move to the new transaction platform.

Forecast of Smartbroker Holding AG

The above information relates to the Group. For Smartbroker Holding AG as single operating entity, management plans stable organic growth for the Media business in line with the stock market environment. The underlying earnings potential will be re-invested in the further expansion of Smartbroker's market position after its relaunch, in 2023. Despite extensive expenses until the completion of this project, we expect a positive EBITDA for Smartbroker Holding AG in 2023, which should be in the single-digit million range.



Declaration on Dependency Report

Dependent company report pursuant to § 312 AktG

Pursuant to § 312 of the German Stock Corporation Act (AktG), we have prepared a report on relations with affiliated companies, which concludes with the following declaration pursuant to § 312 (3) of the German Stock Corporation Act (AktG):

„No legal transactions have been carried out or measures taken or omitted at the instigation of or in the interest of the controlling company or any company affiliated with it, beyond the facts stated in the dependency report.

According to the circumstances known to us at the time when the legal transaction was carried out or the measure was taken or omitted, Smartbroker Holding AG received appropriate consideration for each legal transaction and has not been disadvantaged by the fact that the measure was taken or omitted.“

Berlin, 18 July 2023

The Management Board of Smartbroker Holding AG

André Kolbinger

Michael Bulgrin

Roland Nicklaus

Oliver Haugk

Stefan Zmojda

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet as of 31 December 2022	Annex 1
Consolidated Profit & Loss Statement for 2022	Annex 2
Consolidated Cash Flow Statement for 2022	Annex 3
Consolidated Statement of Changes in Equity for 2022	Annex 4
Notes to the Consolidated Financial Statements as of 31 December 2022	Annex 5
Consolidated Liabilities Schedule 2022	Annex 5
Consolidated Fixed Assets Schedule 2022	Annex 5

Consolidated Balance Sheet

In EUR thousands

ASSETS	31/12/2022	31/12/2021
A. Non-current assets	36,914	40,602
I. Intangible assets	33,639	37,469
1. Self-created industrial property rights and similar rights and assets	0	488
2. Purchased licences, software and similar rights and assets	8,644	8,025
3. Goodwill thereof from capital consolidation	20,805 20,321	22,592 22,054
4. Advance payments and intangible assets under development	4,190	6,365
II. Tangible assets	1,771	905
1. Other property, plant and equipment	1,771	863
2. Advance payments and assets in development	0	42
III. Financial assets	1,504	2,228
1. Investments	10	533
2. Securities held as fixed assets	980	1,112
3. Other loans	514	582
B. Current assets	36,265	34,369
I. Inventories	3	4
II. Receivables and other assets	8,889	8,839
1. Trade and other receivables	6,149	6,968
2. Other assets	2,739	1,871
III. Cash and cash equivalents	27,374	25,525
C. Deferred assets	754	410
Total assets	73,933	75,381

In EUR thousands

Liabilities	31/12/2022	31/12/2021
A. Equity	49,431	49,464
I. Subscribed capital	15,681	15,101
II. Capital reserve	38,727	29,273
III. Equity difference from currency translation	637	298
IV. Retained losses/earnings	-5,649	4,393
V. Minority interests	35	400
B. Difference from the capital consolidation	0	40
C. Reserves	4,013	6,114
1. Tax reserves	549	1,078
2. Other reserves	3,464	5,036
D. Liabilities	18,466	16,587
1. Financial liabilities	14,867	5,702
2. Prepayments received on orders	184	88
3. Trade payables	2,982	8,880
4. Other liabilities	433	1,917
E. Deferred liabilities	1,185	2,300
F. Deferred tax liabilities	839	875
Total liabilities	73,933	75,381

Consolidated Profit & Loss Statement

In EUR thousands	2022	2021
1. Revenues	52,788	48,203
2. Increase or decrease of inventory in finished goods	-1	-6
3. Other capitalised costs	2,392	876
Total	55,178	49,074
4. Other operating income	1,355	626
5. Cost of materials	-21,058	-25,852
Gross profit	35,475	23,848
6. Personnel expenses	-18,746	-12,637
7. Depreciation and amortisation expense	-17,185	-3,209
8. Other operating expenses	-7,956	-7,653
Operating profit	-8,412	349
9. Income from investments in associated companies	0	280
10. Other interest and similar income	29	9
11. Expenses for investments in associated companies	0	-242
12. Depreciation of financial assets and securities held as current assets	-1,172	-191
13. Interest and similar expenses	-378	-164
Earnings before taxes	-9,932	41
14. Taxes on income and profit	-134	-578
thereof from release/formation of deferred taxes	219	103
Earnings after taxes	-10,067	-537
Consolidated net loss/profit for the year	-10,067	-537
15. Profit/loss attributable to non-controlling interests	25	-23
16. Consolidated profit carried forward from the previous year	4,393	4,953
Consolidated retained earnings	-5,649	4,393

Consolidated Cash Flow Statement

Cash Flow Statement (in accordance with DRS 21)

In EUR thousands	2022	2021
Cash flow from operating activities	5,040	13,929
Consolidated net loss/profit for the year (including minority interests)	-10,067	-537
Depreciation/write-ups of fixed assets	18,357	3,798
Increase/decrease in provisions	-2,101	3,287
Other non-cash expenses/income	1,271	718
Increase/decrease in inventories, trade receivables and other assets not allocated to investing or financing activities	-392	-2,256
Increase/decrease in trade accounts payable and other liabilities not classified as investing or financing activities	-1,230	9,031
Interest expense/income	348	154
Other investment income	0	38
Income tax expense/income	134	578
Income tax payments	-1,281	-882
Cash flow from investing activities	-21,988	-19,791
Proceeds from disposals of intangible assets	45	0
Payments for investments in intangible assets	-18,854	-11,449
Proceeds from disposals of tangible fixed assets	157	1
Payments for investments in tangible fixed assets	-1,700	-1,033
Proceeds from disposals of financial assets	73	2,357
Payments for investments in financial assets	-521	-538
Payments for additions to the scope of consolidation	-1,217	-9,138
Interest received	29	9



in EUR thousands	2022	2021
Cash flow from financing activities	18,666	17,165
Proceeds from contributions to equity by shareholders of the parent company	10,034	19,128
Proceeds from issuance of bonds and (financial) borrowings	13,000	0
Repayments of bonds and (financial) loans	-3,990	-1,800
Interest paid	-378	-164
Change in cash and cash equivalents	1,717	11,707
Changes in cash and cash equivalents due to exchange rate fluctuations and valuation	131	153
Change in cash and cash equivalents	1,849	11,455
Cash and cash equivalents at the beginning of the period	25,525	14,070
Cash and cash equivalents at the end of the period	27,374	25,525

Consolidated Statement of Changes in Equity

In EUR thousands	01/01/ 2022	01/01/ 2021	Capital Increase		Disposal/addition of non-controlling interests		Annual Loss/ annual Profit		Currency conversion		31/12/ 2022	31/12/ 2021
			2022	2021	2022	2021	2022	2021	2022	2021		
Group equity	49,464	30,225	10,034	19,128	-340	357	-10,066	-537	339	291	49,431	49,464
Parent company's equity	49,064	30,205	10,034	19,128	0	0	-10,041	-560	339	291	49,397	49,064
Subscribed capital	15,101	14,382	580	719	0	0	0	0	0	0	15,681	15,101
Capital reserves	29,272	10,863	9,454	18,409	0	0	0	0	0	0	38,727	29,272
Equity difference from currency conversion	298	7	0	0	0	0	0	0	339	291	637	298
Accumulated profit/loss	4,393	4,953	0	0	0	0	-10,041	-560	0	0	-5,648	4,393
Non-controlling shares	400	20	0	0	-340	357	-25	23	0	0	35	400



Smartbroker Holding AG (formerly wallstreet:online AG)

Notes to the Consolidated Financial Statements as of 31 December 2022

General Information

These consolidated financial statements are prepared in accordance with Sections 290 ff. German Commercial Code (HGB).

The consolidated income statement has been prepared using the nature of expense method.

In order to improve the clarity of the presentation, we have summarised individual items of the consolidated balance sheet and profit and loss statement and are therefore breaking them down and explaining them separately in the relevant notes.

Register information

The Parent Company has its registered office in at Ritterstrasse 11 in 10969 Berlin and is listed in the Commercial Register of the Municipal Court of Charlottenburg under Number HRB 96260 B.

Scope of Consolidation

The consolidated financial statements include all companies over which the company exercises a dominant influence, either directly or indirectly.

Subsidiaries without significant business operations, which are also not material to the presentation of a true and fair view of the net assets, financial position, results of operations and cash flows, have not been included in these financial statements.

The consolidated entities (fully consolidated) include:

	Included affiliated companies	Percentage of capital in %
1	Smartbroker Holding AG, Berlin ¹	Parent company
2	Markets Inside Media GmbH, Leipzig	100.00
3	ABC New Media AG, Zurich, Switzerland	100.00
4	ARIVA.DE AG, Kiel	100.00
5	Smart Investor Media GmbH, Munich	90.00
6	Blockchain Consult GmbH i.L., Frankfurt am Main ²²	50.00
7	crumbl AG i.L., Berlin ²²	84.62
8	wallstreet:online Fonds Advisory GmbH i.L., Berlin ²²	100.00
9	Wallstreet Online Corporate Finance AG i.L., Berlin ²²	100.00
10	wallstreet:online publishing GmbH, Berlin	90.00
11	Mint Assets GmbH i.L., Berlin ²	100.00
12	Erste ICO Consulting Projektgesellschaft GmbH i.L., Berlin ²²	100.00
13	GF Global Funds SICAV, Liechtenstein	66.00
14	Smartbroker AG, Berlin ³	100.00

ZV Zertifikate Verlag GmbH, Kiel, was liquidated as of 29.06.2022.

Principles of Consolidation

The capital consolidation is conducted according to the revaluation method. For the companies acquired in 2021, the revaluation method is applied at the time of acquisition.

According to this methodology, the value of the shares owned by the parent company represents the amount of the subsidiary's equity attributable to these shares. Equity is recognised at the amount corresponding to the fair value of the assets, liabilities and prepaid expenses to be included in the consolidated financial statements at the time of consolidation.

¹ wallstreet:online AG was renamed Smartbroker Holding AG by resolution of the Annual General Meeting on 24 June 2022.

² These companies are in liquidation with resolutions from 2021 and 2022.

³ wallstreet:online capital AG was renamed Smartbroker AG by resolution at the Annual General Meeting on 15 June 2022.



Any difference remaining after offsetting is recognised as goodwill if it arises on the asset side. The difference is released to income over 10 years, which corresponds to the weighted average remaining useful life of the depreciable assets acquired. For reasons of simplification, the differences of the companies that are no longer operationally active were dissolved directly against the profit and loss carried forward by the parent company. Receivables and liabilities between Group companies are offset.

In the consolidated profit and loss account, income from intercompany sales and other intra-Group income are offset against the corresponding expenses. During 2022, the Group realised inter-company profits within its scope of consolidation. As part of the Smartbroker project, inter-company results in the amount of kEUR 182 were eliminated at the parent company level upon consolidation due to capitalisation of own work by its subsidiary ARIVA.DE AG.

The currency differences arising from the consolidation of liabilities and expenses and income are recognised in profit or loss as other operating income or other operating expenses.

In 2022, all remaining shares in Smartbroker AG and thus further indirect shares in GF Global Funds SICAV were acquired for a total of 66%.

There are no inter-company results due to deliveries to these entities.

Accounting and Valuation Methods

The consolidated financial statements are prepared in accordance with the accounting standards of the German Commercial Code (HGB).

Assets and liabilities are valued uniformly in the consolidated financial statements. Deviating accounting and valuation principles in the annual financial statements of the group companies are adjusted (commercial balance sheet II).

Acquired and internally generated intangible assets are recognised at acquisition or production cost and, if subject to depreciation, are amortised on a straight-line basis over their useful lives of 2 to 15 years. Acquired domain names are not depreciated on a scheduled basis because, in application of the tax perspective, the domain name is deemed to offer the possibility of use for an unlimited period of time.

Goodwill from the initial consolidation of shares is amortised on a straight-line basis over a period of 10 years. The customer bases of ARIVA.DE AG and Smartbroker AG that are allocated to goodwill are depreciated on a straight-line basis over 5 years.

The goodwill of Markets Inside Media GmbH, which was acquired in 2018, is based on a useful life of 15 years. The brand names capitalised as part of the initial consolidation and the deferred tax liabilities attributable thereto are amortized over a period of 15 years.

With regard to goodwill, annual impairment tests are carried out.

Property, plant and equipment are recognised at cost and, if depreciated, are reduced by scheduled depreciation.

Tangible fixed assets are depreciated in accordance with the expected useful life. Low-value fixed assets with a net individual value up to EUR 250 are fully depreciated or recognized as an expense in the year of acquisition; their immediate disposal is assumed. Fixed assets with a net individual value of more than EUR 250 up to EUR 800.00 are depreciated in full in the year of acquisition.

Regarding **financial assets**, shares and securities are measured at the lower of cost or fair value in the event of expected permanent impairment, and loans are generally recorded at par value.

Receivables and other assets are stated at nominal value. Recovery risks are taken into account through the formation of appropriate individual value adjustments; the general credit risk is taken into account through lump-sum deductions.

Accruals and deferred income are expenses prior to the balance sheet date to the extent that they represent an expense for a certain period after this date.

Provisions are recognized at the settlement amount which, according to a reasonable commercial judgement, is necessary to cover all risks and contingent liabilities known at the balance sheet date.

Liabilities are recognised at the settlement amounts.

Accruals **and deferred income** include all receipts made up to the balance sheet date, insofar as they represent income for future periods.

Deferred taxes are calculated within the scope of consolidation measures by disclosing hidden reserves in accordance with Sections 300 to 307 of the German Commercial Code (HGB), but not from the initial recognition of goodwill or negative goodwill from capital consolidation. In addition, deferred taxes are recognised in relation to the capitalisation of internally generated intangible assets.



Currency conversion

The initial recording of assets and liabilities resulting from foreign currency transactions is undertaken using currency conversions on commercial balance sheet II based upon the spot exchange rate of the transaction date.

Any monetary assets and liabilities that are in foreign currency are converted at the spot exchange rate of the closing date. In the case of a remaining term of one year or less, neither the Realisation Principle (Section 298 (1) in conjunction with Section 252 (1) no. 4 half-sentence 2 HGB) nor the Purchasing Cost Principle (Section 298 (1) in conjunction with Section 253 (1) sentence 1 HGB) are applied for exchange rate-related value changes.

Non-monetary assets, which have been acquired in foreign currency, are converted upon the date of receipt. Any subsequent valuation is undertaken in the domestic currency upon the basis of the acquisition costs recorded on the date of receipt.

With the exception of equity (subscribed capital, reserves, profit or loss carried forward), which is translated at the historical spot exchange rates at the date of initial consolidation, the assets and liabilities of the annual financial statements prepared in foreign currencies are shown at the current spot exchange rate at the end of the year converted into Euros. The items in the profit and loss account are converted into Euros at the average exchange rate. Any resulting differences are shown in the consolidated equity under the item "Equity difference from currency translation".

Exchange-rate-related differences from debt consolidation and income are generally recognised under other operating income or expenses.

Remarks on the Consolidated Balance Sheet

Non-current assets

The development of fixed assets is shown as an appendix to the notes, detailing depreciation and amortization.

The additions of kEUR 12,840 to intangible assets under development are primarily based on acquisitions and capitalised own work from the development of a front and back end (kEUR 11,799) as well as the acquisition of Salesforce CRM software (kEUR 915). As a result of a product change and realignment at Smartbroker, an extraordinary one-off write-down of kEUR 12,586 was carried out.

The disposals of internally generated intangible assets in the amount of kEUR 2,472 result from the discontinuation of the "ARIVA Regulatory Service" as well as the replacement of the Ariva apps with new externally created versions (kEUR 1,625), as well as changes in the development of a frontend and backend (kEUR 815).

Goodwill includes an amount of kEUR 484, that was included in the annual financial statements of Markets Inside Media GmbH before 2020. The remaining kEUR 20,321 resulted from the initial consolidation of acquired shares.

The squeeze-out of the shares in Smartbroker AG (3.69%) resulted in the addition of goodwill in the amount of kEUR 879 from capital consolidation.

In terms of fixtures and fittings, the additions of kEUR 1,700 are mainly due to fit-out of the new office in Berlin Ritterstrasse.

In the first half of 2022, Smartbroker Holding AG paid a second tranche (contractually pre-agreed) of kEUR 267 for the investment in FinMarie GmbH, Berlin (17%). As of 31 December 2022, the carrying value of the investment in FinMarie GmbH was written down by kEUR 790,000 due to an expected permanent impairment.

Smartbroker Holding AG purchased securities in the amount of kEUR 250. Securities in fixed assets were written down by kEUR 382 due to an expected permanent impairment.

Other loans encompass two loans, namely kEUR 334 to TS private assets GmbH and kEUR 180 to Neunfeldtneun GmbH & Co. KG.



Receivables and other assets

As in the previous year, receivables and other assets have a remaining term of less than one year. Trade receivables include individual valuation adjustments and a general provision for doubtful debts.

Other assets mainly include inland revenue receivables in the amount of kEUR 2,176 (previous year: kEUR 1,757). Other assets also include receivables from security deposits in the amount of kEUR 497 (previous year: kEUR 104), of which kEUR 104 have a maturity of less than 1 year.

Accruals and deferred income

Accruals and deferred income include expenses incurred prior to 31 December 2022, to the extent that they represent expenses relating to a specified period after that date.

Equity

The addition of kEUR 10,034 (previous year: kEUR 19,128) to the subscribed capital and capital reserves stems from a capital increase (kEUR 580, previous year: kEUR 719) and an additional payment into the capital reserves (kEUR 9,454; previous year kEUR 18,409) of the parent company Smartbroker Holding AG. The currency differences of kEUR 339 (previous year: kEUR 291) arose from the translation of ABC New Media AG's equity from CHF into EUR. The reduction in non-controlling interests is mainly due to the acquisition of the remaining shares in Smartbroker AG (kEUR 340; previous year's addition of kEUR 357).

Negative goodwill

The negative goodwill of kEUR 40 recognised in 2021 represented a purely technical difference arising from the initial consolidation of GF Global Funds SICAV and the further indirect share acquisitions, and has been reversed in 2022 through profit or loss.

Other provisions

Other provisions are mainly related to obligations to employees, including vacation provisions (kEUR 1,260; previous year kEUR 1,556), outstanding invoices (kEUR 842;

previous year kEUR 2,166), bonuses for the Management Board and managing directors (kEUR 484; previous year kEUR 631), cost for financial statements and audit (kEUR 389; previous year kEUR 181), and Supervisory Board remuneration (kEUR 142; previous year kEUR 140).

Liabilities

Details of the residual terms and the collateralisation of the liabilities are depicted in the Liabilities Analysis.

in kEUR	Residual maturity							
	up to 1 year		more than 1 year		Of which: more than 5 years		total	
	2022	2021	2022	2021	2022	2021	2022	2021
Liabilities owed to financial institutions	4,424	1,976	10,443	3,726	0	0	14,867	5,702
Advance payments received for orders	184	88	0	0	0	0	184	88
Liabilities from deliveries and services	2,982	8,880	0	0	0	0	2,982	8,880
Other liabilities	433	1,917	0	0	0	0	433	1,917
VW client base	0	1,500	0	0	0	0	0	1,500
Taxes	298	343	0	0	0	0	298	343
of which social security	16	12	0	0	0	0	16	12
Total	8,023	12,861	10,443	3,726	0	0	18,466	16,587

Of the liabilities owed to financial institutions, kEUR 10,985 are secured by joint guarantees from the subsidiaries Markets Inside Media GmbH, ABC New Media AG, ARIVA.DE AG and Smartbroker AG. In addition, kEUR 3,651 are secured by joint guarantees from the subsidiaries Markets Inside Media GmbH, ABC New Media AG and ARIVA.DE AG.

Deferred income

Accruals and deferred income include, among other things, accruals for subscription payments (kEUR 314; previous year kEUR 588). kEUR 871 (previous year: kEUR 1,822) is mainly due to accruals of advertising revenues in the Investor Relations segment, which were received in 2022 but the advertising was not delivered until 2023.

Deferred taxes

Deferred tax liabilities result from the following circumstances and have developed as follows:

<i>In kEUR</i>	31/12/2022	31/12/2021	Change
Deferred tax assets arising from the disclosure of hidden reserves	588	653	-65
Deferred tax assets from the capitalisation of internally generated intangible assets	250	222	28
Total	839	875	-37

The calculation is based on a tax rate of 30% for domestic taxes. For the calculation of the tax for Switzerland (ABC New Media AG), 17% is used.

Discussion of the Consolidated Profit & Loss Statement

Revenues

Breakdown of sales

<i>in kEUR</i>	2022	%	2021	%
Revenues				
- Media business	33,298	63.08	38,873	80.64
- Transaction business	19,490	36.92	9,330	19.36
	52,788	100	48,203	100

Other operating income

Other operating income of kEUR 1,355 (previous year: kEUR 626) includes the reversal of provisions (kEUR 922; previous year kEUR 106) and income from currency conversion (kEUR 140; previous year kEUR 189).

Other operating income also includes income unrelated to the accounting period in the amount of kEUR 17 (previous year: kEUR 134).

Cost of Sales

The cost of sales amounted to kEUR 21,058 (previous year: kEUR 25,852), a decrease of kEUR 4,794 compared to the previous year, mainly driven by significantly lower customer acquisition costs compared to the previous year.

Personnel costs

Personnel expenses consist of wages and salaries of kEUR 16,257 (previous year: kEUR 11,126) and social security contributions of kEUR 2,474 (previous year: kEUR 1,506) as well as pension expenses of kEUR 14 (previous year: kEUR 5).



Depreciation

Depreciation and amortization are divided into intangible fixed assets and property, plant and equipment in the amount of kEUR 4,599 (previous year: kEUR 3,209) and extraordinary, one-off write-offs of intangible fixed assets and property, plant and equipment in the amount of kEUR 12,586 (previous year: kEUR 0).

Other operating expenses

Other operating expenses of kEUR 7,956 (previous year: kEUR 7,653) include operating administrative expenses such as rental and leasing costs (kEUR 1,637; previous year kEUR 859), costs for non-deductible trade tax (kEUR 923; previous year kEUR 928), legal and consulting costs (kEUR 1,131; previous year kEUR 2,748), accounting and auditing costs (kEUR 582; previous year kEUR 340) as well as expenses for licenses (kEUR 412; previous year kEUR 53).

Other operating expenses include currency conversion expenses of kEUR 421 (previous year: kEUR 467).

In addition, other operating expenses include expenses unrelated to the accounting period in the amount of kEUR 20 (previous year: kEUR 82).

Other disclosures

Smartbroker Holding AG has issued a letter of comfort covering the lease agreement of its subsidiary Smartbroker AG in the amount of kEUR 10,932. Of this, kEUR 8,928 is still outstanding as of 31 December 2022. The risk of potentially having to cover the claim is considered low.

Other financial obligations

These obligations include, among others:

Smartbroker Group	31/12/2022		
Financial obligations			
<i>in kEUR</i>			
Account	until 12/2023	1 to 5 years	> 5 years
<u>Leasing</u>			
Totals leasing	182	189	0
<u>Rent</u>			
Totals rent	1,820	7,173	1,576
Total financial obligations	2,002	7,362	1,576

Other financial obligations of up to 1 year amount to kEUR 2,002 (previous year: kEUR 2,949), from 1 to 5 years kEUR 7,362 (previous year: kEUR 6,570) and from more than 5 years at kEUR 1,576 (previous year: kEUR 0)

Rent consists mainly of the rent of the office building of ARIVA.DE AG in Kiel with a financial obligation of kEUR 1,105 over the next 5 years and the rent of the office space for Smartbroker AG and Smartbroker Holding AG in Berlin Ritterstrasse with a total financial obligation of kEUR 9,431.

Both items increased, but are necessary especially in order to implement the Smartbroker 2.0 project, and to accommodate the associated additional personnel requirements. The increased risk is partially mitigated by sublease agreements to external companies for periods during which the office accommodation is not yet used for the company's own employees.



Related party transactions

In the year under review, any transaction that were conducted with related parties were conducted at arm's length terms.

In 2020, Smartbroker Holding AG signed a partnership programme with Firstlead GmbH, Berlin. The main shareholder of Firstlead GmbH is Supervisory Board member Marcus Seidel. The contract agreed with Firstlead GmbH is in line with the customary conditions in the market.

Smartbroker Holding AG has contractually agreed with its subsidiaries Markets Inside Media GmbH, Leipzig, Ariva.de AG, Kiel, and ABC New Media AG, Zurich (Switzerland), for the placement of advertising on the media outlets belonging to the subsidiaries. The remuneration paid to Smartbroker Holding AG is customary in the market in each case.

Under the trust agreement with Smartbroker AG regarding the acquisition of VW's portfolio, Smartbroker Holding AG receives a revenue share of 55% of the revenues generated with this customer base in the first half of 2022. As part of the cooperation agreement with Smartbroker AG regarding the Smartbroker project, Smartbroker Holding AG will receive a revenue share of 70% of the revenue generated with Smartbroker customers until 28 February 2022. From 1 March 2022 it will receive a 10% revenue share. Smartbroker Holding AG bears the costs for marketing, Postident to legitimize new customers, and for the development of the new website. Contractual terms are at arm's length and customary in the market.

Total remuneration of the management board

The remuneration of the Management Board of the parent company for the performance of their duties in the parent company and the subsidiaries amounts to kEUR 4,156 (previous year: kEUR 2,717). This includes severance payments in the amount of kEUR 513.

Total remuneration of the Supervisory Board

The remuneration of the Supervisory Board of the parent company for the performance of its duties in the parent company and the subsidiaries amounts to kEUR 126 in 2022 (previous year: k107).

Employees

Average number of employees of the companies included in the consolidated financial statements during the financial year:

Overview of the Group's employees

	<u>2022</u>	<u>2021</u>
Smartbroker Holding AG	50	43
Ariva.de AG	61	51
Markets Inside Media GmbH	12	8
Smart Investor Media GmbH	3	4
Smartbroker AG	113	90
Total	239	196

Audit and consulting fees

The total fee charged by the Group's auditors for the 2022 financial year amounts to kEUR 300 (previous year: kEUR 139) and is entirely attributable to auditing services.

Subsequent events

After the end of the financial year, no events occurred that are of material significance for the company's earnings, financial position or net assets.

It is unclear how further developments in the ongoing war in Ukraine will affect the economy in Europe, the volatility of the financial markets and the business activities of Smartbroker Holding AG and the Smartbroker Group.

Economic conditions and the development of the local and global economy have a significant influence on the development of the advertising and financial technology industry. The easing Covid-19 pandemic has shown the impact that comprehensive restrictions on public life can have on economic development, available advertising budgets and the interest of private investors in investing in the capital markets. Although such crises may lead to an increase in volatility and thus to an increase in the number of securities transactions in the short term, there is a risk of a longer-term negative market environment, which could have a detrimental effect on the Company's business activities.



Proposal for the appropriation of profit

The annual financial statements of the parent company Smartbroker Holding AG for the 2022 financial year show a balance sheet loss of EUR 5,648,901.64. In the course of adopting the annual financial statements as of 31 December 2022, the Management Board will propose that the balance sheet loss be carried forward to new account. The retained earnings for 2021 were carried forward to new account.

Notes to the Consolidated Statement of Cash Flows

The cash and cash equivalents consist of the balance sheet items cash on hand and bank balances.

Cash flow from operating activities includes approximately kEUR 1,600 payments for services from 2021 as part of the purchase of leads (customer acquisition costs).

Cash flow from investing activities primarily includes the purchase of intangible assets in development in the amount of kEUR 18,854 (previous year: kEUR 11,449), including kEUR 17,132 (previous year: kEUR 6,392) for expenses for the Smartbroker project, kEUR 1,500 (previous year: kEUR 4,300) for the VW customer base, kEUR 1,700 for the purchase of office equipment and fixtures and fittings for the new Ritterstraße office, as well as the purchase of the squeeze-out shares in Smartbroker AG (kEUR 1,217, previous year: kEUR 9,138). kEUR 5,333 relates to services from 2021 (Deloitte Frontend), which were part of the Smartbroker project and are included in the extraordinary write-down.

Cash flow from financing activities includes proceeds from new loans in the amount of kEUR 13,000 and proceeds from the capital increase carried out by the parent company in the amount of kEUR 10,034 (previous year: kEUR 19,128). Repayments mainly relate to the scheduled amortisation of loans taken out in 2020 and 2022 in the amount of kEUR 3,990 (previous year: kEUR 1,800).

Berlin, 18 July 2023

Smartbroker Holding AG

The Board of Directors

André Kolbinger

Michael Bulgrin

Oliver Haugk

Roland Nicklaus

Stefan Zmojda

Consolidated Liabilities Schedule

<i>In EUR thousands</i>	01/01/2022	Additions	Settlement	Interest	31/12/2022	31/12/2021
Loans	5,702	13,000	-3,990	155	14,867	5,702
Liabilities financial institutions (<1 yrs)	388	0	-275	0	113	388
Liabilities financial institutions (1-5 yrs)	352	0	-235	0	117	352
Loan BVB 4.5m	3,075	0	-900	0	2,175	3,075
Loan DZ Bank 2.5m	1,887	0	-566	0	1,321	1,887
Loan DZ Bank 8m	0	8,000	-1,265	155	6,891	0
Loan BVB 5 Mio.	0	5,000	-750	0	4,250	0

Historical Acquisition and Manufacturing Costs

Accumulated depreciation

Book Values

In EUR thousands	Historical Acquisition and Manufacturing Costs					Accumulated depreciation					Book Values	
	01/01/2022	Additions	Disposals	Rebookings	Additions to the consolidated companies	31/12/2022	01/01/2022	Additions	Disposals	31/12/2021	31/12/2021	01/01/2021
I. Intangible assets												
1. Self-created industrial property rights and similar rights and assets	2,533	0	1,626	0	0	907	2,045	301	1,439	907	0	488
2. Acquired permits, industrial property rights and similar rights and assets, as well as licences to such rights and assets	9,838	1,041	32	548		11,396	1,813	955	17	2,752	8,644	8,025
3. Company value or goodwill	26,130	0	0	0	879	27,009	3,538	2,666	0	6,204	20,805	22,592
4. Advance payments and intangible assets in development	6,440	11,799	840	-548	0	16,852	76	12,586	0	12,662	4,190	6,365
	44,942	12,840	2,497	0	879	56,164	7,472	16,508	1,456	22,525	33,639	37,469
II. Tangible assets												
1. Property, plant and equipment	2,909	1,700	600	42	0	4,051	2,046	678	443	2,280	1,771	863
2. Advance payments and tangible assets in development	42	0	0	-42	0	0	0	0	0	0	0	42
	2,951	1,700	600	0	0	4,051	2,046	678	443	2,280	1,771	905
III. Financial Assets												
1. Shareholdings	533	267	0	0	0	800	0	790	0	790	10	533
2. Securities in fixed assets	1,303	250	0	0	0	1,553	191	382	0	573	980	1,112
3. Other loans	582	5	73	0	0	514	0	0	0	0	514	582
	2,419	521	73	0	0	2,867	191	1,172	0	1,363	1,504	2,228
Total fixed assets	50,311	15,062	3,170	0	879	63,082	9,709	18,358	1,899	26,168	36,914	40,602

A. REPLICATION OF THE INDEPENDENT AUDITOR'S REPORT

We have included the consolidated financial statements and the group management report of Smartbroker Holding AG, Berlin, for the financial year from 1st January 2022 to 31st December 2022 in this report as consolidated financial statements and group management report in the versions, for which the qualified audit opinion was signed and issued in Hamburg on 18 July 2023 as follows:



INDEPENDENT AUDITOR'S REPORT

To Smartbroker Holding AG, Berlin

AUDIT OPINIONS

We have audited the consolidated financial statements of Smartbroker Holding AG, Berlin, and its subsidiaries (the group), which comprise the consolidated statement of financial position as at 31st December 2022, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1st January 2022 to 31st December 2022 and notes to the consolidated financial statements, including a presentation of the recognition and measurement policies.

In addition, we have audited the group management report of Smartbroker Holding AG for the financial year from 1st January 2022 to 31st December 2022. In accordance with the German legal requirements we have not audited the content of those parts of the group management report listed in section "Other Information".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2022 and of its financial performance for the financial year from 1st January 2022 to 31 December 2022, and
- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the contents of the 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 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in compliance with these requirements.

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.

OTHER INFORMATION

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

- the other parts of the annual report ('1. Highlights', '2. Letter from the Management Board', '3. Business model', '4. The Smartbroker Holding AG share' and '5. ESGC 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 the group management report do not cover the other information, and consequently we do not express an audit opinion nor any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

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

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

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position and financial performance of the group. In addition, the executive directors are responsible for such internal controls as they, in accordance with German Legally Required Accounting Principles, 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 executive directors are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit 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 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 the risk of not detecting a material misstatement 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 executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with German Legally Required Accounting Principles.
- 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 the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

B. CONCLUDING STATEMENT AND THE SIGNED AUDIT REPORT

We have issued this report on the audit of the consolidated financial statements and the group management report for the financial year from to 1st January 2022 to 31st December 2022 of Smartbroker Holding AG, Berlin, in accordance with the legal requirements and the Generally Accepted Standards for Audit Reporting of the Institute of Public Auditors in Germany, Düsseldorf (IDW AuS 450 revised (10.2021)).

The auditor's report issued by us has been replicated in section A. of this audit report.

Hamburg, 18. July 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

gez. Zink
Wirtschaftsprüfer/-in
(German Public Auditor)

gez. Paape
Wirtschaftsprüfer/-in
(German Public Auditor)



Smartbroker Holding AG
Ritterstraße 11
10969 Berlin
Germany

The Smartbroker Group operates the Smartbroker – a multiple award-winning digital broker, which is the only provider in Germany to combine the extensive product range of traditional brokers with the extremely favourable conditions of neo brokers. In addition, the Group operates four high-reach stock market portals and related digital media assets (wallstreet-online.de, boersenNews.de, FinanzNachrichten.de and ARIVA.de). With several hundred million monthly page impressions, the Group is the by far largest publisher-independent financial portal operator in German-speaking countries, and also hosts the region's largest finance community.