



Deutsche Börse Group

Annual report 2021

Excerpt: Deutsche Börse AG
(disclosures based on
the HGB)

16. Deutsche Börse AG (disclosures based on HGB)

The annual financial statements of Deutsche Börse AG are prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB) and the supplementary provisions of the German Stock Corporation Act (Aktiengesetz, AktG) and are the underlying basis for the explanations that follow.

Business and operating environment

General position

Deutsche Börse AG is the parent company of Deutsche Börse Group. The parent company's business activities include first and foremost the cash and derivatives markets, which are reflected in the Eurex (financial derivatives) and Xetra (cash equities) segments. Deutsche Börse AG also operates essential parts of Deutsche Börse Group's information technology. The development of Deutsche Börse Group's Clearstream (post-trading) segment is reflected in Deutsche Börse AG's business development, primarily due to the profit and loss transfer agreement with Clearstream Holding AG. Contributions from the IFS (investment fund services) segment of Deutsche Börse Group, in contrast, play a lesser role for Deutsche Börse AG. Despite this, the business and the operating environment of Deutsche Börse AG are essentially the same as those of Deutsche Börse Group. They are described in the [section "Macroeconomic and sector-specific environment"](#).

Deutsche Börse AG's course of business in the reporting period

Deutsche Börse AG's revenues fell by 5.0 per cent in the 2021 financial year, which was in line with the company's expectations. By contrast, total costs (staff costs, amortisation of intangible assets and depreciation of property, plant and equipment and other operating expenses) rose by 4.8 per cent. Net profit was down by 18.8 per cent compared with the previous year. Low market volatility and thus lower activity among market participants led to cyclical headwinds in the trading-related segments (Eurex and Xetra). In the previous reporting year, dividend income also included non-recurring positive effects. Based on these developments, the Executive Board of Deutsche Börse AG assesses the development in financial year 2021 in context as solid.

Performance figures for Deutsche Börse AG

| | 2021 €m | 2020 €m | Change % |
|-------------------------------------|------------|------------|-------------|
| Sales revenue | 1,485.0 | 1,563.3 | - 5.0 |
| Total costs | 1,003.8 | 957.7 | 4.8 |
| Net income from equity investments | 652.5 | 765.2 | - 14.7 |
| EBITDA | 1,233.9 | 1,470.2 | - 16.1 |
| Net profit for the period | 943.3 | 1,161.9 | - 18.8 |
| Earnings per share (€) ¹ | 5.14 | 6.33 | - 18.8 |

1) Calculation based on weighted average of shares outstanding

Results of operations of Deutsche Börse AG

Deutsche Börse AG's net revenue decreased by 5.0 per cent in 2021 to €1,485.0 million (2020: €1,563.3 million). At €922.7 million, the largest contribution to revenue came from the Eurex (financial derivatives) segment (2020: €1,017.7 million). The breakdown of revenue by company segment is provided in the ["Sales revenue by segment" table](#). The ["Sales revenue by geographical region" table](#) shows the distribution of sales by geographical regions.

For more information on the development of the Eurex (financial derivatives) segment, please refer to the ["Eurex \(financial derivatives\) segment" section](#).

The revenue contributed by the EEX (commodities) and 360T (foreign exchange) segments is generated mainly by IT services. Therefore, the explanations in the ["EEX \(commodities\) segment"](#) and ["360T \(foreign exchange\) segment"](#) sections relate only indirectly to Deutsche Börse AG. The result of operations for the Qontigo segment (index and analytics business) is presented in the [section "Qontigo segment \(index and analytics business\)"](#). It should be noted that the business development of the STOXX Ltd. subsidiary does not directly impact upon the business performance of Deutsche Börse AG. Comments on the business development in the Xetra (cash equities) segment can largely be found in the ["Xetra \(cash equities\) segment" section](#). Revenue attributable to the Clearstream (post-trading) and IFS (investment fund services) segments result from the IT services Deutsche Börse AG provides to companies belonging to the Clearstream Holding subgroup.

Other operating income went down to €39.8 million during the year under review (2020: €50.4 million).

Income for financial year 2021 includes transfer income of €256.3 million from other companies in the Group (2020: €232.8 million).

The company's total costs of €1,003.8 million were up 4.8 per cent year-on-year (2020: €957.7 million). For a breakdown, please refer to the table ["Overview of total costs"](#). Staff costs rose by 6.3 per cent year-on-year during the year under review, to €258.4 million (2020: €243.1 million). The higher staff costs are mainly due to the increase in the number of employees. Staff numbers increased from an average of 1,572 in the prior year to 1,664 in the 2021 financial year.

Amortisation of intangible assets and depreciation of property, plant and equipment increased to a total of €65.1 million in the year under review (2020: €63.2 million).

Other operating expenses were up 4.4 per cent year-on-year, to €680.3 million (2020: €651.4 million).

Total expenses for 2021 include €347.4 million in internal Group transfer expenses (2020: €333.7 million).

Deutsche Börse AG's result from equity investments for the 2021 financial year totalled €652.5 million (2020: €765.2 million). Among others, it consisted of dividend income of €298.1 million (2020: €348.2 million) and income from the transfer of profits of €349.4 million (2020: €401.4 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) fell to €1,233.9 million (2020: €1,470.2 million). Net profit for the period amounted to €943.3 million, a fall of 18.8 per cent (2020: €1,161.9 million).

Sales revenue by segment

| | 2021 €m | 2020 €m | Change % |
|--|----------------|----------------|--------------|
| Eurex (financial derivatives) | 922.7 | 1,017.7 | - 9.3 |
| EEX (commodities) | 22.1 | 18.2 | 21.4 |
| 360T (foreign exchange) | 0.7 | 0.6 | 16.7 |
| Xetra (securities trading) | 384.6 | 387.3 | - 0.7 |
| Clearstream (post-trading) | 122.3 | 111.9 | 9.3 |
| IFS (investment fund services) | 26.7 | 23.7 | 12.7 |
| Qontigo (index and analytics business) | 5.9 | 3.9 | 51.3 |
| Total | 1,485.0 | 1,563.3 | - 5.0 |

Sales revenue by geographical regions

| | 2021 €m | 2020 €m | Change % |
|----------------------|----------------|----------------|--------------|
| Germany | 478.4 | 468.3 | 0.6 |
| Other European Union | 480.5 | 517.6 | - 2.4 |
| Other Europe | 424.9 | 478.7 | - 3.4 |
| America | 92.5 | 92.0 | 0.0 |
| Asia/Pacific | 8.7 | 6.7 | 0.1 |
| Total | 1,485.0 | 1,563.3 | - 5.0 |

Overview of total costs

| | 2021 €m | 2020 €m | Change % |
|-------------------------------|----------------|--------------|-------------|
| Staff costs | 258.4 | 243.1 | 6.3 |
| Depreciation and amortisation | 65.1 | 63.2 | 3.0 |
| Other operating expenses | 680.3 | 651.4 | 4.4 |
| Total | 1,003.8 | 957.7 | 4.8 |

Development of profitability

Deutsche Börse AG's return on equity expresses the ratio of net income after taxes to average equity available to the company during the course of 2021. Return on equity declined from 37.5 per cent in 2020 to 26.2 per cent in the year under review.

Financial position of Deutsche Börse AG

As at 31 December 2021, cash and cash equivalents amounted to €215.5 million (2020: €518.4 million). This includes balances on current accounts, fixed-term deposits and other short-term investments, whereby the bulk is held in cash.

Deutsche Börse AG has external credit lines available of €600.0 million (2020: €605.0 million), which were unused as at 31 December 2021. Moreover, the company has a commercial paper programme in place, which allows for flexible and short-term financings of up to €2.5 billion, in various currencies. Commercial paper with a nominal value of €801.0 million (2020: €0.0 million) was in circulation at year-end.

Through a Group-wide cash-pooling system, Deutsche Börse AG ensures an optimum allocation of liquidity throughout Deutsche Börse Group; in this way, the parent entity makes sure that all subsidiaries are in a position to honour their payment obligations at any time.

Deutsche Börse AG has issued three corporate bonds with a nominal value of €600 million each and three corporate bonds with a nominal value of €500 million each. For more details concerning these bonds, please refer to the ["Financial position"](#) section.

In the 2021 financial year, Deutsche Börse AG generated cash flow from operating activities of €906.7 million (2020: €889.9 million).

Cash flow from investing activities amounted to €–2,978.6 million (2020: €–366.9 million). The decline is related particularly to the investments made in the reporting year. The equity investments in Institutional Shareholder Services Inc. increased by €1,665.4 million, in Clearstream Fund Centre AG by €735.2 million and in Crypto Finance AG by €132.1 million.

Cash flow from financing activities amounted to €1,261.9 million in the year under review (2020: €– 521.5 million). A dividend of €550.6 million was paid for the 2020 financial year. It was offset by the issue of bonds with a nominal value of €1,000 million and commercial paper with a nominal value of €801 million. Cash and cash equivalents amounted to €–761.2 million as of the reporting date 31 December 2021 (2020: €48.8 million). It is made up of liquid funds of €215.5 million (2020: €518.4 million), less cash-pooling liabilities of €976.6 million (2020: €469.6 million).

Cash flow statement (condensed)

| | 2021 €m | 2020 €m |
|--|----------------|-------------|
| Cash flow from operating activities | 906.7 | 889.9 |
| Cash flow from investing activities | – 2,978.6 | – 366.9 |
| Cash flow from financing activities | 1,261.9 | – 521.5 |
| Cash and cash equivalents as at 31 December | – 761.2 | 48.8 |

Assets of Deutsche Börse AG

As at 31 December 2021, the non-current assets of Deutsche Börse AG amounted to €8,559.5 million (2020: €5,672.4 million). At €7,842.1 million, most of the non-current assets consisted of shares in affiliated companies (2020: €5,309.3 million), mainly the investments in Clearstream Holding AG, Institutional Shareholder Services, Inc., Clearstream Fund Centre AG, 360 Treasury Systems AG, Eurex Frankfurt AG and Qontigo GmbH.

Deutsche Börse AG's investments in intangible assets and property, plant and equipment totalled €61.5 million during the year under review (2020: €61.4 million), unchanged year-on-year. Depreciation and amortisation in 2021 amounted to €65.1 million (2020: €63.2 million).

Receivables from and liabilities to affiliated companies include invoices for intra-Group services and amounts invested by Deutsche Börse AG within the scope of cash-pooling arrangements. The receivables from affiliated companies relate to invoices for intra-Group services, but primarily to Clearstream Holding AG for the company's profit transfer of €349.4 million. Liabilities to affiliated companies resulted mainly from cash-pooling amounting to €976.5 million (2020: €469.6 million) and trade liabilities of €48.8 million (2020: €135.3 million).

Working capital amounted to €–1,852.1 million in 2021 (2020: €–249.6 million). The change is mainly due to higher liabilities under cash-pooling agreements and the issue of commercial paper.

Non-current assets (condensed)

| | 2021 €m | 2020 €m |
|---|----------------|----------------|
| Intangible assets | 116.8 | 109.2 |
| Property, plant and equipment | 72.1 | 83.2 |
| Financial assets | 8,370.6 | 5,480.0 |
| Non-current assets as at 31 December | 8,559.5 | 5,672.4 |

Deutsche Börse AG employees

The number of employees (as defined by HGB)¹¹ at Deutsche Börse AG rose by 50 in the reporting year and totalled 1,686 as at 31 December 2021 (31 December 2020: 1,636). The average number of employees at Deutsche Börse AG in the 2021 financial year was 1,664 (2020: 1,572).

During the 2021 financial year, 86 employees left Deutsche Börse AG, resulting in a staff turnover rate of 5 per cent.

On 31 December 2021, Deutsche Börse AG had employees at six locations around the world. Information on the countries, regions, the employees' age structure and length of service are provided in the tables that follow.

Employees per country/region

| | 31 Dec 2021 | % |
|--------------------------------|--------------|------------|
| Germany | 1,658 | 98.3 |
| Great Britain | 15 | 0.9 |
| France | 8 | 0.5 |
| Other European countries | 3 | 0.2 |
| Asia | 2 | 0.1 |
| Total Deutsche Börse AG | 1,686 | 100 |

Age structure of employees

| | 31 Dec 2021 | % |
|--------------------------------|--------------|------------|
| Under 30 years | 193 | 11.5 |
| 30 – 39 years | 558 | 33.1 |
| 40 – 49 years | 418 | 24.8 |
| More than 50 years | 517 | 30.6 |
| Total Deutsche Börse AG | 1,686 | 100 |

Employee length of service

| | 31 Dec 2021 | % |
|--------------------------------|--------------|------------|
| Under 5 years | 710 | 42.1 |
| 5 – 15 years | 539 | 32.0 |
| More than 15 years | 437 | 25.9 |
| Total Deutsche Börse AG | 1,686 | 100 |

¹¹ Employees do not include the company's legal representatives, apprentices and employees on parental leave.

Remuneration report of Deutsche Börse AG

The principles governing the structure and design of the remuneration system at Deutsche Börse AG are the same as those for Deutsche Börse Group, so reference is made to the “[Remuneration report](#)” which will be published alongside with the annual report.

Corporate governance statement in accordance with to section 289f HGB

The corporate governance statement in accordance with section 289f HGB is the same as that for Deutsche Börse Group. Reference is therefore made to the section “[Corporate governance statement](#)”.

Opportunities and risks facing Deutsche Börse AG

The opportunities and risks of Deutsche Börse AG and the activities and processes to manage these are largely the same as for Deutsche Börse Group, so reference is made to the “[Risk management](#)” and the “[Report on opportunities](#)”. As a rule, Deutsche Börse AG shares the opportunities and risks of its equity investments and subsidiaries in accordance with its equity interest. Risks that could potentially threaten the existence of the Eurex Clearing AG subsidiary would also have a direct influence on Deutsche Börse AG based on a letter of comfort issued by Deutsche Börse AG. As of the reporting date, there were no risks jeopardising the company’s existence. Further information on the letter of comfort issued to Eurex Clearing AG is available in the section “[Other financial obligations and off-balance sheet transactions](#)” in the notes to the annual financial statements of Deutsche Börse AG.

The description of the internal control system (ICS), required by section 289 (4) HGB, is provided in the “[Risk management](#)” section.

Forecast for Deutsche Börse AG

The expected developments in Deutsche Börse AG’s business are largely subject to the same factors as those influencing Deutsche Börse Group. However, Deutsche Börse AG’s sales revenue is significantly influenced by the trading-related segments Eurex and Xetra. These are mainly generated by passing on revenue via Eurex Frankfurt AG (EFAG) and Eurex Clearing AG (ECAG) (so-called “Betriebsführungskonstrukt”).

Against the background of new transfer pricing (TP) rules (applicable as of 1 January 2022), comprehensive transfer pricing analysis for the Eurex business was undertaken in the second half of 2021. The analysis showed that the transfer pricing set-up used for the Eurex business can be maintained in principle. However certain adjustments (TP adjustments) are necessary:

- Increase of EFAG’s and ECAG’s cost+ plus margin for operation of the Eurex business to 13 per cent (so far 7 per cent) and pay additional returns for product development activities and ECAG’s risk bearing capital;
- introduction of a dynamic profit split mechanism between DBAG and EGAG reflecting the Eurex revenues derived from the Swiss and German customer base, respectively.

As a result of the TP adjustments EFAG and ECAG shall receive a higher remuneration for operation of the Eurex business from financial year (FY) 2022 onwards. The remaining Eurex profits (after compensation of EFAG and ECAG) shall be split between DBAG and EGAG at an expected distribution key of 88/12 (instead of 85/15 applied in previous FY). This will have a negative impact on EBITDA for the periods from 2022 onwards. Compared with the reporting year, this is expected to have a negative effect of approximately €26 million on Deutsche Börse AG's EBITDA in 2022.

Additional factors influencing Deutsche Börse AG's future results of operations are income from investments in affiliated companies and income from profit and loss transfer agreements.

Deutsche Börse AG expects sales revenue to grow to approximately €1.60 billion and EBITDA to grow to approximately €1.25 billion in 2022.

Further disclosures on Deutsche Börse AG are provided in the ["Report on expected developments"](#).

17. Takeover-related disclosures

Disclosures in accordance with sections 289a sentence 1 and 315a sentence 1 of the German Commercial Code (HGB) and explanatory notes

Deutsche Börse AG makes the following disclosure in accordance with sections 289a sentence 1 and 315a sentence 1 of the German Commercial Code (HGB) as at 31 December 2021:

The share capital of Deutsche Börse AG amounted to €190.0 million on the above-mentioned reporting date and was composed of 190 million no-par value registered shares. There are no other classes of shares besides these ordinary shares.

The share capital has been contingently increased by up to €17.8 million by issuing up to 17.8 million no-par value registered shares (contingent capital 2019). The contingent capital increase will only be implemented to the extent that holders of convertible bonds or of warrants attaching to bonds with warrants issued by the Company or by a Group company in the period until 7 May 2024 on the basis of the authorisation granted to the Executive Board by resolution of the Annual General Meeting of 8 May 2019 on Item 8 (b) of the agenda exercise their conversion or option rights, that they meet their conversion or option obligations, or that shares are tendered, and no other means are used to settle such rights or obligations. More details can be found in Article 4 (7) of the Articles of Association of Deutsche Börse AG.

The Executive Board is only aware of those restrictions on voting rights that arise from Aktiengesetz (AktG, German Stock Corporation Act). Those shares affected by section 136 AktG are therefore excluded from voting rights. Furthermore, shares held by Deutsche Börse AG as treasury shares are exempted from the exercise of any rights according to section 71b AktG.

Under Wertpapierhandelsgesetz (WpHG, German Securities Trading Act), any investor whose shareholding reaches, exceeds or falls below specified voting right thresholds as a result of purchase, sale or any other transaction is required to notify the company and Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority). The lowest threshold for this disclosure requirement is 3 per cent. Deutsche Börse AG is not aware of any direct or indirect equity interests in its capital exceeding 10 per cent of the voting rights.

Acknowledgement

Published by

Deutsche Börse AG
60485 Frankfurt/Main
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www.deutsche-boerse.com

Concept and layout

Deutsche Börse AG, Frankfurt/Main
Kirchhoff Consult AG, Hamburg

Photographs

onformative GmbH

Publication date

11 March 2022

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We would like to thank all colleagues and service providers who participated in the compilation of this report for their friendly support.

Publications service

The annual report 2021 is both available in German and English.

The annual report 2021 of Deutsche Börse Group is available as pdf on the internet:

www.deutsche-boerse.com/annual_report

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