

Corporate News / Frankfurt am Main, October 17, 2023

flatexDEGIRO with strong revenue and earnings growth in Q3 2023

- Quarterly revenues increased by 29 percent to over EUR 100 million (Q3 2022: EUR 78.5 million)
- Adj. EBITDA in Q3 2023 up 70 percent to EUR 41.2 million (Q3 2022: EUR 24.2 million)
- Strong benefit from rising interest rates and net cash inflows of EUR 4 billion in 9M 2023
- Commission per transaction up 7 percent to EUR 4.26
- Further margin improvement expected in Q4 2023
- CET1 ratio of over 27 percent¹ and a regulatory capital surplus of approximately EUR 100 million¹ open up further opportunities in the ongoing financial planning process

Frank Niehage, CEO of flatexDEGIRO: "In an industry-wide challenging market environment, we have achieved our most profitable quarter since the meme-stock-hype two and a half years ago. Our banking infrastructure provides strong sustainable interest income and together with our unique IT setup, we have automated key processes, reduced risk weighted assets and now have more than EUR 100 million in regulatory capital surplus. We clearly intent to use this position of strength to further increase our competitive edge and create significant shareholder value."

Dr. Benon Janos, CFO of flatexDEGIRO AG: "We have achieved this performance while at the same time being very focused on addressing regulatory requirements. While interest income is significantly growing quarter by quarter, we were also able to post our second highest commission income quarter in the past twelve months."

Strong customer growth at lower customer acquisition costs

By the end of September 2023, flatexDEGIRO reached a customer base of 2.63 million, an increase of 10 percent since the start of the year. Customer account growth has therefore been almost twice as strong as the comparable average growth of listed European peers, which averaged at around 5 percent² despite a reduction of marketing expenses throughout the year to just EUR 4.4 million in Q3 2023. Overall, 263,000 new gross customer accounts were added in the first nine months of 2023, of which 77,000 joined flatex and DEGIRO in the third quarter of 2023, resulting in customer acquisition costs of approximately EUR 57 in Q3 2023.

High net cash inflows and investment ratio

Assets under custody reached EUR 47.0 billion at the end of September 2023, an increase of 19 percent or EUR 7.5 billion over the last nine months. flatexDEGIRO continues to see high net cash inflows from existing and new customers onto its platforms, totaling EUR 3.9 billion in the first nine months of 2023. Confirming flatexDEGIRO's clear focus on attracting trading active customers, the cash inflows were fully invested in financial instruments during this period.

Benefits from increasing interest rate levels

flatexDEGIRO continues its conservative treasury strategy with customer cash under custody being deployed in very short duration investments. This mainly includes EUR 1 billion of fully collateralized margin loans provided to flatexDEGIRO brokerage customers as well as approx. EUR 2.3 billion of customer cash under custody of which the majority is being deposited directly at the German Federal

¹ Based on a pro-forma calculation following the re-application of credit risk mitigation techniques for DEGIRO margin loans, on the basis of the last reported figures as of 30 June 2023

² Including Avanza, Fineco and Nordnet

Bank (Bundesbank) with overnight availability. Rising ECB depository rates and the corresponding adjustment of margin loan rates have had and will continue to have a very significantly positive impact on flatexDEGIRO's net interest income. As of November 2023, DEGIRO will extend its margin loan offering to all customers, of which today only around 15 percent of DEGIRO customers have access to.

Industry-wide subdued trading activity of retail investors

Trading activity of retail investors seems to have stabilized over the recent month, albeit still being at a relatively low level due to geopolitical tensions, high inflation rates and rising interest rates. The number of transactions processed via flatexDEGIRO's platforms grew in the third quarter 2023 by 5 percent to 13.8 million compared to the previous quarter (Q2 2023: 13.2 million), but still fell 9 percent short of the third quarter 2022 (15.2 million).

Strong increase in revenues and Adj. EBITDA

Revenues in the third quarter 2023 amounted to EUR 101.4 million, a 29 percent increase over the EUR 78.5 million reported in Q3 2022. Customer account growth, higher commissions per transaction and a significant increase in interest income contributed to this positive development.

Average commissions per transaction reached EUR 4.26 in Q3 2023, a 7 percent increase compared to the previous year's quarter. Interests income in Q3 2023 increased by 164 percent to EUR 38.3 million (Q3 2022: EUR 14.5 million).

Adj. EBITDA in the third quarter 2023 increased by 70 percent to EUR 41.2 million (Q3 2022: EUR 24.2 million), corresponding to an Adj. EBITDA margin of 40.6 percent (Q3 2022: 24.2 percent).

In connection with long-term variable compensation (Stock Appreciation Rights Plan, SARs), provisions of EUR 1.2 million were built during the third quarter 2023. In 2022, SARs provisions of EUR 13.4 million were instead released in the third quarter. Including these changes of SARs provisions, EBITDA reached EUR 40.0 million in the third quarter 2023 (Q3 2022: EUR 37.6 million). Over 50 percent of the granted SARs have meanwhile been executed, significantly reducing the future impact of adjustments from the SARs program.

More than comfortable CET1 ratio and regulatory capital surplus

Following the approval by the German Federal Financial Supervisory Authority (BaFin) credit risk mitigation techniques (CRMT) for DEGIRO margin loans have been re-applied with immediate effect at the end of September. This led to a substantial reduction of flatexDEGIRO Group's risk weighted assets (RWA). Based on the last reported figures as of 30 June 2023, RWA would thus have been reduced by approximately one third or 450 million Euro to approximately 900 million Euro. Based on this, flatexDEGIRO Group's Common Equity Tier 1 (CET1) ratio is thereby to increase to over 27 percent versus a regulatory required CET1 ratio of approximately 15.4 percent, leading to a regulatory capital surplus of approximately 100 million Euro.

This allows flatexDEGIRO to put a stronger focus on commercial topics, such as the expansion of its margin loan offering to all DEGIRO customers over the coming weeks.

		9M 2023	9M 2022	Change in %	Q3 2023	Q3 2022	Change in %
Financials							
Revenues	EUR m	290.5	301.6	-3.7	101.4	91.9	+10.4
Adj. Revenues	EUR m	290.5	280.8	+3.4	101.4	78.5	+29.2
Commission income	EUR m	179.5	219.2	-18.1	58.9	61.3	-4.1
Interest income	EUR m	97.3	49.5	+96.8	38.3	14.5	+163.6
Other operating income ³	EUR m	13.7	32.9	-58.5	4.3	16.0	-73.4
Commission per transaction	EUR	4.14	4.11	+0.7	4.26	3.99	+6.7
EBITDA	EUR m	88.5	126.7	-30.2	40.0	37.6	+6.4
EBITDA margin	%	30.4	42.0	-27.5	39.4	40.9	-3.6
Adj. EBITDA	EUR m	105.0	106.0	-0.9	41.2	24.2	+70.1
Adj. EBITDA margin	%	36.2	37.7	-4.2	40.6	30.8	+31.7

Adjusted figures exclude the effects of the building/release of provisions for variable, long-term compensation (Stock Appreciation Rights, SARs).

³ Including the release of provisions for variable, long-term compensation (Stock Appreciation Rights, SARs) of EUR 20.7 million in 9M 2022 and EUR 13.4 million in Q3 2022

Commercial KPIs

		9M 2023	9M 2022	Change in %	Q3 2023	Q3 2022	Change in %
Customer accounts at the end of the period	m	2.63	2.36	+11.6	2.63	2.36	+11.6
New customer accounts (gross)	k	263.5	376.3	-30.0	77.4	93.8	-17.4
Transactions settled	m	43.4	53.4	-18.7	13.8	15.2	-9.3
		Sep 2023	Dec 2022	Change in %	Sep 2023	Jun 2023	Change in %
Assets under Custody	EUR bn	47.0	39.5	+19.0	47.0	47.8	-1.6
- thereof: Securities	EUR bn	43.7	36.2	+10.0	43.7	44.2	-1.1
- thereof: Cash	EUR bn	3.3	3.2	+0.6	3.3	3.5	-7.8

Regional split - Customer accounts

		9M 2023	9M 2022	Change in %	Q3 2023	Q2 2023	Change in %
flatexDEGIRO	m	2.63	2.36	+11.6	2.63	2.56	+2.7
Core Markets	m	1.53	1.40	+8.8	1.53	1.49	+2.5
Growth Markets	m	0.98	0.84	+17.2	0.98	0.95	+3.1
Research Markets	m	0.12	0.11	+5.3	0.12	0.12	+1.8

Regional split - Transactions settled

		9M 2023	9M 2022	Change in %	Q3 2023	Q3 2022	Change in %
flatexDEGIRO	m	43.4	53.4	-18.7	13.8	15.3	-9.3
Core Markets	m	30.4	36.4	-16.3	9.8	10.5	-5.6
Growth Markets	m	11.7	15.1	-22.8	3.6	4.3	-16.6
Research Markets	m	1.3	1.9	-30.9	0.4	0.5	-22.7

For more information, please contact:

Achim Schreck
Head of IR & Corporate Communications

Phone +49 (0) 69 450001 0
achim.schreck@flatexdegiro.com

About flatexDEGIRO AG

flatexDEGIRO AG (WKN: FTG111, ISIN: DE000FTG1111, Ticker: FTK.GR) operates the leading and fastest growing online brokerage platform in Europe. Based on modern, in-house state-of-the-art technology, customers of the flatex and DEGIRO brands are offered a wide range of independent products with execution on top TIER 1 exchanges. The technological edge as well as the high efficiency and strong economies of scale enable flatexDEGIRO to continuously improve its service offering to customers.

With more than 2.5 million customer accounts and over 67 million securities transactions processed in 2022, flatexDEGIRO is the largest retail online broker in Europe. In times of bank consolidation, low interest rates and digitalization, flatexDEGIRO is ideally positioned for further growth.

For more information, visit <https://www.flatexdegiro.com/en>

Disclaimer

Preliminary results

This release contains preliminary information that is subject to change and that is not intended to be complete.

Non-IFRS measures (APMs)

This presentation includes non-IFRS measures, including Adjusted EBITDA. These measures are alternative performance measures as defined by the European Securities and Markets Authority ("ESMA"). flatexDEGIRO presents these non-IFRS measures as (i) they are used by its management to measure performance, including in presentations to the Management Board and Supervisory Board members and as a basis for strategic planning and forecasting; and (ii) they represent measures that flatexDEGIRO believes are widely used by certain investors, securities analysts and other parties as supplemental measures of operating and financial performance. These non-IFRS measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered as a substitute for analysis of flatexDEGIRO's operating results as reported under IFRS. Non-IFRS measures are not a measurement of flatexDEGIRO's performance or liquidity under IFRS and should not be considered as alternatives to consolidated net profit or any other performance measure derived in accordance with IFRS or other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

Forward-looking statements

This release may contain forward-looking statements and information, which may be identified by formulations using terms such as "expects", "aims", "anticipates", "intends", "plans", "believes", "seeks", "estimates" or "will". Such forward-looking statements are based on our current expectations and certain assumptions, which may be subject to variety of risks and uncertainties. The results actually achieved by flatexDEGIRO AG may substantially differ from these forward-looking statements. flatexDEGIRO assumes no obligation to update these forward-looking statements or to correct them in case of developments, which differ from those anticipated.