

## Group Interim Management Statement, January - March 2022

Frankfurt/ Main, 26 April 2022

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### **flatexDEGIRO with strongest quarter in the company's history after "meme stock mania" in Q1 2021**

- Over 185,000 new customers acquired in the first quarter (+31% compared to the customer growth in Q4/2021), customer retention rate of 99.5%
- Number of transactions increased by 11% to 21.9 m (Q4 2021: 19.8 m), despite subdued trading activity by retail investors due to fears of interest rate hikes, rising inflation and war
- Revenues of EUR 118.1 m (+14% vs. Q4 2021), almost completely free of reimbursements from trading venues (so-called "payment for order flow", PFOF), which only account for 0.7%
- Increase in revenue per transaction to EUR 5.39, the highest level since the acquisition of DEGIRO, confirms the value enhancement potential of the product and pricing measures introduced in 2021
- Adj. EBITDA of EUR 54.5 m represents a 76% increase in operating profitability vs. Q4 2021, despite higher marketing spent to raise brand awareness

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*Frank Niehage, CEO of flatexDEGIRO AG: "Leaving aside the first quarter of 2021, which was incomparable in all aspects, we have just delivered the best quarter in our company's history: In no other quarter have we won more new customer accounts (approx. +185,000), settled more transactions (almost 22 million) or generated higher revenues (over EUR 118 million). We achieved this in an environment in which peers are reporting significant declines in customer growth and where the trading activity of retail investors remains at a comparatively low level due to fears of interest rate hikes, rising inflation and war. With an Adj. EBITDA of well over EUR 54 million, which corresponds to a margin of 46 percent, we also reported by far the highest profitability since the acquisition of DEGIRO, and this despite increased marketing investments in future growth. These figures confirm the success of our strategy to combine industry-leading growth with high profitability."*

## Major Events

- **Documentary "True Stories of Investing" successfully broadcasted**

With "True Stories of Investing", flatexDEGIRO launched a documentary together with Discovery at the end of January 2022 to demystify investing and to convey important basics that every retail investor needs to know.

The documentary explains the difference between active and passive investing, how to diversify risk across sectors, regions and time, and how investing can actually contribute to a better world. Behavioural scientists and pioneers such as Hersh Shefrin (professor at Santa Clara University and best-selling author of Beyond Greed and Fear) and Wendy De La Rosa (TED speaker and PhD student at Stanford University) explain how investing requires mental discipline to avoid being tricked by one's own psychology and succumbing to phenomena such as FOMO (Fear Of Missing Out), cognitive biases, as well as tendencies towards self-affirmation and the perpetuation of historical values.

Well over 1.2 million viewers in all major European countries had watched the documentary by the end of the first quarter of 2022, which was subsequently added to the Discovery+ media library.

All episodes of the documentary can be found on the websites of our brands DEGIRO and flatex, for example at [DEGIRO.co.uk > Knowledge > Documentary](https://www.degiro.co.uk/knowledge/documentary) ([link](#)).

- **Robo-Advisory in partnership with Whitebox**

At the end of March 2022, flatexDEGIRO signed a Memorandum of Understanding (MoU) with its long-standing B2B partner and digital asset manager Whitebox, one of the leading independent robo-advisors for retail investors. Together, flatexDEGIRO and Whitebox will offer flatexDEGIRO customers a fully digital investment solution. The aim is to roll out the new product first at flatex Germany in summer 2022.

The partnership enables flatexDEGIRO to offer its customers access to an additional, very attractive and convenient form of investment. Customers who were previously less active in trading will benefit from this in particular. In addition, new customer groups can be addressed who are generally looking for support with sustainable and long-term investments in the capital market. Offering digital asset management in the form of robo-advisory is the next, logical step in the verticalisation of flatexDEGIRO's European brokerage platform.

- **flatexDEGIRO with double triple in customer awards**

DEGIRO was once again named "Best Stockbroker 2021" in Spain, Portugal and Italy by Rankia, one of the world's leading financial communities with more than 600,000 registered users. In Spain, the top position was achieved for the sixth time in a row, in Portugal for the third time in a row. In Italy, the awards were presented for the first time.

In April 2022, flatex took three first places in its German home market in the highly regarded customer vote of "Brokerwahl". flatex achieved the top ranking as "Best Online Broker", best "ETF & Funds Broker" as well as best "Daytrade Broker", with votes of almost 81,000 traders, savers and investors. As the only provider, flatex thus covers the entire range of online brokerage in outstanding form. DEGIRO was also able to convince in the survey and secured a third place in Germany (Futures Broker) as well as three further top 10 rankings (Online Broker, ETF & Funds Broker and Daytrade Broker). ViTrade, the high-performance platform for professional brokerage within the flatexDEGIRO Group, came in an excellent fifth place among particularly trading-active customers (Daytrade Broker), despite its strongly focused customer base.

## Upcoming Growth Initiatives

- **Direct trading of cryptocurrencies in preparation**

flatexDEGIRO is working towards enabling its customers to trade cryptocurrencies directly in the near future. This will be realised together with a renowned partner. The Management Board is confident that it will be able to communicate further details in the course of the second quarter 2022.

## Financial Position and Results of Operations

Muhamad Chahrour, CFO of flatEXDEGIRO AG and CEO of DEGIRO: "The strong figures for the first quarter reflect the steady improvements in our customer offering and the successful implementation of key value drivers. Early and late trading via Tradegate, which has been available since August 2021, has been very well received by DEGIRO customers. The same applies to the ETP offering of our European partners BNP Paribas and Société Générale, which is available in several DEGIRO-markets since December. The change in DEGIRO's pricing structure has the expected effect. Compared to the average of the last three quarters, we were thus able to increase revenue per transaction by almost EUR 0.50 to EUR 5.39, despite subdued trading activity, especially in the US market. Annualised average revenue per user (ARPU) stood at EUR 221 in the first quarter of 2022, a peak compared to previous quarters and a confirmation of the continued high quality of our customer base."

## Key Figures

		Q1 2022	Q4 2021	Change in %
<b>KPIs</b>				
Customer accounts at the end of the period	m	2.21	2.06	+7.0
New customer additions (gross)	k	185	141	+31.0
Transactions settled	m	21.9	19.8	+10.6
<b>Financials</b>				
Revenues	EUR m	118.1	103.4	+14.2
Average revenue per customer (ARPU), annualised	EUR	221	207	+6.8
EBITDA	EUR m	51.7	28.8	+79.5
EBITDA margin	%	43.8	27.9	+57.0
Adj. EBITDA	EUR m	54.5	31.0	+75.8
Adj. EBITDA margin	%	46.1	30.0	+53.9
Adj. EBITDA before marketing expenses	EUR m	72.9	48.4	+50.6
Adj. EBITDA margin before marketing expenses	%	61.7	46.8	+31.9

### **Strongest customer growth in the industry**

By the end of March 2022, the number of flatexDEGIRO customer accounts had risen to 2.21 million, an increase of 7.0 percent compared to the 2.06 million customer accounts on 31 December 2021. In total, flatexDEGIRO added around 185,000 new customer accounts in the first quarter of 2022, approximately 44,000 or 31.0 percent more than in the fourth quarter of 2021. flatexDEGIRO has thus left its most important peers far behind in the past three months and has further consolidated its position as the fastest-growing pan-European online broker.

In continuation of its strategy to focus exclusively on the online brokerage business, flatexDEGIRO terminated with around 20,000 non-brokerage customers in the course of the first quarter of 2022, as already announced in the Trading Update at the beginning of January 2022. Furthermore, around 8,000 customer accounts were closed by flatexDEGIRO in the course of the customer migration in Austria from DEGIRO to flatex.

The customer retention rate was around 99.5 percent at the end of the first quarter.

### **Subdued trading activity is clearly overcompensated by customer growth**

The number of transactions settled via flatexDEGIRO's platforms increased by 10.6 percent to 21.9 million in the first quarter of 2022 (Q4 2021: 19.8 million). The increase is primarily due to strong customer growth. It overcompensated the subdued trading activity of retail investors in the first quarter of 2022, which remained at the level of the previous quarter due to fears of interest rate hikes, rising inflation and war.

### **Growth Markets with strongest customer growth, Core Markets with significantly more transactions**

With a presence in 18 European countries, flatexDEGIRO structures its market presence according to the size and growth dynamics of its customer base. The **Core Markets** with the largest customer base include Germany, the Netherlands and Austria. The strongest growth opportunities are seen in France, Spain, Portugal, Italy, Switzerland, Ireland and the United Kingdom (**Growth Markets**). The remaining markets (Denmark, Norway, Sweden, Finland, Poland, Hungary, the Czech Republic and Greece) are described as **Research Markets**.

In the first quarter of 2022, the most significant gains in customers were achieved in the Growth Markets, both in absolute figures (approx. +86,000) and in relative terms (+13 percent). The large customer base in the Core Markets also recorded further growth (+4 percent or approx.+46,000), but particularly impressed with a significant increase in transactions compared to the fourth quarter (+2.2 million or +17 percent).

	Q1 2022	Q4 2021	Growth absolute	Growth in %
<b>Customer accounts (in millions)</b>				
<b>flatexDEGIRO</b>	<b>2.21</b>	<b>2.06</b>	<b>+0.15</b>	<b>+7.0</b>
Core Markets	1.35	1.30	+0.05	+3.7
Growth Markets	0.75	0.67	+0.09	+12.9
Research Markets	0.11	0.10	+0.01	+11.9
<b>Transactions (in millions)</b>				
<b>flatexDEGIRO</b>	<b>21.9</b>	<b>19.8</b>	<b>+2.1</b>	<b>+10.6</b>
Core Markets	15.1	12.9	+2.2	+16.8
Growth Markets	6.1	6.2	-0.1	-0.9
Research Markets	0.8	0.7	+0.0	+2.3

### ARPU further improved

Revenues increased by EUR 14.7 million or 14.2 percent to EUR 118.1 million in Q1 2022 (Q4 2021: EUR 103.4 million). The increase is due to the increased number of transactions as well as higher average revenues per transaction. This was mainly due to the increasing use of early and late trading in the international markets, the successful launch of the derivatives partnerships at DEGIRO with Société Générale and BNP Paribas in December 2021 and the optimised pricing structure at DEGIRO since the end of December 2021.

In relation to customer assets under custody of over EUR 43.1 billion (full year 2021: EUR 43.9 billion), flatexDEGIRO achieved an annualised revenue margin of 117 basis points in the first quarter of 2022 (full year 2021: 110 basis points).

The average revenue per transaction already rose continuously in 2021 and was increased again in the first quarter of 2022 due to the product and pricing measures described above. At EUR 5.39, it reached the highest level since the acquisition of DEGIRO. Based on the last twelve months (LTM), average revenue per transaction stood at EUR 5.05 and thus EUR 0.46 above the annual average in 2021 (EUR 4.59). Annualised revenue per customer account (ARPU) amounted to EUR 221 in the first quarter of 2022, an increase of 7 percent compared to the previous quarter (EUR 207).

The share of revenues resulting from reimbursements from trading venues (so-called "payment for order flow", PFOF) amounted to only 0.7 percent in the first quarter of 2022 and was thus almost completely eliminated.

### **Profitable growth leads to growing profitability**

Due to the high scalability of the business model, the strong operating leverage and the improved monetisation resulting from the successful product and pricing measures at the end of 2021, Adjusted EBITDA increased disproportionately and reached EUR 54.5 million in the reporting period. This corresponds to an increase of 75.8 percent compared to the previous quarter (Q4 2021: EUR 31.0 million). The Adjusted EBITDA margin in the first quarter of 2022 amounted to 46.1 percent (Q4 2021: 30.0 percent).

In the past reporting period, flatexDEGIRO continued to strengthen brand awareness, particularly in the Growth Markets, in order to enable long-term growth with high-quality customers. Marketing expenses in the first quarter of 2022 amounted to EUR 18.4 million and were thus another 5.8 percent higher than in the previous quarter (EUR 17.4 million). The pure operating profitability before these future-oriented expenses (Adj. EBITDA margin before marketing expenses) reached 61.7 percent in the first quarter of 2022 and was thus almost 15 percentage points above the comparable number of the fourth quarter 2021 (46.8 percent).

### **Outlook**

The management confirms its forecast of being able to acquire between 640,000 and 840,000 new customer accounts in the full year 2022 and to settle a total of 95 to 115 million transactions.

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## **Basis of the Presentation**

All information and figures contained in the Group Interim Management Statement of flatexDEGIRO AG (herein either "flatexDEGIRO", "Company" or "Group") relate to the reporting date 31 March 2022 or the three-month period from 1 January 2022 to 31 March 2022. The personal pronouns "we", "us" or "our" used in this Group Interim Management Statement refer to flatexDEGIRO with its subsidiaries.

## **Forward-looking Statements**

This Group Interim Management Statement may contain forward-looking statements, which may be identified by formulations such as "expect", "want", "anticipate", "intend", "plan", "believe", "aim", "estimate", "will" or similar expressions. Such forward-looking statements are based on current expectations and certain assumptions that may be subject to a number of risks and uncertainties. The results actually achieved by flatexDEGIRO may differ materially from these forward-looking statements. flatexDEGIRO assumes no obligation to update these forward-looking statements after publication or to correct them in the event of developments that differ from those anticipated.

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## **Contact**

Achim Schreck  
Head of Investor Relations & Corporate Communications  
Tel.. +49 (0) 69 450001 0  
[achim.schreck@flatexdegiro.com](mailto: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 million customer accounts and more than 91 million securities transactions settled in 2021, flatexDEGIRO is the largest retail online broker in Europe. In times of bank consolidation, low interest rates and digitalisation, flatexDEGIRO is ideally positioned for further growth. Within the next five years, flatexDEGIRO aims to expand its customer base to 7 to 8 million customer accounts and settle 250 to 350 million transactions per year - even in years of low volatility.

Further information at <https://www.flatexdegiro.com/en>