

Financial Communication – Q1 2023

Operational development

The (gross) increase in customer accounts in Q1 2023 amounted to approx. 112,000 (Q1 2022: approx. 185,000). Compared to the previous quarter (Q4 2022: approx. 86,000), gross customer account growth increased by 30.7 percent. The customer base at the end of Q1 2023 amounted to 2.50 million, an increase of 4.2 percent compared to year end 2022 (2.40 million) and of 13.2 percent compared to Q1 2022 (2.21 million). The annualized retention rate in Q1 2023 amounted to 98 percent.

In Q1 2023, flatexDEGIRO settled 16.3 million transactions, an increase of 19.2 percent compared to the last quarter (Q4 2022: 13.7 million). Compared to the strong quarter Q1 2022 (21.9 million), which had not yet seen the negative impact on retail sentiment, it is a decline of 25.4 percent.

Net cash inflows onto the platforms of flatexDEGIRO amounted to EUR 1.7 billion in Q1 2023, with an investment rate into securities of 99 percent. This was in continuation of the positive trend of 2022, which saw a full-year net cash inflow of EUR 5.9 billion with an investment rate of 90 percent into securities.

Assets held under custody increased by 14.1 percent to EUR 45.1 billion at the end of Q1 2023 (31 December 2022: EUR 39.5 billion). This includes securities held under custody of EUR 41.7 billion (+15.1 percent versus EUR 36.2 billion as of December 2022) and cash under custody of EUR 3.3 billion (+3.0 percent versus EUR 3.2 billion as of December 2022).

flatexDEGIRO continues its conservative treasury strategy with customer cash under custody being deployed in very short duration investments. This mainly includes EUR 0.9 billion of fully collateralized margin loans provided to flatexDEGIRO brokerage customers as well as approx. EUR 2.4 billion of customer cash under custody of which the vast majority is deposited directly at the German Federal Bank (Bundesbank) with overnight availability.

Over the last nine months, the European Central Bank (ECB) strongly increased depository rates from minus 50 basis points in July 2022 to (positive) 300 basis points at the end of April 2023. Based on this sharp increase of 350 basis points, flatexDEGIRO has decided to adjust interest rates for margin loans at flatex and DEGIRO in two steps, resulting in an average yield expectation on its margin loan book of 4.5 percent. The first increase by 100 basis points took effect in January 2023. A second adjustment will become effective in July 2023.

Increases of the ECB depository rate also affect the EUR 2.4 billion of very short-durated deposits and have therefore a very direct positive impact on flatexDEGIRO's net interest income.

Regional development

The Core Markets (Netherlands, Germany, Austria) as well as the Growth Markets (Spain, France, Portugal, Italy, Switzerland, UK, and Ireland) grew in Q1 2023 by 55,500 and 52,000 new customer accounts (gross), respectively. Compared to the number of customer accounts as of 31 December 2022, this corresponds to a growth rate of 3.5 percent in the Core Markets and 5.5 percent in the Growth Markets. Settled transactions in the Core Markets amounted to 11.3 million in Q1 2023, an increase of 17.4 percent over Q4 2022 (9.6 million). In the Growth Markets, 4.5 million transactions were settled in Q1 2023, an increase of 24.4 percent over Q4 2022 (3.6 million).

Financial position and results of operations

Revenues in Q1 2023 amounted to EUR 98.3 million in Q1 2023, an increase of 12.1 percent compared to the adjusted¹ revenues of the previous quarter (Q4 2022: EUR 87.7 million). In Q1 2022, revenues had amounted to EUR 118.1 million, driven by a still strong trading activity of retail investors back then.

Commission income amounted to EUR 68.0 million in Q1 2023 corresponding to an average of EUR 4.17 of commission per transaction. Commission per transaction in the previous quarter amounted to EUR 3.90, with a total commission income of EUR 53.0 million. In Q1 2022, average commission per transaction amounted to EUR 4.26 and total commission income to EUR 93.4 million.

With effect to mid-May 2023, DEGIRO has increased commissions on US trades in all markets, and local trades in its key growth markets. Based on the initiated measures, Management expects for the full year 2023 an average commission per transaction at a level of EUR 4.25 (previously: EUR 4.10).

Interest income in Q1 2023 amounted to EUR 26.6 million, an increase of 20.5 percent over the previous quarter (Q4 2022: EUR 22.1 million) and 50.4 percent over Q1 2022 (EUR 17.7 million). The increase results from higher depository rates at ECB as well as increased interest rates for margin loans at flatex and DEGIRO.

In-line with Management commentary provided in the context of the presentation of 2022 preliminary results in February 2023, marketing expenses have peaked in Q1 2023, amounting to EUR 17.2 million (Q4 2022: EUR 8.4 million and Q1 2022: EUR 18.4 million) – which represents, as indicated, 45-50% of the total annual marketing budget. For the full year, marketing expenses are expected to amount to a mid-30-million-euro amount. In addition, one-time expenses in Q1 2023 resulted from the payment of an inflation compensation to all employees (EUR 3.3 million) and the BaFin fine as published in February 2023 (EUR 1.1 million).

Excluding provisions for long-term, variable compensation (Stock Appreciation Plan, SARs), Adjusted² EBITDA in Q1 2023 amounted to EUR 29.9 million, compared to EUR 54.5 million in Q1 2022 and EUR 38.9 million in Q4 2022. In Q1 2023, SARs provisions of EUR 10.6 million were recorded in personnel expenses, given the share price development in Q1 2023. Reported EBITDA thus amounted to EUR 19.4 million in Q1 2023, EUR 51.7 million in Q1 2022 and EUR 56.6 million in Q4 2022.

Adjusted EBITDA margin in Q1 2023 amounted to 30.4 percent, given the indicated significant marketing spend of 45-50% of the total annual budget in Q1 2023 (Q1 2022: 46.1 percent and Q4 2022: 44.5 percent).

Full-year guidance unchanged

The developments within the first quarter 2023 are in-line with Management's expectation when issuing the Company's full year financial guidance for 2023. Management continues to expect a slight increase of Adjusted Revenues (2022: EUR 368.5 million) to approximately EUR 380 million. Adjusted EBITDA margin is expected to increase to over 40 percent and the Adjusted EBT margin to over 30 percent.

Solid capital structure

Following the addition of the Company's full-year profits 2022 to regulatory capital, the CET 1 ratio of the Group amounted to 19.9 percent as of 31 December 2022, well above the required 15.6 percent. The Company is fully focused on the resolution of all procedural and organizational shortcomings identified in the BaFin audit in 2022. The current priority lies in particular on the findings related to the application of credit risk mitigation techniques with respect to DEGIRO margin loans. Management

¹ Adjusted for effects of the release of provisions for long-term, variable compensation (Stock Appreciation Rights Plan, SARs) of EUR 17.7 million in Q4 2022.

² Adjusted for effects of the building/release of provisions for long-term, variable compensation (Stock Appreciation Rights Plan, SARs). In Q1 2022, SARs provisions of EUR 2.7 million were included in personnel expenses. In Q1 2023 these amounted to EUR 10.6 million. In Q4 2022, the release SARs provisions of EUR 17.7 million was reflected in Other Operating Income.

expects those to be resolved within the year 2023. Resolving these findings would have the potential to decrease flatexDEGIRO's risk weighted assets by approx. EUR 376 million and thus increasing the CET 1 ratio to approx. 28 percent.

Annual General Meeting on 13 June 2023, addition to Supervisory Board

flatexDEGIRO will hold its next Annual General Meeting (AGM) on 13 June 2023 with the corresponding documents soon to be published on its corporate website (www.flatexDEGIRO.com > Investor Relations > Annual General Meeting & Prospectus, <https://flatexdegiro.com/en/investor-relations/annual-general-meetings>).

At the AGM, the Supervisory Board of flatexDEGIRO intends to propose the increase of the existing Supervisory Board from four to five members as well as the election of Britta Lehfeldt as an additional member of the Supervisory Board. Britta Lehfeldt has more than 25 years of experience in the banking and brokerage business, which she gained while working in various management positions at Deutsche Bank, most recently as Global Chief Operating Officer of Technology, Data and Innovation. This addition to the Supervisory Board is the next logical step in further enhancing the Corporate Governance of flatexDEGIRO, following last year's extension of the Supervisory Board from three to four members and the election of Aygül Özkan as well as the increase of the Company's Management Board from two to four members with effect of 1 January 2023.

Key figures

		Q1 2023	Q1 2022	Change in %	Q1 2023	Q4 2022	Change in %
Financial KPI							
Revenues	m EUR	98.3	118.1	-16.7	98.3	105.4	-6.7
Adjusted* Revenues	m EUR	98.3	118.1	-16.7	98.3	87.7	+12.1
Commission income	m EUR	68.0	93.4	-27.2	68.0	53.0	+28.2
Interest income	m EUR	26.6	17.7	+50.4	26.6	22.1	+20.5
Other operating income	m EUR	3.8	7.0	-46.6	3.8	30.3**	-87.6
Commission per transaction	EUR	4.17	4.26	-2.1	4.17	3.90	+6.9
EBITDA	m EUR	19.4	51.7	-62.6	19.4	56.5	-50.1
EBITDA margin	%	19.7	43.8	-55.1	19.7	53.7	-63.3
Adjusted* EBITDA	m EUR	29.9	54.5	-45.0	29.9	39.0	-23.0
Adjusted* EBITDA margin	%	30.4	46.1	-34.0	30.4	44.5	-31.4

* adjusted for effects of the building/release of provisions for long-term, variable compensation (Stock Appreciation Rights Plan, SARs). In Q1 2022, SARs provisions of EUR 2.7 million were included in personnel expenses. In Q1 2023 these amounted to EUR 10.6 million. In Q4 2022, the release SARs provisions of EUR 17.7 million was reflected in Other Operating Income.

** Q4 2022 including effects from the reversal of provisions for long-term, variable compensation (Stock Appreciation Rights Plan, SARs) of EUR 17.7 million

		Q1 2023	Q1 2022	Change in %	Q1 2023	Q4 2022	Change in %
Commercial KPI							
Customer accounts end of period	m	2.50	2.21	+13.2	2.50	2.40	+4.2
New customer accounts (gross)	k	112	185	-39.3	112	86	+30.7
Transactions settled	m	16.3	21.9	-25.4	16.3	13.7	+19.2
Average transactions per customer account p.a. (annualized)		27	41	-34.9	27	23	+15.8
		Mar 2023	Mar 2022	Change in %	Mar 2023	Dec 2022	Change in %
Assets under Custody	bn EUR	45.1	43.1	+4.5	45.1	39.5	+14.1
- thereof: Securities	bn EUR	41.7	39.8	+4.8	41.7	36.2	+15.1
- thereof: Cash	bn EUR	3.3	3.3	+1.2	3.3	3.2	+3.0

Regional split - Customer accounts

		Mar 2023	Mar 2022	Change in %
flatexDEGIRO	m	2.50	2.21	+13.2
Core Markets	m	1.46	1.35	+8.2
Growth Markets	m	0.92	0.75	+22.8
Research Markets	m	0.12	0.11	+8.2

Regional split - Transactions

		Q1 2023	Q1 2022	Change in %
flatexDEGIRO	m	16.3	21.9	-25.4
Core Markets	m	11.3	15.0	-24.6
Growth Markets	m	4.5	6.1	-26.1
Research Markets	m	0.5	0.8	-34.3

	Mar 2023	Dec 2022	Change in %
flatexDEGIRO	2.50	2.40	+4.2
Core Markets	1.46	1.41	+3.5
Growth Markets	0.92	0.88	+5.5
Research Markets	0.12	0.11	+2.3

	Q1 2023	Q4 2022	Change in %
flatexDEGIRO	16.3	13.7	+19.2
Core Markets	11.3	9.6	+17.4
Growth Markets	4.5	3.6	+24.4
Research Markets	0.5	0.4	+17.3

Disclaimer

Preliminary, unaudited information

This release contains preliminary, unaudited information that is subject to change and does not purport to be complete.

Non-IFRS key figures (APMs)

This presentation contains 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 because (i) they are used by management to measure performance, including in presentations to the Management Board and members of the Supervisory Board 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 similarly titled measures of other companies and have limitations as analytical tools and should not be considered a substitute for analysis of flatexDEGIRO's operating results as reported under IFRS. Non-IFRS measures are not a measure of flatexDEGIRO's performance or liquidity under IFRS and should not be considered as an alternative to net income or other performance measures derived under IFRS or other generally accepted accounting principles, or as an alternative to cash flows from operating, investing or financing activities.

Forward-looking statements

This release may contain forward-looking statements and information identified by terminology such as "expect", "aim", "anticipate", "intend", "plan", "believe", "estimate" or "will". Such forward-looking statements are based on current expectations and certain assumptions that may be subject to a variety of risks and uncertainties. Actual results achieved by flatexDEGIRO AG may differ materially from these forward-looking statements. flatexDEGIRO assumes no obligation to update these forward-looking statements or to revise them in the event of developments that differ from those anticipated.