

Company news / Frankfurt am Main, February 27, 2024

After its second-best financial year in 2023, flatexDEGIRO is aiming for a record year in 2024

- 340,000 new customer accounts increase customer base to 2.7 m in 2023 (Dec. 2022: 2.4 m)
- Net cash inflows in the amount of € 4.5 bn
- Revenues increased by 6% to € 390.7 m (2022¹ : € 368.5 m)
- Adj. EBITDA¹ increased by 7% to € 154.4 m (2022: € 145.0 m)
- Adj. consolidated net income¹ increased by 4% to € 81.8 m (2022: € 78.6 m)
- Expected revenue growth of 5-15% and increase in consolidated net income of 25-50% mean 2024 can become strongest year in the company's history in terms of revenues and consolidated net income.
- Common Equity Tier 1 capital ratio (CET1 ratio) of over 30%² and regulatory capital surplus of well over € 100 m expected².
- The Management Board and Supervisory Board intend to propose to the upcoming Annual General Meeting for the first time the authorization to buy back up to 10% of the share capital as well as an additional dividend of 4 cents per share.

Frank Niehage, CEO of flatexDEGIRO: "We can be justifiably proud of what we have achieved as a team at flatexDEGIRO over the past few months. On behalf of the entire Management Board and the Supervisory Board, I would like to take this opportunity to express our thanks and appreciation to all 1,300 colleagues at flatexDEGIRO. Together, we overcame adverse conditions and made 2023 the second-best year in our company's history. This is reflected not least in the growth of customer assets under custody by over EUR 12 billion to around EUR 52 billion within a year and in the additional net cash inflows of around EUR 4.5 billion that our customers entrusted to us in 2023, without us offering interest on cash balances."

Dr. Benon Janos, CFO of flatexDEGIRO AG: "We have managed to increase the Group's revenue and operating profitability once again, despite a challenging economic and geopolitical environment and the associated significant industry-wide decline in trading activity by retail investors. We were able to more than compensate for this thanks to a sharp rise in interest income. The strong focus on the expansion of the regulatory relevant organizational structures, which has largely been completed, also creates a solid and sustainable basis for the future growth of flatexDEGIRO."

¹ Adjusted for effects from the creation and reversal of provisions for long-term variable compensation.

² After regulatory approval of the profits for 2023.

Strong customer growth with declining customer acquisition costs

At the end of 2023, flatexDEGIRO had a customer base of 2.7 million, which corresponds to growth of 12.6 percent since the beginning of the year. Customer growth was thus more than twice as strong as that of other listed European competitors, which reached an average of 6.1 percent³. At the same time, flatexDEGIRO significantly reduced its marketing expenses by 30.4 percent to EUR 34.0 million in 2023 (2022: EUR 48.9 million). Acquisition costs per customer were thus reduced to slightly less than EUR 100 in 2023 (2022: EUR 106). In total, flatex and DEGIRO gained over 340,000 new gross customer accounts in the course of 2023.

High net cash inflows and investment ratio

Customer assets under custody reached a record EUR 51.7 billion at the end of December 2023, an increase of 31.1 percent or EUR 12.3 billion within one year. flatexDEGIRO continues to see high net cash inflows from existing and new clients on its platforms, totaling EUR 4.5 billion in 2023. Over 90 percent of the net cash inflows were invested in financial instruments during this period, confirming flatexDEGIRO's clear focus on attracting trading-active customers.

flatexDEGIRO benefits from rising interest rates

flatexDEGIRO continues to pursue its conservative treasury strategy, whereby customer cash held in custody are invested in assets with very short maturities. At the end of 2023, this essentially includes EUR 0.9 billion in fully collateralized margin loans made available to flatexDEGIRO brokerage customers as well as approximately EUR 2.7 billion in customer cash under custody, the majority of which are held directly at the German Federal Bank (Deutsche Bundesbank) with daily availability. Rising deposit interest rates from the European Central Bank (ECB) and the associated adjustment of interest rates for margin loans had and continue to have a very significant positive impact on flatexDEGIRO's net interest income. Furthermore, in November 2023, DEGIRO expanded its margin loan offering, to which only around 15 percent of DEGIRO customers previously had access, to all customers.

Industry-wide subdued trading activity among retail investors

The trading activity of retail investors appears to have stabilized in recent months, even if it is still at a relatively low level due to geopolitical tensions, high inflation rates and increased interest rates. The number of transactions processed via the flatexDEGIRO platforms in 2023 reached 56.9 million, 15.2 percent below the previous year's figure (2022: 67.0 million).

Increase in revenues and Adj. EBITDA

Revenues amounted to EUR 390.7 million in 2023, an increase of 6.0 percent compared to EUR 368.5 million in 2022⁴. The growth in customer accounts, slightly higher commissions per transaction and a significant increase in interest income contributed to this positive development.

The average commission per transaction amounted to EUR 4.13 in 2023, an increase of 1.7 percent compared to the previous year (2022: EUR 4.06). Interest income rose by 90.6 percent to EUR 136.3 million in 2023 (2022: EUR 71.5 million).

Adj. EBITDA⁴ increased by 6.5 percent to EUR 154.4 million in 2023 (2022: EUR 145.0 million), which corresponds to an Adj. EBITDA margin of 39.5 percent (2022: 39.3 percent). Over the individual quarters of the financial year, flatexDEGIRO recorded a continuous increase in both adjusted EBITDA and the adjusted EBITDA margin, which reached 49.3 percent in the final quarter.

In connection with building of provisions for the long-term variable compensation (Stock Appreciation Rights Plan, SARs), expenses of EUR 14.1 million were incurred in 2023. In 2022, SARs provisions in the amount of EUR 38.4 million were released instead. Including these changes to SARs provisions,

³ Including Avanza, Fineco, Hargreaves Lansdown and Nordnet as well as annualization of the most recently published figures Swissquote (H1 2023).

⁴ Adjusted for effects from the building or release of provisions for long-term variable compensation.

EBITDA amounted to EUR 140.4 million in 2023 (2022: EUR 183.3 million). More than 50 percent of the SARs granted have now been exercised, which will significantly reduce the impact of SARs-related adjustments in the future. From 2024, flatexDEGIRO will therefore dispense with adjustments in order to establish simpler and more transparent key figures. In future, revenues and consolidated net income will be used as financial performance indicators.

Dividend proposal and key points of a new capital allocation strategy

flatexDEGIRO expects to achieve a Common Equity Tier 1 ratio (CET1 ratio) of over 30 percent, taking into account the profits for 2023, and to continue to generate regulatory capital surpluses in the coming years. On this basis, the Management Board and Supervisory Board of flatexDEGIRO AG have adopted the key points of a new capital allocation strategy for the first time. Accordingly, the Management Board and Supervisory Board intend to propose to the Annual General Meeting in 2024 that the company be authorized to buy back shares of up to 10 percent of flatexDEGIRO AG's share capital and to pay an additional dividend of 4 cents per share⁵.

Outlook - flatexDEGIRO aims for record revenues and consolidated net income in 2024

flatexDEGIRO anticipates further customer growth in 2024 and expects annual gross customer growth to be at a comparable level to the previous year. The average trading activity of retail investors is also expected to remain at around the previous year's level.

With regard to interest income, the Management Board assumes that the fully collateralized margin loan business should benefit in 2024 from the fact that margin loans are now available to all DEGIRO customers and that interest rates have been adjusted to the generally higher interest rate environment. The average interest rate for the ECB deposit facilities is expected to be around the same level as the average for 2023.

Based on these assumptions, the Management Board expects to be able to increase the Group's revenues by 5 percent to 15 percent in 2024 (2023: EUR 390.7 million).

The high scalability and the associated operating leverage of the business model, together with the elimination of significant one-off expenses and negative valuation effects that occurred in 2023, should lead to an even more significant increase in consolidated net income. The Management Board expects the increase to be in the range of 25 percent to 50 percent compared to the EUR 71.9 million achieved in 2023.

flatexDEGIRO is therefore aiming for record figures in both revenues and consolidated net income in 2024 - without relying on external tailwinds in the trading or interest business.

⁵ The Annual General Meeting decides on the respective dividend. A share buyback is also subject to the approval of the German Federal Financial Supervisory Authority (BaFin).

		2023	2022	Change in %	Q4 2023	Q4 2022	Change in %
Key financial figures							
Revenues	EUR m	390.7	407.0	-4.0	100.2	105.4	-4.9
Adj. Revenues	EUR m	390.7	368.5	+6.0	100.2	87.7	+14.3
Commission income	EUR m	235.0	272.2	-13.7	55.4	53.0	+4.5
Interest income	EUR m	136.3	71.5	+90.6	39.0	22.1	+76.9
Other operating income ⁶	EUR m	19.4	63.2	-69.2	5.8	30.3	-81.0
Commission per transaction	EUR	4.13	4.06	+1.7	4.11	3.87	+6.1
EBITDA	EUR m	140.4	183.3	-23.4	51.9	56.6	-8.3
EBITDA margin	%	35.9	45.0	-20.2	51.8	53.7	-3.5
Adj. EBITDA	EUR m	154.4	145.0	+6.5	49.4	39.0	+26.6
Adj. EBITDA margin	%	39.5	39.3	+0.5	49.3	44.5	+10.8

The adjusted figures do not include the effects of the building/release of provisions for variable, long-term compensation (stock appreciation rights, SARs).

⁶ Including the release of provisions for variable, long-term compensation (stock appreciation rights) in the amount of EUR 38.4 million in 2022 and EUR 17.7 million in Q4 2022.

		2023	2022	Change in %	Q4 2023	Q4 2022	Change in %
Commercial KPIs							
Customer accounts at the end of the reporting period	m	2.70	2.40	+12.6	2.70	2.40	+12.6
New customer accounts (gross)	k	340.9	462.3	-26.3	77.4	86.0	-10.0
Transactions settled	m	56.9	67.0	-15.2	13.5	13.6	-1.5
		Dec 2023	Dec 2022	Change in %	Dec 2023	Sep 2023	Change in %
Customer assets under custody	EUR bn	51.7	39.5	+31.1	51.7	47.0	+10.1
- thereof: securities	EUR bn	48.1	36.2	+32.8	48.1	43.7	+10.0
- thereof: cash	EUR bn	3.6	3.2	+12.0	3.6	3.3	+10.6

For further 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, high efficiency and strong economies of scale enable flatexDEGIRO to continuously improve its service offering for clients and set leading standards in terms of product, price and platform quality.

With more than 2.7 million customer accounts and around 57 million securities transactions settled in 2023, flatexDEGIRO is one of the largest retail online brokers in Europe. In times of bank consolidation, low real interest rates and digitalization, flatexDEGIRO is ideally positioned for further growth.

Further information can be found at <https://www.flatexdegiro.com/>.

Disclaimer

Preliminary results

This release contains preliminary information that is subject to change and does not claim 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 are 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 results of operations 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 in accordance with 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, which are characterized by formulations such as "expect", "aim", "anticipate", "intend", "plan", "believe", "aim", "estimate" or "will". Such forward-looking statements are based on our current expectations and certain assumptions, which may be subject to a variety of risks and uncertainties. The results actually achieved by flatexDEGIRO AG may differ materially from these forward-looking statements. flatexDEGIRO assumes no obligation to update these forward-looking statements or to correct them in the event of developments that differ from those anticipated.