

# Q1 / 2024

## INTERIM MANAGEMENT REPORT



## Executive summary - Development Q1 2024

flatexDEGIRO has made a successful start to 2024, increasing customer growth in the first quarter of 2024 by 8 percent compared to the same period in 2023 while at the same time reducing customer acquisition costs by 38 percent. Net cash inflows from customers to the trading platforms also increased by 4 percent year-on-year to EUR 1.8 billion.

Despite continued subdued trading activity by retail investors and fewer trading days in the first quarter of 2024, the number of settled transactions remained almost constant at 16.1 million (Q1 2023: 16.3 million). This also includes the reduction of less profitable transactions triggered by price adjustments in May 2023. The resulting increase in average commission income per transaction led to a significant rise in commission income of 10 percent to EUR 75 million. Interest income rose by 65 percent to EUR 44 million due to higher interest rates overall compared to the same quarter of the previous year. Total revenues thus increased by 25 percent to EUR 123 million.

Based on current developments, management assumes that revenues and consolidated net income for 2024 as a whole will be at the upper end of the guidance corridor communicated at the beginning of the year (sales growth of 5-15 percent and an increase in consolidated net income of 25-50 percent). However, this assumption is still subject to uncertainty due to increasing geopolitical tensions and a lack of transparency regarding future interest rate moves by global central banks.

## Operational development

The increase in customer accounts (gross) in Q1 2024 amounted to approx. 121,000 and was therefore 7.8 percent higher than in the same quarter of the previous year (Q1 2023: approx. 112,000). The customer base amounted to 2.81 million at the end of the first quarter of 2024, which corresponds to an increase of 4.0 percent compared to the end of 2023 (2.70 million) and an increase of 12.4 percent compared to the end of the first quarter of 2023 (March 2023: 2.50 million).

The annualized customer retention rate in the first quarter of 2024 (as in the same quarter of the previous year) was 98 percent.

In the first quarter of 2024, flatexDEGIRO processed 16.1 million transactions, a decrease of 1.4 percent compared to the first quarter of 2023 (16.3 million). The first quarter of 2024 had three fewer trading days compared to the first quarter of 2023 (-4.7 percent).

Net cash inflows on flatexDEGIRO's platforms amounted to EUR 1.8 billion in Q1 2024, an increase of 4.3 percent compared to the same quarter of the previous year (EUR 1.7 billion). In the first three months of 2024, flatexDEGIRO customers invested a net amount of EUR 1.9 billion in securities. Due to the simultaneous increase of EUR 0.1 billion in the use of margin loans by customers, customers' cash deposits at the end of the first quarter of 2024 remained at the same level as at the end of 2023 at EUR 3.6 billion (December 2023: EUR 3.6 billion).

Customer assets under custody increased by 12.2 percent to EUR 58.0 billion at the end of the first quarter of 2024 (December 2023: EUR 51.7 billion). In addition to the above cash deposits, this includes securities held in custody amounting to EUR 54.4 billion (+13.1 percent compared to EUR 48.1 billion as at December 2023).

flatexDEGIRO continues its conservative treasury strategy, investing customer cash under custody in very short-term investments. These mainly comprise fully collateralized margin loans of around EUR 1.0 billion made available to flatexDEGIRO brokerage customers and approximately EUR 2.6 billion of customer cash under custody, the majority of which are held directly with the German Federal Bank (Deutsche Bundesbank) overnight.

Following the increases in the deposit interest rate by the European Central Bank (ECB), flatexDEGIRO adjusted the interest rates for margin loans at flatex and DEGIRO in the course of 2023, with the last step at DEGIRO taking effect on January 1, 2024. The interest rates for margin loans amounted to 7.5 percent at flatex and between 5.25 percent and 6.9 percent at DEGIRO in the first quarter of 2024.

The ECB deposit interest rate of currently 4.0 percent (Q1 2023: between 2.0 percent and 3.0 percent) has a direct impact on flatexDEGIRO's net interest income given the short term of the remaining cash deposits.

## Development in the "flatex" and "DEGIRO" segments

In the "flatex" segment, around 30,700 new customer accounts (gross) were acquired in the first three months of 2024, expanding the customer base to 0.69 million (+ 4.0 percent compared to the end of 2023). At 5.7 million, the number of transactions settled in the "flatex" segment in the first quarter of 2024 was 2.7 percent higher than in the previous year (Q1 2023: 5.5 million).

In the "DEGIRO" segment, around 90,500 new customer accounts (gross) were acquired in the first three months of 2024, expanding the customer base to 2.11 million (+ 4.0 percent compared to the end of 2023). At 10.4 million, the number of transactions processed in the "DEGIRO" segment in the first quarter of 2024 was 3.4 percent below the previous year's figure (Q1 2023: 10.8 million).

## Financial position and results of operations

**Revenues** in the first quarter of 2024 amounted to EUR 123.0 million, an increase of 25.0 percent compared to the same quarter of the previous year (Q1 2023: EUR 98.3 million).

**Commission income** increased by 10.1 percent to EUR 74.8 million in the first three months of 2024 due to improved monetization (Q1 2023: EUR 68.0 million). The average commission per transaction amounted to EUR 4.64 in the first quarter of 2024. This corresponds to an increase of 11.6 percent compared to EUR 4.16 in the first quarter of 2023.

**Interest income** in the first quarter of 2024 amounted to EUR 43.8 million, an increase of 65.0 percent compared to the first quarter of 2023 (EUR 26.6 million). The increase compared to the first quarter of 2023 is the result of higher interest on deposits with the ECB, higher interest rates for margin loans at flatex and DEGIRO, higher utilization of margin loans and a slight increase in cash deposits from customers.

**Other operating income** amounted to EUR 4.3 million in the first quarter of 2024, up 13.5 percent on the previous year (Q1 2023: EUR 3.8 million).

**Raw materials and consumables** amounted to EUR 18.9 million or 15.3 percent of revenue in the first three months of 2024 (Q1 2023: EUR 16.7 million or 17.0 percent).

**Operating expenses** fell by 18.8 percent to EUR 50.5 million in the first quarter of 2024 (Q1 2023: EUR 62.2 million).

In the same period of the previous year, **personnel expenses** included expenses for the recognition of provisions in connection with variable, long-term remuneration in the amount of EUR 10.6 million. In the first quarter of 2024, the corresponding expenses amounted to just EUR 1.4 million. Current personnel expenses rose by 15.8 percent to EUR 24.9 million in the first three months of 2024 (Q1 2023: EUR 21.5 million). Due to the high inflation rates at the time, flatexDEGIRO paid its employees a one-time inflation compensation payment of EUR 3.3 million in the prior-year period and granted employees an additional salary increase of 8 percent on average. While no comparable one-off payment was made in the first quarter of 2024, the increase in personnel expenses reflects both the continued effect of the salary increases from the previous year and the increase in headcount required primarily to meet regulatory requirements. Both base effects will be much lower in the coming quarters, as the other quarters of the previous year (Q2 to Q4 2023) were already more strongly affected by these salary adjustments and the increase in personnel.

**Marketing expenses fell** by 33.2 percent or EUR 5.7 million to EUR 11.5 million in the first quarter of 2024 (Q1 2023: EUR 17.2 million). Despite this reduction, customer account growth increased by 7.8 percent to around 121,000 new customer accounts compared to the first quarter of 2023, in which around 112,000 new customer accounts were opened. As a result, customer acquisition costs fell by

38.1 percent from around EUR 153 per new customer account in the first quarter of 2023 to around EUR 95 in the first quarter of 2024.

**Other operating expenses fell** slightly by 1.3 percent. General inflation-related cost increases were offset by general cost discipline. The comparative period also includes the BaFin fine to be paid (EUR 1.1 million).

**Earnings before interest, taxes, depreciation and amortization (EBITDA)** amounted to EUR 53.6 million in the first quarter of 2024, an increase of 176.9 percent compared to the EUR 19.4 million achieved in the first quarter of 2023. The EBITDA margin thus more than doubled, reaching 43.6 percent in the first quarter of 2024 (Q1 2023: 19.7 percent).

**Consolidated net profit** in the first quarter of 2024 rose by 340.5 percent to EUR 30.0 million (Q1 2023: EUR 6.8 million). The earnings margin amounted to 24.4 percent in the first quarter of 2024 and was therefore more than three times higher than in the first quarter of 2023 (6.9 percent).

## Outlook

Based on current developments, management assumes that revenues and consolidated net income for 2024 as a whole will be at the upper end of the guidance corridor communicated at the start of the year (revenue growth of 5-15percent and an increase in consolidated net income of 25-50 percent). However, this assumption is still subject to uncertainty due to increasing geopolitical tensions and a lack of transparency regarding future interest rate moves by global central banks.

## Improved ESG ratings

In the first quarter of 2024, flatexDEGIRO continued to improve in important, internationally recognized ESG ratings. In the MSCI ESG rating, flatexDEGIRO improved by two rating levels from BB to A and is thus in the top field of all rated companies in the "Investment Banking & Brokerage" sector. flatexDEGIRO also increased its score in the Morningstar/Sustainalytics ESG rating, taking fourth place worldwide in the "Investment Banking & Brokerage" segment (out of a total of 141 companies rated in this segment). The risk rating was confirmed unchanged as "low".

		Q1 2024	Q1 2023	Change in %
<b>Key financial figures</b>				
<b>Revenues</b>	<b>EUR m</b>	<b>123.0</b>	<b>98.3</b>	<b>+25.0</b>
Commission income	EUR m	74.8	68.0	+10.1
<i>Commission income per transaction</i>	<i>EUR</i>	<i>4.64</i>	<i>4.16</i>	<i>+11.6</i>
Interest income	EUR m	43.8	26.6	+65.0
Other operating income	EUR m	4.3	3.8	+13.5
<b>Raw materials and consumables</b>	<b>EUR m</b>	<b>18.9</b>	<b>16.7</b>	<b>+12.6</b>
in percent of revenues	%	15.3	17.0	-9.9
<b>Operating expenses</b>	<b>EUR m</b>	<b>50.5</b>	<b>62.2</b>	<b>-18.8</b>
Current personnel expenses	EUR m	24.9	21.5	+15.8
Personnel expenses for long-term variable remuneration	EUR m	1.4	10.6	-87.2
Marketing expenses	EUR m	11.5	17.2	-33.2
<i>Average customer acquisition costs</i>	<i>EUR</i>	<i>94.89</i>	<i>153.22</i>	<i>-38.1</i>
Other administrative expenses	EUR m	12.8	12.9	-1.3
<b>EBITDA</b>	<b>EUR m</b>	<b>53.6</b>	<b>19.4</b>	<b>+176.9</b>
EBITDA margin	%	43.6	19.7	+121.4
<b>Net profit</b>	<b>EUR m</b>	<b>30.0</b>	<b>6.8</b>	<b>+340.5</b>
Net profit margin	%	24.4	6.9	+252.3

## Commercial KPIs

Customer accounts at the end of the reporting period	m
New customer accounts (gross)	k
Transactions settled	m
Customer assets under custody	EUR bn
- of which: Securities	EUR bn
- of which: Cash	EUR bn

Q1 2024	Q1 2023	Change in %
2.81	2.50	+12.4
121	112	+7.8
16.1	16.3	-1.4
Mar 2024	Mar 2023	Change in %
58.0	45.1	+28.8
54.4	41.7	+30.5
3.6	3.3	+7.9

## Segments - Customer accounts

<b>flatexDEGIRO</b>	<b>m</b>
flatex segment	m
DEGIRO segment	m

Q1 2024	Q1 2023	Change in %
<b>2.81</b>	<b>2.50</b>	<b>+12.4</b>
0.69	0.63	+10.7
2.11	1.87	+13.0

## Segments - Transactions settled

<b>flatexDEGIRO</b>	<b>m</b>
flatex segment	m
DEGIRO segment	m

Q1 2024	Q1 2023	Change in %
<b>16.1</b>	<b>16.3</b>	<b>-1.4</b>
5.7	5.5	+2.7
10.4	10.8	-3.4

## **Disclaimer**

### **Preliminary, unverified 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. 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 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 terms 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. 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.