

## Group Interim Management Statement, January – September 2021

Frankfurt/Main, 4 November 2021

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### **flatexDEGIRO continues industry-leading growth and increases monetisation in Q3 2021**

- Customers growth to 1.90 m (+64 % vs Sep 2020) continues to be well above all peers, with customer retention rate maintaining at > 98 %
- Number of transactions increased by 12 % to 18.2 m (Q3 2020: 16.3 m, pro forma) despite significantly lower market volatility (9M 2021: 71.2 m)
- Monetisation model proven: revenues of EUR 88.1 m in Q3 2021 (+35 % vs Q3 2020) indicate revenues per trade of approx. 4.85 EUR, the highest level so far in 2021
- Adj. EBITDA of EUR 38.5 m represents an increase of 39 % vs. Q3 2020 and 11 % vs. Q2 2021, both despite significantly higher marketing expenses in Q3 2021
- Further significant growth initiatives in Q4 2021

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*Frank Niehage, CEO of flatexDEGIRO AG: "There is no doubt that 2021 will be another record year for flatexDEGIRO. Already in October, we have surpassed the 75 million transactions that we settled in 2020, and I am confident that we will be able to welcome our 2 millionth customer in November. We benefit from a unique strategic positioning that we have worked hard to achieve over the past years and months. Together with continuous innovation and highest cost efficiency, it allows us to offer our customers the best choice of products and services at most attractive conditions. As the European price leader in online brokerage, we are striving for even more dynamic growth. The huge scalability of our business and our technological edge enable us to expand our already high profitability in the medium and long term while at the same time further investing strongly into the attractiveness of our customer offering."*

## Major events

- **Early & late trading started at DEGIRO**

Since August 2021, all DEGIRO customers across Europe are connected to Tradegate, Europe's leading retail trade exchange. Our customers thereby benefit from Tradegate's wide product offer, narrow spreads and a significant extension of trading hours, including early and late trading from 8 a.m. to 10 p.m. Already now, shortly after the launch of this additional service, a six-digit number of DEGIRO trades is executed every month on Tradegate – with an increasing trend.

- **“next 3.0” – from pull to push information in online brokerage**

In October 2021, flatexDEGIRO started the next evolution of its online brokerage app. Launched first at flatex in Germany, the company leverages crowd knowledge and behaviour to provide more relevant and targeted information to individual customers, enabling them to make better informed investment decisions. New features that allow a higher degree of customization and active information about relevant news via push notifications are currently being developed. The addition of this intuitive user interface to the existing desktop version and the international rollout in Europe are already well advanced in the company's project pipeline.

- **Crypto trackers available on flatex and DEGIRO platform**

flatexDEGIRO has started an initiative in November to invest in crypto currencies indirectly through trackers, such as top-notch exchange-traded funds (ETFs), exchange-traded products (ETPs) and exchange-traded notes (ETNs). flatexDEGIRO offers several crypto trackers that follow the underlying performance of digital currencies, such as Bitcoin or Ethereum. There is no need to set up a crypto wallet or use a crypto exchange.

- **Stock split executed to further increase liquidity**

To further increase liquidity of the shares and make stock ownership even more accessible to investors, especially in the retail sector, flatexDEGIRO executed a 4-for-1 stock split. The number of outstanding shares increased to 109.7 million without impacting the value of the total share capital or diluting stock ownership. Shares started trading on a split-adjusted basis on 2 September 2021.

## Upcoming growth initiatives

- **flatexDEGIRO extends its international product offering through pan-European ETP partnerships**

November 2021 will see the start of the next phase in extending flatexDEGIRO's unique offer of Exchange Traded Products (ETPs) to European customers. Strong product partnerships with BNP Paribas and Société Générale, two leading global investment banks, will allow DEGIRO customers to trade an even broader range of products, unmatched by local competition. The partnerships proof high attractiveness of flatexDEGIRO's European brokerage platform for international product issuers in the financial industry.

- **Building on our strong focus on education**

Information and education is key to demystify the sustainable savings and investing industry. flatexDEGIRO will air a high-class documentary across all relevant European markets. On the basis of several real-life investment cases, it will focus on increasing awareness and understanding of the benefits of long-term capital market investments at the broader public. The documentation supplements flatex' and DEGIRO's extensive range of training and information resources.

- **Impactful marketing campaigns in all major countries**

With the seasonally most attractive quarters ahead and major growth initiatives in place, flatexDEGIRO will intensify its marketing initiatives across a wide number of key geographies over the coming months.

## Financial position and results of operations

*Muhamad Chahrour, CFO of flatexDEGIRO AG and CEO of DEGIRO: “With transaction and revenue levels close to the previous quarter, we saw a further strengthening of monetisation and profitability. Revenues per transaction and Adjusted EBITDA increased nicely. Despite the massive growth in 2021 and normalized market environments in the second and third quarter, average revenues per customer (ARPU) now stand at 279 Euro. In parallel, we have used the time to set the path for accelerated growth in the coming quarters and years, increased our investment in marketing and prepared strong initiatives along all our strategic levers. The tremendous and consistent above-market customer growth and a customer retention rate of more than 98 percent, encourages us to double down on our mission to fully retailise online brokerage across Europe. We will waste no time in rolling out attractive new customer offerings soon.”*

## Key figures

		Q3 2021	Q3 2020	Q2 2021	Change vs. Q3 2020 in %	Change vs. Q2 2021 in %
<b>KPIs</b>						
Customers at end of period	m	1.90	1.16	1.75	+63.8	+8.6
Settled Transactions	m	18.2	16.3*	19.4	+11.6	-6.0
<b>Financials</b>						
Revenues	m EUR	88.1	65.0	91.2	+35.5	-3.4
Adj. EBITDA	m EUR	38.5	27.7	34.6	+39.0	+10.6
Adj. EBITDA before marketing	m EUR	49.2	32.9	43.8	+49.5	+12.3

\* pro forma

### **Industry leading customer growth**

By the end of September 2021, the number of flatexDEGIRO customers rose to 1.90 million, an increase of 63.8 percent compared to the 1.16 million customers recorded on 30 September 2020. Over the past twelve months, flatexDEGIRO has thereby further outpaced its main peers and consolidated its position as the fastest-growing pan-European online broker.

When signing the deal to acquire DEGIRO at the end of 2019, the company ranked 8<sup>th</sup> among the largest retail online broker in Europe by customers (pro forma). Meanwhile, leveraging its unique strategic opportunities and driven by a superior brokerage offer, flatexDEGIRO has already become number one<sup>1</sup>, with continuously showing highest growth rates.

### **Normalising trading activity overcompensated by increasing customer base**

The number of trades settled on flatexDEGIRO's platforms increased by 11.6 percent to 18.2 million during the third quarter 2021 (Q3 2020: 16.3 million, pro forma). From January to September 2021, 71.2 million transactions were settled, an increase of 31.9 percent or 17.2 million over the same period in the previous year (9M 2020: 54.0 million). The increase was first and foremost driven by strong customer growth. It overcompensated the normalization of trading activity after the exceptionally high levels of market volatility in 2020. Average trading patterns tend to show a strong correlation with the volatility of global equity markets.

### **ARPU remains high despite strong international growth**

Revenues increased by EUR 23.1 million or 35.5% to EUR 88.1 million in the third quarter of 2021 (Q3 2020: EUR 65.0 million). The significant increase was driven by the increased number of transaction as well as on average higher revenues per transaction. The full inclusion of DEGIRO (consolidated since August 2020) furthermore supported this growth. For the first nine months, the increase amounted to 90.7 percent with revenues reaching EUR 314.2 million (9M 2020: EUR 164.8 million).

Average revenues per transaction saw a steady increase in 2021, reaching its highest level this year in the third quarter. This increase also reflects the phasing out of free trades granted at flatex to new customers during the fourth quarter 2020 and the first quarter 2021. Revenues per customer (ARPU) for the last-twelve months amounted to EUR 279.

### **Profitable growth results in growing profitability**

Due to the high scalability of the business model and its strong operating leverage, Adjusted EBITDA increased at an even faster rate and doubled to EUR 146.1 million in the first nine months of 2021 (9M 2020: EUR 73.1 million). Adjusted EBITDA in the third quarter amounted

<sup>1</sup> based on all published updated customer figures by all relevant peers

to EUR 38.5 million, an increase of 39.0 percent over the previous year's period (Q3 2020: EUR 27.7 million) and an 10.6 percent increase over the previous quarter (Q2 2021: EUR 34.6 million).

The increased monetisation versus the previous quarter shows even stronger when taking into account the slightly lower revenue level of the third quarter as well as a significant set up in marketing expenses (Q3 2021: EUR 10.8 million). Adjusted EBITDA before marketing expenses amounted to EUR 174.8 million in the first nine months 2021 and to EUR 49.2 million in the third quarter alone, with margins of 55.6 percent and 55.5 percent respectively.

## **Outlook and Vision 2026**

Following normal seasonal patterns, the fourth quarter 2021 is generally expected to show higher trading activity of customers compared to the third quarter. In addition, a number of customer-facing initiatives during the fourth quarter aim at further increasing the dynamic customer and transaction growth at flatexDEGIRO. Already in October 2021, flatexDEGIRO started the next evolution of its online brokerage app, launched first at flatex in Germany. The company will continue to leverage its unique technological edge to provide its customers with tailor-made information relevant to their investments and savings. Information and education is key to demystify the sustainable savings and investing industry. This is why flatexDEGIRO will also air a high-class documentary to increase awareness and understanding of the benefits of long-term capital market investments at the broader public. The European ETP-partnership with leading global investment banks, starting November, will further broaden DEGIRO's product offer and provide attractive new trading opportunities to customers. Strong marketing campaigns in all key countries will accompany this continued product and service offensive.

Management confirms its guidance for the full year 2021, to increase the customer base to more than 2.0 million customers, settling over 90 million transactions for 2021.

Under its "Vision 2026", flatexDEGIRO aims to grow its customer base to 7-8 million customers within the next five years, then settling at least 250-350 million transactions per year – even in years with low volatility.

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## **Basis of presentation**

All information and figures contained in the Interim Group Statement of flatexDEGIRO AG (herein either "flatexDEGIRO", "Company" or "Group") relate to the reporting date of 30 September 2021, the three-months period from 1 July 2021 to 30 September 2021 or the nine-months period from 1 January 2021 to 30 September 2021. The personal pronouns "we", "us" or "our" used in this Interim Group Statement refer to flatexDEGIRO with its subsidiaries.

## **Comparability of information / pro forma information**

On 30 July 2020, flatex completed the acquisition of DeGiro B.V. (DEGIRO). DEGIRO was consolidated in the Group as of 1 August 2020. The first-time inclusion of DEGIRO in the Group's figures has a material impact on comparability with information provided prior to the acquisition.

To enable a better understanding of the underlying operational developments, flatexDEGIRO reports pro forma figures for commercial key performance indicators. These are marked as "pro forma" in the Interim Group Statement and do not correspond to IFRS accounting. The pro forma information is for illustrative purposes only. The Adjusted EBITDA figures are presented net of personnel expenses for long-term, variable remuneration and one-off expenses in connection with the DeGiro B.V. merger.

## **Forward-looking statements**

This Interim Group Statement may contain forward-looking statements, which can 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 revise them in the event of developments that differ from those anticipated.

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## About flatexDEGIRO AG

flatexDEGIRO AG (WKN: FTG111, ISIN: DE000FTG1111, Ticker: FTK.GR) operates one of the leading and fastest growing online brokerage businesses in Europe, executing millions of paperless securities transactions per annum. B2C customers in 18 European countries are serviced via the flatex and DEGIRO brands and offered a wide range of independent products at competitive pricing, based on a modern, in-house state-of-the-art technology.

With more than 1.25 million customers and over 75 million securities transactions in 2020, flatexDEGIRO is the largest retail online broker in Europe. In a time of bank consolidation, low interest rates and digitalization, the flatexDEGIRO Group is ideally positioned for further growth. Within the next five years, flatexDEGIRO aims to grow its customer base to 7-8 million customers, settling 250-350 million transactions per year – even in years with low volatility.

More information via <https://www.flatexdegiro.com/en>