

flatexDEGIRO with strong growth and high profitability in challenging market environment

- Industry-leading growth of over 282,000 gross customer account additions in the first half of the year continued, net customer account growth 50% above combined number of several peers, and customer retention rate of 98.8%
- 38.1 million transactions settled in H1 2022 (H1 2021: 53.0 million, -28.1 %), despite industry-wide subdued trading activity by retail investors amid interest rate, inflation and war fears
- Preliminary H1 2022 consolidated net income expected to exceed full year 2021 figure (EUR 51.6 million)
- Significantly higher revenue per transaction of EUR 5.31 (H1 2021: EUR 4.27) and customer account growth result in stable and sustainable revenue generation (preliminary) in H1 2022 of EUR 209.6 million (H1 2021: EUR 226.1 million, -7.3 %), preliminary Q2 2022 revenues exceed Q2 2021 revenues
- Strong increase of preliminary EBITDA by 67.5% to EUR 89.1 million (H1 2021: EUR 53.2 million), with an EBITDA margin of 42.5% (H1 2021: 23.5%)
- Operating cash flow of around EUR 70 million expected in the first half of 2022

Frank Niehage, CEO of flatexDEGIRO AG: "The first half of 2022 was challenging for all capital market players. flatexDEGIRO's extraordinarily solid operational performance in this environment speaks for the sustainable strength of our business model and especially for the high quality of our loyal customer base. We continue to grow faster than any peers in terms of new customer acquisition, even considerably faster than three leading European peers combined. Where others are cutting staff, in some cases drastically, we are continuing to hire. That is the solid fundament we need so that we can continue to offer our now 2.3 million customers our best service, as well as to cope with the growth of the coming years. The strong increase in EBITDA in the first half of 2022 to EUR 89.1 million and half-year profits at the previous full-year's level demonstrate how profitable and cash-generative we are as a high-growth market leader."

Major events in the first half of 2022

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

With "True Stories of Investing," flatexDEGIRO launched a documentary together with Discovery at the end of January 2022 to demystify the topic of investing and convey important basics that every retail investor needs to know. In this way, we are making a sustainable contribution to increasing financial education and literacy in our most important markets.

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 ([link](#)).

- **Digital asset management and crypto trading in strong partnerships**

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

2022 as the next, logical step in the verticalization of flatexDEGIRO's European brokerage platform.

In May 2022, flatexDEGIRO signed a Memorandum of Understanding (MoU) with Boerse Stuttgart Group, Europe's sixth largest exchange group, for a partnership in crypto trading. The aim is to provide flatexDEGIRO customers with direct access to trading in major cryptocurrencies.

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

DEGIRO, a brand of flatexDEGIRO, has once again been named "Best Stock Broker 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 spot was achieved for the sixth consecutive year, and in Portugal for the third time in a row. In Italy, the awards were presented for the first time.

In April 2022, flatex, a brand of flatexDEGIRO, took three first places in its German home market in the highly regarded customer vote of "Brokerwahl". flatex achieved the top ranking both as "Best Online Broker", best "ETF & Funds Broker" and best "Daytrade Broker", with votes from almost 81,000 participating traders, investors 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).

- **Sponsorship of Champions League participant FC Sevilla**

Following flatex's positive experience as the main sponsor of Borussia Mönchengladbach, flatexDEGIRO is continuing its successful sponsorship strategy to additionally increase brand awareness on an international level. To this end, DEGIRO signed a Memorandum of Understanding with Sevilla FC at the end of June 2022, under which DEGIRO will become Sevilla FC's new main global partner. As part of the partnership, the DEGIRO brand will be featured on the front of Sevilla FC's jerseys. Likewise, the company will become the club's official online investment platform.

Muhamad Chahrour, CFO of flatexDEGIRO AG and CEO of DEGIRO: "In the current market phase, wheat is being separated from the chaff. The trading activity of retail investors has normalised to a level that we knew from times before Covid. This development increases the pressure on business models with a focus on inexperienced first-time users, many of whom have withdrawn completely again. What remains are customers with an affinity for saving and investing that we have focused on for fifteen years. Those are the customers we want to convince with our outstanding product offering, a reliable and secure German banking platform as well as market leading trading fees. These are currently the market phases in which market shares are gained with sustainable marketing strategies. With the newly entered sponsorship of Sevilla FC, we will significantly expand DEGIRO's brand awareness in Spain, which is now with almost quarter a million of customer accounts DEGIRO's second largest market and one of our most important growth markets - with customer acquisition costs at pre-Covid levels."

Maintaining strongest customer growth in the industry

By the end of June 2022, the number of customer accounts reached 2.29 million, an increase of 11.0 percent compared with the 2.06 million customer accounts on December 31, 2021. Overall, around 226,000 new customer accounts (net) were added in the first half of 2022. flatexDEGIRO has again left its main peers far behind in the past six months and further consolidated its position as the fastest-growing and market-leading pan-European online broker.

In continuation of its strategy to fully focus on the online brokerage business, flatexDEGIRO has already offboarded around 21,000 non-brokerage customer accounts during the first half of 2022. Furthermore, around 9,000 customer accounts were closed by flatexDEGIRO in the course of the customer migration in Austria from DEGIRO to flatex.

The customer retention rate was 98.8 percent at the end of the first half of the year.

Normalisation of trading activity to pre-Covid levels

The number of transactions processed via flatexDEGIRO's platforms was 38.1 million in the first half of 2022. This represents a decrease of 28.1 percent compared to the 53.0 million transactions from the first half of 2021, in which the first quarter 2021 had seen exceptionally strong trading activity due to the meme stock hype. In the first half of 2022, the average number of trades per customer (annualized) was 35 and thus at a pre-Covid level. Even in times of extremely strong growth over the past 36 months, the excellent quality of the customer base was thus maintained.

All regions with significant customer growth, especially the Growth Markets

With a presence in 18 European countries, flatexDEGIRO structures its market presence according to the size and growth dynamics of its customer base. **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 counted as **Research Markets**.

In the first half of 2022, all three regions recorded significant customer account growth, ranging from 19 percent in the Growth Markets to 6 percent in the Core Markets. In absolute terms, the strongest customer account growth was also achieved in the Growth Markets (+129,000), resulting in an increase in the customer base to around 800,000. flatexDEGIRO continues to have the largest customer base in its Core Markets (1.38 million customer accounts).

Customer growth and increased revenue per transaction stabilise revenue

Revenues in the first half of 2022 amounted to EUR 209.6 million (H1 2021: EUR 226.1 million), down just 7.3 percent year-on-year despite a significant decline in number of trades of almost 30 percent compared with the first half of 2021. The strong growth in the customer base and the significantly higher revenue per transaction, given an optimised monetisation, contributed positively to this pleasing development.

Average revenue per transaction reached EUR 5.31 in H1 2022, a year-on-year increase of 24.4% (H1 2021: EUR 4.27). The strong growth mainly results from the use of early and late trading by customers in the international markets, the successful launch of the ETP partnerships at DEGIRO with Société Générale and BNP Paribas in December 2021 and the optimised pricing structure at DEGIRO since December 2021.

With a decline of 13.3 percent, assets under custody performed significantly better than the majority of international equity indices (DAX -20%, Euro Stoxx -20%, S&P 500 -21%, NASDAQ 100, -30%), which speaks for the sustained quality of customers and their portfolios. Based on assets under custody of EUR 38.0 billion (end of 2021: EUR 43.9 billion), flatexDEGIRO achieved an annualised revenue margin of 102 basis points in the first half of 2022 (full year 2021: 110 basis points).

The share of revenues resulting from reimbursements from trading venues (so-called "payment for order flow", PFOF) amounted to only 0.6 percent in the first half of 2022 and was thus almost completely eliminated.

High earning power maintained

EBITDA in the first six months of 2022 increased by 67.5 percent to EUR 89.1 million (H1 2021: EUR 53.2 million), corresponding to an EBITDA margin of 42.5 percent (H1 2021: 23.5 percent). This includes marketing expenses of around EUR 30.1 million, which increased by EUR 13.1 million year-on-year (H1 2021: EUR 17.9 million).

Adjusted EBITDA reached EUR 81.8 million in the first half of the year (H1 2021: EUR 107.7 million). In connection with long-term variable compensation (Stock Appreciation Rights Plan, SARs), provisions of EUR 7.3 million were released in the first half of 2022.

Outlook

Management confirms its forecast of gaining between 600,000 and 700,000 new customer accounts (gross) in 2022. The Management Board expects to generate revenues of EUR 400 to 440 million in 2022, on a par with the record year 2021 (2021: EUR 417.6 million). Average revenue per transaction are expected to be significantly above the previous year's level at well over EUR 5 (2021: EUR 4.59). This results in an expected number of processed transactions of 75 to 85 million in 2022. Due to the significantly improved monetisation, the Management Board expects to achieve an Adjusted EBITDA margin at the prior-year level for the full year 2022 (2021: 42.4 percent).

Positive earnings effects from the expansion of the customer offering to include digital asset management, cryptocurrency trading, and expected interest rate adjustments by the European Central Bank planned for late summer/fall are not yet reflected in this expectation.

Key figures

		H1 2022	H1 2021	Change in %	Q2 2022	Q2 2021	Change in %
KPIs							
Customer accounts at the end of the period	m	2.29	1.84	24.3	2.29	1.84	24.3
New customer accounts (gross)	k	282.5	538.0	-47.5	97.3	162.7	-40.2
Transactions settled	m	38.1	53.0	-28.1	16.2	19.4	-16.5
Average transactions per trading day	k	312.4	434.2	-28.1	270.0	318.1	-15.1
Finance							
Revenues	EUR m	209.6	226.1	-7.3	91.6	91.2	0.4
Average revenue per transaction	EUR	5.31	4.27	24.4	5.20	4.70	10.6
EBITDA	EUR m	89.1	53.2	67.5	37.4	-3.3	n/a
EBITDA margin	%	42.5	23.5	80.7	40.8	-3.6	n/a
Adj. EBITDA before marketing expenses	EUR m	112.8	125.6	-10.2	39.9	43.7	-8.7
Adj. EBITDA margin before marketing expenses	%	55.7	55.5	0.4	47.3	47.9	-1.1
Adj. EBITDA	EUR m	81.8	107.7	-24.1	27.3	34.6	-21.1
Adj. EBITDA margin	%	40.4	47.6	-15.1	32.4	37.9	-14.5

		H1 2022	H1 2021	Change in %	Q2 2022	Q1 2022	Change in %
Customer accounts							
flatexDEGIRO	m	2.29	1.84	24.3	2.29	2.21	3.7
Core Markets	m	1.38	1.18	17.4	1.38	1.35	2.5
Growth Markets	m	0.80	0.58	37.4	0.80	0.75	5.8
Research Markets	m	0.11	0.09	24.3	0.11	0.11	3.8
		H1 2022	H1 2021	Change in %	Q2 2022	Q2 2021	Change in %
Transactions (in millions)							
flatexDEGIRO	m	38.2	53.0	-28.0	16.2	19.4	-16.4
Core Markets	m	26.0	32.7	-20.5	10.9	12.3	-11.2
Growth Markets	m	10.8	18.2	-40.4	4.7	6.4	-25.7
Research Markets	m	1.4	2.1	-34.4	0.6	0.8	-22.1

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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 over 91 million securities transactions processed in 2021, flatexDEGIRO is the largest retail online broker in Europe. In times of bank consolidation, low interest rates and digitalization, flatexDEGIRO is ideally positioned for further growth. Within the next five years, flatexDEGIRO aims to expand its customer base to 7-8 million customer accounts and process 250-350 million transactions per year - even in years of low volatility.

For more information, visit <https://www.flatexdegiro.com/en>

Disclaimer

Preliminary results

This release contains preliminary information that is subject to change and that is not intended to be complete.

Non-IFRS measures (APMs)

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

Forward-looking statements

This release may contain forward-looking statements and information, which may be identified by formulations using terms such as "expects", "aims", "anticipates", "intends", "plans", "believes", "seeks", "estimates" or "will". Such forward-looking statements are based on our current expectations and certain assumptions, which may be subject to variety of risks and uncertainties. The results actually achieved by flatexDEGIRO AG may substantially differ from these forward-looking statements. flatexDEGIRO assumes no obligation to update these forward-looking statements or to correct them in case of developments, which differ from those anticipated.