

Group Interim Management Statement, January – September 2020

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Frankfurt / Main, 10 November 2020

flatexDEGIRO with brilliant start into a new era of online brokerage in Europe

- Acquisition of DEGIRO closed, creating Europe's largest retail online broker
- Number of customers grown to 1.16 m (+45.5% compared to pro forma Sept. 2019)
- Number of trades until end of September more than doubled to 53.97 m, pro forma
- Revenues in 9M 2020 up 66.9% to EUR 164.8 m, compared to 9M 2019
- Sponsoring of Borussia Moenchengladbach to further raise brand awareness in light of international growth and the upcoming introduction of the 'flatex next' app in Germany
- Striving for market leadership in France through highest customer and transaction growth

"In the past three months, we have made an enormous leap forward in our strategy of creating Europe's leading online broker.

With the acquisition of DEGIRO, we are now present with strong brands in all relevant European markets. We are ahead of plan with our measures to create at least EUR 30 million of annual EBITDA synergies from the acquisition.

Our sponsorship of Borussia Moenchengladbach will further accelerate brand awareness, fostering our already strong momentum ahead of the launch of our new app 'flatex next'.

The outstanding growth numbers shown in the last months give us additional confidence in reaching our ambition of executing more than 70 million trades for 1.2 million customers this year and at least 100 million trades for 3 million customers in 2025 at the latest", says Frank Niehage, CEO of flatexDEGIRO AG.

Please note that with effect to 9 November 2020 the company name has changed from flatex AG to flatexDEGIRO AG. In this group interim management statement, only the new company name, flatexDEGIRO, is used.

The new name will be a strong signal and motivation to all our DEGIRO colleagues and DEGIRO clients. It will also allow us to build an even higher brand awareness for DEGIRO and flatex in the most efficient way.

Key events during the third quarter 2020

- **flatexDEGIRO new sponsor of German football club Borussia Mönchengladbach**

As of 1 July 2020 flatexDEGIRO is the new main sponsor of Borussia Mönchengladbach. On flatexDEGIRO's way to three million online trading customers in 18 European countries, the sponsoring is an essential cornerstone for increasing brand awareness. Borussia Mönchengladbach is one of the strongest brands in German football and internationally successful in the UEFA Champions League.

- **Acquisition of DEGIRO closed, creating Europe's largest retail online broker**

On 9 December 2019, the Supervisory Board of flatexDEGIRO approved the acquisition of Dutch online broker DeGiro B.V. (DEGIRO). The transaction was closed on 30 July 2020 and DEGIRO was consolidated into the Group as of 1 August 2020. As a result of the DEGIRO acquisition, flatexDEGIRO has expanded its presence to 18 European countries and diversified its customer base to more than 1 million customers. Management is keen and confident to harmonize the structures as much as possible to allow further growth and to manifest with flatexDEGIRO its position as the first and largest pan-European retail online brokerage business.

- **Raised visibility due to up-listing to Prime Standard**

On 25 September 2020, the Company published its prospectus and subsequently applied for the admission to trading on the regulated market segment of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard). The up-listing was accomplished successfully on 23 October 2020. flatexDEGIRO assumes that its listing in the Prime Standard and the increasing visibility resulting from the expected inclusion in SDAX will enable investors to participate even better in the Company's operational scalability.

Financial position and performance

Number of customers

	30 Sep 20	30 Sep 19*	Change
Number of customers	1.16 m	0.80 m	+45.5%

*pro forma

At the end of September 2020, the number of flatexDEGIRO customers amounted to 1.16 million, an increase of more than 45 percent compared to 800 thousand customers reported in the previous year (pro forma).

Across Europe, the Group has benefited from strong customer growth over the course of 2020, a trend, which was most pronounced in spring 2020 but continued throughout summer and the third quarter. Compared to the start of the year, flatexDEGIRO had gained over 300 thousand new customers in the first nine months of 2020. Besides its core markets Germany, Austria and the Netherlands, the Group's growth was in particularly driven by strong growth in Spain and France, where flatexDEGIRO is striving for market leadership through highest customer and transaction growth.

flatexDEGIRO believes that several factors have positively influenced customer growth. Low to negative interest rates forced people to look for investment alternatives in order to protect their savings. Measures geared towards containing the spread of Covid-19 have led to a change in customer behavior: people across all European countries are spending significantly more time at home and are relying stronger than ever before on online services. Banking and especially online brokerage is no exception to this. In addition, with a reduced number of alternative activities, households are focusing more on administrative tasks such as financial planning, which generally gains in importance during times of increased risk perception. The long-term trend towards online banking and online brokerage has thereby been further accelerated.

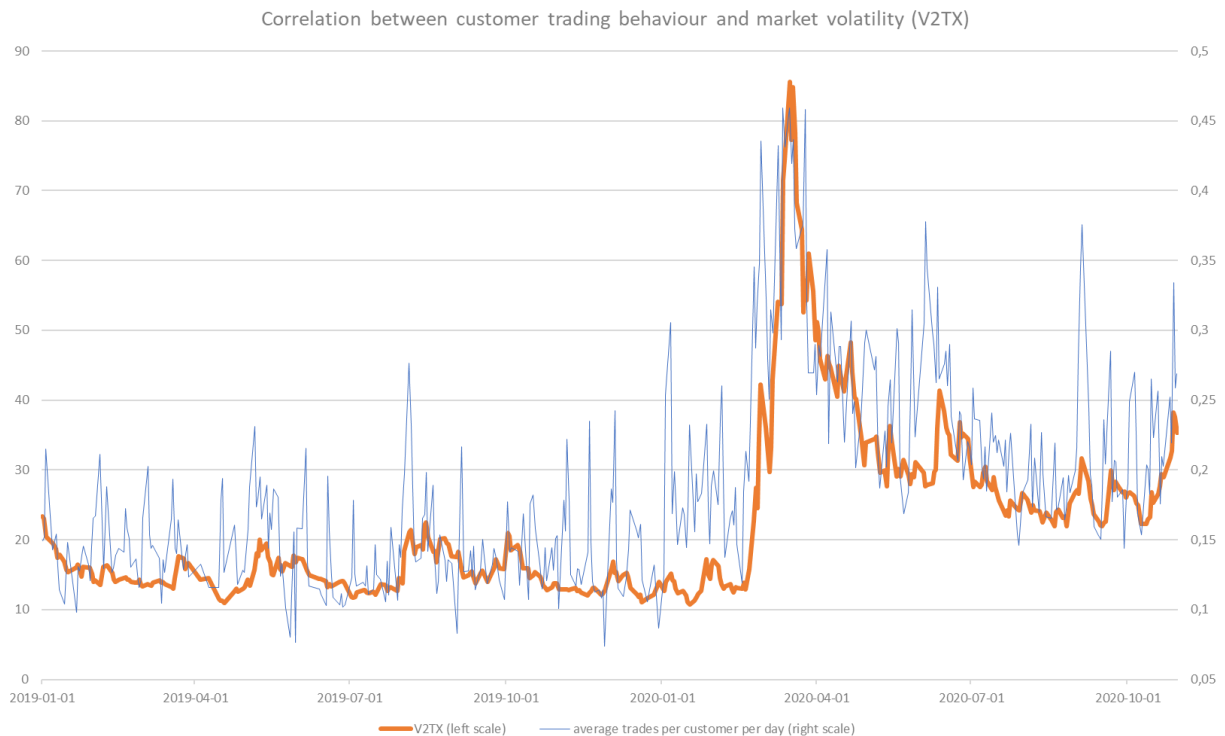
Number of trades

	9M 2020	9M 2019	Change
Number of trades (pro forma)	53.97 m	23.11 m	+133.6%

The number of trades executed via flatxDEGIRO’s platforms in the period from January to September 2020 increased pro forma by 133.6 percent to 53.97 million (9M 2019: 23.11 million). It was driven by strong customer growth and above average trading activity per customer.

Average trading patterns tend to show a strong correlation with the volatility of global stock markets. On an annualized basis, average trades (pro forma) per customer in the first nine-months 2020 correspond to 72.0 for the full year, significantly above the comparable pro forma number of 37.0 for full-year 2019.

EURO STOXX 50® Volatility (VSTOXX®, V2TX), development Jan 2019 – Nov 2020



Revenues

(in EUR)	9M 2020	9M 2019	Change
Revenues	164.8 m	98.8 m	+66.9%

Reported revenues increased in the first nine-months of 2020 by EUR 66.1 million or 66.9 percent to EUR 164.8 million (9M 2019: EUR 98.8 million). The significant increase was driven by strong client growth, above average trading activity per client and to a lesser extent on the first time consolidation of DEGIRO from 1 August 2020 onwards.

Almost all revenues and expenses are generated in euros. Changes in currency exchange rates thus did not have a significant impact on the revenues and earnings situation.

Other operational and financial performance

As a result of the acquisition of DEGIRO, management expects to leverage significant synergies stemming from the harmonization of both platforms, the internalization of services currently provided by third parties, the reduction of costs and benefits resulting from the increased scale and geographical reach of the business.

“We expect overall EBITDA synergies to amount to more than EUR 30 million per year. It is foreseen that all measures to achieve these synergies will be fully implemented by the end of the first half 2021, allowing flatexDEGIRO to fully benefit from this annual run-rate of EBITDA improvement from the second half of 2021 onwards,” say Muhamad Chahrour, CFO of flatexDEGIRO AG.

For a number of the synergy measures, implementation has already started shortly after closing of the DEGIRO acquisition in July 2020, such as the majority of measures related to utilizing the Group’s infrastructure and bank license for all European business (“**One bank**”). As an example, DEGIRO customers in all major countries have already been offered to open EUR cash accounts at German flatex Bank AG and thereby moving away from the current money market fund solution. This will provide customers with a better protection due to the statutory deposit insurance of up to EUR 100 thousand (instead of just EUR 20 thousand under the previously applying securities protection scheme) and faster access to their cash deposits. For flatexDEGIRO, it means an internalization of business previously done with third parties in relation to the offered money market fund solution. It will also allow the Company to utilize these additional cash deposits, e.g. for handing out fully collateralized margin loans to its customers, which, in the case of the solution currently used by DEGIRO, will again result in significant cost savings. Due to the timely progression of these measures, management is confident to achieve the operational improvement related to “One bank” already fully at the beginning of 2021.

With the combination of flatex and DEGIRO both companies bring together their customers and trades. The resulting marketing and bargaining power is expected to create further synergies (“**One firm**”). Key drivers within this group of measures are the realigning of marketing budgets along the revised international expansion strategy of both brands and the utilization of scale effects. Positive EBITDA effects of this synergies category are also expected to be seen already from the beginning of 2021 on.

Synergies stemming from the harmonization of IT systems (“**One IT**”) as well as from the combination of the businesses trading flows (“**One flow**”) are to be achieved in-line with the original time plan after full implementation by the end of the first half 2021.

The Group’s EBITDA margin, adjusted for long-term incentive schemes, developed in line with management expectations.

The Equity position increased significantly in the third quarter 2020 in the context of the acquisition of DEGIRO. With closing of the transaction 7.5 million new shares were issued to the former DEGIRO shareholders in the course of a capital increase against contribution in kind.

Upcoming events

The Company’s management is very confident that flatexDEGIRO will be able to continue to attack in the coming years with the clear goal of significantly expanding flatexDEGIRO’s pole position in the European brokerage market and attract broader customer groups. The Group’s partnership with Borussia Monchengladbach is a key component of this strategic expansion and will help to increase our customer base organically in our home markets and internationally. In Germany, it also strongly links with the upcoming introduction of ‘*flatex next*’. The rollout of the new app is expected in late November 2020. It will enable flatex to offer a more intuitive user interface for its successful trading platform to a broader range of customers and allow them to complete the entire account opening process including video authentication in just five minutes.

Outlook and Vision 2025

With the publication of its half-year financial report 2020 on 9 September 2020, flatexDEGIRO has raised its targets for the full year 2020 to 1.2 million customers and 70 million executed transactions on a pro forma basis. flatexDEGIRO continues to expect for the full year 2020 a strong increase in its reported revenues (FY 2019: EUR 132.0 million) and an adjusted EBITDA margin in line with its EBITDA margin in the first-half 2020.

It is flatexDEGIRO’s 2025 vision to acquire at least 1 percent of the eligible European population, equating to more than 3 million people, as flatexDEGIRO customers. As a European brokerage powerhouse, flatexDEGIRO would process over 100 million transactions per year – even in years with only average volatility.

Basis of presentation

All the information statements and figures contained within the group interim management statement of flatexDEGIRO AG (herein either, “flatexDEGIRO”, “Company” or “Group”) relate to the reporting date of 30 September 2020 or the nine-month period from 1 January 2020 to 30 September 2020. The personal pronouns “we”, “us” or “our” used in this group interim management statement refer to flatexDEGIRO together with its subsidiaries.

Comparability of information / pro forma information

On 30 July 2020, flatex finalized the acquisition of DeGiro B.V. (DEGIRO), which was consolidated into the Group as of 1 August 2020. The first-time inclusion of DEGIRO in the group figures materially impacts the comparability with information provided prior to the acquisition.

To allow for a better understanding of the underlying operational developments, flatexDEGIRO reports pro forma values for all key performance indicators. These are marked “pro forma” in the group interim management statement and do not comply with IFRS accounting.

The provided pro forma information is based on the historical consolidated financial statements of flatex Group and the historical consolidated financial statements of DEGIRO. The pro forma information is presented for illustrative purposes only and does not necessarily reflect the results of operations or the financial position of the combined group that would have resulted had the acquisition been completed at the dates indicated, or project the results of operations or financial position of the combined group for any future date or period.

Forward-looking statements

This group interim management statement may contain forward-looking statements which may 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, which may be subject to a number of risks and uncertainties. The results actually achieved by flatexDEGIRO may substantially differ from these forward-looking statements. flatexDEGIRO assumes no obligation to update these forward-looking statements after publication or to correct them in case of developments which 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 the acquisition of DEGIRO in July 2020 flatexDEGIRO became one of the largest online brokers in Europe with more than 1.2 million customers and 70 million securities transactions estimated for 2020. In a time of bank consolidation, low interest rates and digitalization, the Group is thus ideally positioned for further growth. Until 2025 at the latest, flatexDEGIRO aims to win over 3 million customers and execute at least 100 million transactions per year – even in years with only average volatility.