

9M / 2024

PRELIMINARY RESULTS



## Executive summary - Development in the third quarter of 2024

flatexDEGIRO continued its growth trajectory in the third quarter, building on the strong performance of the first half of the year.

The number of accounts opened in the third quarter of 2024 rose by 19 percent compared to the third quarter of 2023. The number of settled transactions rose by 7 percent.

In the third quarter of 2024, commission income increased by 9 percent compared to the third quarter of 2023 due to a continuously growing customer base and slightly higher commissions per transaction, with average trading activity per customer declining slightly. Interest income increased by 15 percent due to higher average utilization of margin loans and higher average amounts of customer cash under custody. Total revenues rose by 10 percent as a result.

The gross margin, which was burdened by negative valuations of remaining real estate investments in 2023, also benefited from positive mix effects and improved by 9 percent. Operating expenses saw a significant increase, mainly due to higher administrative expenses, while personnel and marketing expenses rose only relatively moderately year-on-year and were kept slightly below the level of the second quarter of 2024.

Due to the high scalability of flatexDEGIRO's business model, Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) increased by 14 percent with a margin growth of 4 percent. Consolidated Net Income increased by a further 21 percent to EUR 25 million (third quarter of 2023: EUR 21 million), with a margin increase of around 10 percent.

Based on current developments, management is confident to achieve a record year in 2024. Revenue growth is expected to be slightly above the originally announced guidance range of up to 15 percent. The increase in Net Income for FY 2024 is still expected to arrive at the upper end of the range of 25 percent to 50 percent.

The mandate of BaFin's special commissioner at flatexDEGIRO Bank AG was terminated on September 30, 2024, following the successful elimination of the serious deficiencies from the special audit 2022 by the company and a positive audit by the special commissioner.

## Operational development

Approx. 297,900 **new customer accounts** were opened in the first nine months of 2024, an increase of 13.1 percent compared to the approximately 263,500 new customer accounts opened in the first nine months of 2023. Approx. 92,000 new customer accounts were opened in the third quarter of 2024, an increase of 18.8 percent (third quarter of 2023: approx. 77,400).

The **customer base** amounted to 2.96 million at the end of September 2024, an increase of 9.6 percent compared to the end of 2023 (2.70 million). In the last twelve months, flatexDEGIRO's customer base grew by 12.5 percent (customer base at the end of September 2023: 2.63 million). The annualized customer retention rate in the first nine months of 2024 was 98.2 percent (first nine months of 2023: 98.3 percent).

In the first nine months of 2024, flatexDEGIRO settled 46.2 million **transactions**, an increase of 6.6 percent compared to the first nine months of 2023 (43.4 million). In the third quarter of 2024, 14.8 million transactions were settled, an increase of 7.4 percent compared to 13.8 million in the same period of the previous year. The annualized average trading activity per customer<sup>1</sup> amounted to 21.8 in the first nine months of 2024 compared to 23.0 in the first nine months of 2023 (-5.3 percent). At 20.3, trading activity in the third quarter of 2024 was 4.6 percent lower compared to the third quarter of 2023 with 21.3.

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<sup>1</sup> Calculated as the number of settled transactions in the period divided by the average number of customer accounts in this period, annualized

**Net cash inflows** onto flatexDEGIRO's platforms amounted to EUR 4.98 billion in the first nine months of 2024, an increase of 27.4 percent compared to the first nine months of 2023 (EUR 3.91 billion). Inflows in the third quarter of 2024 amounted to EUR 1.74 billion compared to EUR 1.05 billion in the third quarter of 2023 (+64.9 percent). At EUR 5.07 billion, customer investments in securities exceeded net cash inflows in the first nine months of 2024 by 1.8 percent or EUR 0.09 billion. Customers' cash deposits increased by around EUR 0.10 billion in the last nine months, driven by an increase in the utilization of margin loans of around EUR 0.18 billion.

Since the beginning of the year, **customer Assets under Custody (AuC)** have risen by 24.8 percent to a record EUR 64.60 billion at the end of September 2024 (December 31, 2023: EUR 51.75 billion). This includes securities under custody of EUR 60.87 billion (+26.5 percent compared to EUR 48.11 billion in December 2023) and cash under custody of EUR 3.73 billion (+2.7 percent compared to EUR 3.64 billion in December 2023).

flatexDEGIRO continues its conservative **treasury strategy**, with customer cash under custody being deployed in assets with very short maturities. As of September 30, 2024, this mainly includes EUR 1.08 billion of fully collateralized margin loans provided to flatexDEGIRO's brokerage customers and approx. EUR 2.66 billion of further customer cash under custody, the vast majority of which is deposited directly with Deutsche Bundesbank with daily availability.

The European Central Bank's (ECB) interest rate on deposit facilities fell in the first nine months of 2024 from an initial 4.00 percent in two rate cuts of 25 basis points, each in June and September, to 3.50 percent most recently. In the same period of the previous year, interest rates were still significantly lower on average, starting at 2.00 percent at the beginning of the year and rising continuously to 4.00 percent in September 2023. Due to the sharp increase in the previous year, flatexDEGIRO decided to adjust the interest rates for margin loans at flatex and DEGIRO. Since January 1, 2024, the interest rate for margin loans at flatex has been 7.9 percent and at DEGIRO between 5.25 percent and 6.9 percent.

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

Approx. 77,700 new customer accounts (gross) were opened in the "flatex" segment in the first nine months of 2024, an increase of 49.1 percent compared to the approx. 52,100 new customer accounts opened in the first nine months of 2023. Approx. 24,400 new customer accounts (gross) were opened in the third quarter of 2024, compared to approx. 16,300 in the third quarter of 2023 (+49.9 percent). The customer base in the "flatex" segment has grown by 9.8 percent to approx. 733,000 since the beginning of the year (December 31, 2023: approx. 667,000).

The number of settled transactions in the "flatex" segment rose by 11.1 percent to 16.6 million in the first nine months of 2024 (first nine months of 2023: 14.9 million) and by 14.4 percent to 5.5 million in the third quarter of 2024 (third quarter of 2023: 4.8 million). The annualized average trading activity of customers in the "flatex" segment rose by 0.1 percent to 31.6 in the first nine months of 2024 (first nine months of 2023: 31.5) and by 2.2 percent to 30.5 in the third quarter of 2024 (third quarter of 2023: 29.9).

Approx. 220,100 new customer accounts (gross) were opened in the "DEGIRO" segment in the first nine months of 2024, an increase of 4.2 percent compared to the approx. 211,300 new customer accounts opened in the first nine months of 2023. Approx. 67,600 new customer accounts (gross) were opened in the third quarter of 2024, compared to approx. 61,200 in the third quarter of 2023 (+10.5 percent). The customer base in the "DEGIRO" segment has grown by 9.5 percent to approx. 2,226,000 since the beginning of the year (December 31, 2023: approx. 2,032,000).

The number of settled transactions in the "DEGIRO" segment rose by 4.2 percent to 29.6 million in the first nine months of 2024 (first nine months of 2023: 28.4 million) and by 3.6 percent to 9.3 million in the third quarter of 2024 (third quarter of 2023: 9.0 million). The annualized average trading activity of customers in the "DEGIRO" segment fell by 7.9 percent to 18.6 in the first nine months of 2024 (first nine months of 2023: 20.1) and by 8.1 percent to 17.0 in the third quarter of 2024 (third quarter of 2023: 18.5).

## Financial position and results of operations

**Revenues** increased by 21.6 percent to EUR 353.4 million in the first nine months of 2024 (first nine months of 2023: EUR 290.5 million). In the third quarter of 2024, revenues amounted to EUR 111.7 million, an increase of 10.1 percent compared to the same period of the previous year (third quarter of 2023: EUR 101.4 million).

**Commission income** amounted to EUR 205.0 million in the first nine months of 2024, which corresponds to an average commission per transaction of EUR 4.44. In the first nine months of 2023, commission income amounted to EUR 179.5 million, with commissions per transaction amounting to EUR 4.14. Together with an increase in settled transactions due to continued customer growth, the 7.2 percent increase in commission per transaction was the main reason for the 14.2 percent growth in commission income in the first nine months of 2024 compared to the first nine months of 2023. Similarly, commission income rose by 8.9 percent to EUR 64.1 million in the third quarter of 2024 (third quarter of 2023: EUR 58.9 million), with commission per transaction increasing by 1.4 percent from EUR 4.26 in the third quarter of 2023 to EUR 4.32 in the third quarter of 2024.

**Interest income** in the first nine months of 2024 amounted to EUR 135.7 million, an increase of 39.5 percent compared to the first nine months of 2023 (EUR 97.3 million). In the third quarter of 2024, interest income amounted to EUR 44.1 million, which corresponds to an increase of 15.2 percent compared to the third quarter of 2023 (EUR 38.3 million). The increase in both periods is the result of higher interest rates for margin loans at flatex and DEGIRO, higher average amounts of customer cash under custody, an increase in the margin loan book and, in the first nine months of 2024, higher average deposit interest rates at the ECB.

**Other operating income** amounted to EUR 12.6 million in the first nine months of 2024, slightly below the previous year's level of EUR 13.7 million (-7.8 percent). In the third quarter of 2024, other operating income amounted to EUR 3.4 million, 19.8 percent less than in the third quarter of 2023 (EUR 4.3 million).

**Raw materials and consumables** amounted to EUR 51.6 million or 14.6 percent of revenues in the first nine months of 2024, compared to EUR 51.7 million and 17.8 percent in the first nine months of 2023. In the third quarter of 2024, raw materials and consumables amounted to EUR 16.1 million (third quarter of 2023: EUR 21.8 million) or 14.4 percent of revenue (third quarter of 2023: 21.5 percent). In addition to a more favorable revenue mix with a higher proportion of interest income, the improvement in these key figures in both periods is primarily driven by the negative valuation of remaining real estate investments that led to non-cash interest expenses of around EUR 10 million in the first nine months of 2023. In the current financial year 2024, administrative expenses, which were recognized in raw materials and consumables in the previous year, were reclassified from raw materials and consumables to "Other administrative expenses". These amounted to EUR 2.1 million in the first nine months of 2023 and EUR 0.4 million in the third quarter of 2023.

**Operating expenses** fell by 0.5 percent from EUR 150.4 million in the first nine months of 2023 to EUR 149.7 million in the first nine months of 2024 and increased by 26.0 percent from EUR 39.6 million in the third quarter of 2023 to EUR 50.0 million in the third quarter of 2024.

**Current personnel expenses** amounted to EUR 74.6 million in the first nine months of 2024, an increase of 15.4 percent compared to the first nine months of 2023 (EUR 64.7 million). In the third quarter of 2024, they amounted to EUR 24.7 million compared to EUR 22.0 million in the third quarter of 2023 (+12.3 percent). Salary increases and a significant recruitment of additional employees during the course of 2023 as part of the resolution of regulatory findings led to this increase in personnel expenses. Additions to provisions for long-term variable remuneration played a much smaller role in 2024 and amounted to EUR 4.2 million in the first nine months, of which EUR 1.4 million was attributable to the third quarter. In addition to provisions for the Stock Appreciation Rights Plan (SARs) issued in 2020, this figure also includes first-time expenses from the stock option plan issued for the first time in the third quarter of 2024. Compared to the previous year, this represents a reduction of 74.9 percent in the first nine months (first nine months of 2023:

EUR 16.6 million) and an increase of 16.6 percent in the third quarter (third quarter of 2023: EUR 1.2 million).

**Marketing expenses** were reduced by 19.3 percent to EUR 24.2 million in the first nine months of 2024 (first nine months of 2023: EUR 30.0 million), without having a negative impact on customer growth, which actually increased compared to the previous year. As a result, the average customer acquisition costs<sup>2</sup> fell by 28.6 percent from EUR 113.91 in the first nine months of 2023 to EUR 81.32 in the first nine months of 2024. Marketing expenses in the third quarter of 2024 amounted to EUR 6.2 million, an increase of 38.1 percent compared to EUR 4.5 million in the third quarter of 2023. The average customer acquisition costs in the third quarter of 2024 amounted to EUR 67.42 (third quarter of 2023: EUR 57.99), 16.3 percent higher than in the previous year.

**Other administrative expenses** amounted to EUR 46.6 million in the first nine months of 2024 (first nine months of 2023: EUR 39.1 million) and EUR 17.7 million in the third quarter of 2024 (third quarter of 2023: EUR 12.0 million). The increase is mainly due to higher IT costs as well as higher legal and consulting costs, some of which are related to projects in connection with regulatory requirements and contributed to the termination of the mandate of the special commissioner by the German Federal Financial Supervisory Authority (BaFin) on September 30, 2024. There were also additional consulting expenses in connection with this year's Annual General Meeting and the CEO search, which was concluded in the third quarter of 2024. These increases were partially offset by the absence of negative special effects incurred in the previous year, such as the payment of a fine imposed by the Italian competition authority following a complaint by a single local competitor. flatexDEGIRO is taking legal action against this fine. The third quarter of 2024 also includes a small amount of expenses for the preparation of new product launches, such as the launch of crypto trading planned for the fourth quarter of 2024. In the current financial year 2024, administrative expenses that were recognized under raw materials and consumables in the previous year were reclassified from raw materials and consumables to "Other administrative expenses". These amounted to EUR 2.1 million in the first nine months of 2023 and EUR 0.4 million in the third quarter of 2023.

**Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)** amounted to EUR 152.1 million in the first nine months of 2024, which corresponds to an increase of 72.0 percent compared to EUR 88.5 million in the first nine months of 2023. The EBITDA margin amounted to 43.1 percent in the first nine months of 2024 (first nine months of 2023: 30.4 percent). In the third quarter of 2024, flatexDEGIRO generated an EBITDA of EUR 45.7 million with an EBITDA margin of 40.9 percent. By comparison, EBITDA in the third quarter of 2023 amounted to EUR 40.0 million and the EBITDA margin was 39.4 percent.

**Net Income** for the first nine months of 2024 amounted to EUR 85.7 million, more than doubling compared to the EUR 40.6 million recorded in the first nine months of 2023 (+111.1 percent). In the same period, the Net Income margin rose from 14.0 percent in 2023 to 24.3 percent in 2024. In the third quarter of 2024, Net Income increased by 21.0 percent to EUR 24.9 million (third quarter of 2023: EUR 20.6 million) and reached a margin of 22.3 percent in the third quarter of 2024 and 20.3 percent in the third quarter of 2023.

## Outlook

Based on current developments, management is confident to achieve a record year in 2024. Revenue growth is expected to be slightly above the originally announced range of up to 15 percent. The increase in Net Income for FY 2024 is still expected to arrive at the upper end of the range of 25 percent to 50 percent.

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<sup>2</sup> Calculated as marketing expenses divided by the number of new customer accounts opened during the period

		Q3 2024	Q3 2023	Change in %	9M 2024	9M 2023	Change in %
<b>Financial KPIs</b>							
<b>Revenues</b>	<b>m EUR</b>	<b>111.7</b>	<b>101.4</b>	<b>+10.1</b>	<b>353.4</b>	<b>290.5</b>	<b>+21.6</b>
Commission income	m EUR	64.1	58.9	+8.9	205.0	179.5	+14.2
<i>Commission income per transaction</i>	<i>EUR</i>	<i>4.32</i>	<i>4.26</i>	<i>+1.4</i>	<i>4.44</i>	<i>4.14</i>	<i>+7.2</i>
Interest income	m EUR	44.1	38.3	+15.2	135.7	97.3	+39.5
Other operating income	m EUR	3.4	4.3	-19.8	12.6	13.7	-7.8
<b>Raw materials and consumables</b>	<b>m EUR</b>	<b>16.1</b>	<b>21.8</b>	<b>-26.3</b>	<b>51.6</b>	<b>51.7</b>	<b>-0.2</b>
in percent of revenues	%	14.4	21.5	-33.1	14.6	17.8	-17.9
<b>Operating expenses</b>	<b>m EUR</b>	<b>50.0</b>	<b>39.6</b>	<b>+26.0</b>	<b>149.7</b>	<b>150.4</b>	<b>-0.5</b>
Current personnel expenses	m EUR	24.7	22.0	+12.3	74.6	64.7	+15.4
Personnel expenses for long-term variable remuneration	m EUR	1.4	1.2	+16.6	4.2	16.6	-74.9
Marketing expenses	m EUR	6.2	4.5	+38.1	24.2	30.0	-19.3
<i>Average customer acquisition costs</i>	<i>EUR</i>	<i>67.42</i>	<i>57.99</i>	<i>+16.3</i>	<i>81.32</i>	<i>113.91</i>	<i>-28.6</i>
Other administrative expenses	m EUR	17.7	12.0	+47.6	46.6	39.1	+19.2
<b>EBITDA</b>	<b>m EUR</b>	<b>45.7</b>	<b>40.0</b>	<b>+14.2</b>	<b>152.1</b>	<b>88.5</b>	<b>+72.0</b>
EBITDA margin	%	40.9	39.4	+3.7	43.1	30.4	+41.4
<b>Net income</b>	<b>m EUR</b>	<b>24.9</b>	<b>20.6</b>	<b>+21.0</b>	<b>85.7</b>	<b>40.6</b>	<b>+111.1</b>
Net income margin	%	22.3	20.3	+9.9	24.3	14.0	+73.5

## Commercial KPIs

		Q3 2024	Q3 2023	Change in %	Sep 2024	Dec 2023	Change in %
<b>Customer accounts</b> at the end of the reporting period	m	2,96	2,63	+12,5	2,96	2,70	+9,6
- of which: "flatex" segment	m	0,73	0,65	+12,3	0,73	0,67	+9,8
- of which: "DEGIRO" segment	m	2,23	1,98	+12,6	2,23	2,03	+9,5
		Q3 2024	Q3 2023	Change in %	9M 2024	9M 2023	Change in %
<b>New customer accounts</b>	k	92,0	77,4	+18,8	297,9	263,5	+13,1
- of which: "flatex" segment	k	24,4	16,3	+49,9	77,7	52,1	+49,1
- of which: "DEGIRO" segment	k	67,6	61,2	+10,5	220,1	211,3	+4,2
		Q3 2024	Q3 2023	Change in %	9M 2024	9M 2023	Change in %
<b>Settled transactions</b>	m	14,8	13,8	+7,4	46,2	43,4	+6,6
- of which: "flatex" segment	m	5,5	4,8	+14,4	16,6	14,9	+11,1
- of which: "DEGIRO" segment	m	9,3	9,0	+3,6	29,6	28,4	+4,2
		Sep 2024	Sep 2023	Change in %	Sep 2024	Dec 2023	Change in %
<b>Customer Assets under Custody</b>	EUR bn	64,6	47,0	+37,5	64,6	51,7	+24,8
- of which: Securities	EUR bn	60,9	43,7	+39,2	60,9	48,1	+26,5
- of which: Cash	EUR bn	3,7	3,3	+14,3	3,7	3,6	+2,7

Preliminary, unaudited figures

## **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. 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 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