

Report to the shareholders

Dear shareholders,

Swissquote's annual results confirmed that 2021 was a record year. Thanks to strong growth dynamics on the client side, the communicated medium-term profit targets set initially for 2024 were already reached by the end of 2021. Operating income increased by 38.2 percent year-on-year to CHF 471.8 million, while operating profit reached a record high of CHF 223.3 million (target for 2024 was CHF 200 million), an increase of 111.4 percent. Profitability, with an operating profit margin of 47.3 percent, increased strongly thanks to higher trading volumes and more customer accounts (+77,599). With organic net new money inflow hitting a record high of CHF 9.6 billion, client assets grew to CHF 55.9 billion. The Board of Directors will propose to the Annual General Meeting that the dividend be increased by 46.7 percent from CHF 1.50 to CHF 2.20 per share.

Swissquote confirms record year and strong customer growth

Revenues set new records year after year

At CHF 471.8 million (CHF 341.3 million), **operating income** was at its highest level to date, having risen by 38.2 percent year-on-year. **Net fee and commission income** rose by 62.5 percent to CHF 263.2 million (CHF 162.0 million) due to strong growth in trading accounts and increased trading activity. Trading activity was particularly strong in crypto assets as this asset class continued to move towards broader acceptance among both private and institutional investors. **Net trading income** rose by 21.7 percent to CHF 192.8 million (CHF 158.4 million). As expected, **net interest income** dropped by 24.6 percent to CHF 15.8 million (CHF 21.0 million) due to the persisting negative/low interest rate environment.



Markus Dennler
Chairman of the Board
of Directors



Marc Bürki
Chief Executive Officer

Operating expenses in line with growth ambitions

At CHF 247.5 million (CHF 211.7 million), **operating expenses** were 16.9 percent higher than in the previous year, due mainly to the rise in payroll and related expenses as well as marketing expenses. In 2021, Swissquote launched a set of ambitious initiatives to strengthen its brand awareness outside of Switzerland, such as the 3-year sponsorship of the UEFA Europa League and UEFA Europe Conference League. At the end of 2021, Swissquote had a workforce of 952 employees (+18.3 percent).

Net profit exceeds expectations

The combination of revenues and expenses brought a 111.4 percent increase in **operating profit** to CHF 223.3 million (CHF 105.6 million) and resulted in an operating profit margin of 47.3 percent (30.9 percent) for 2021. **Net profit** more than doubled year-on-year to CHF 193.1 million (CHF 91.0 million). This is the result of strong organic growth and a diversified and innovative product offering, which enabled Swissquote to capture the operational leverage provided by its technology.

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Sound capital base and increased dividend per share

Swissquote successfully combined top profitability and organic growth with a strong capital ratio of 26.2 percent. As of the end of 2021, Swissquote exhibits a solid and well-capitalised balance sheet of CHF 9,053.8 million. **Total equity** increased by 39.8 percent to CHF 615.5 million (CHF 440.2 million). The Board of Directors will propose to the Annual General Meeting of 6 May 2022 that the dividend be increased by 46.7 percent from CHF 1.50 to CHF 2.20 per share.

487,847

Total number of accounts

Record-high organic net money inflow and client assets

The **net new money inflow** continued to increase to CHF 9.6 billion in 2021 (CHF 5.3 billion). This trend is attributable to Swissquote's international expansion (52% of the net new monies were related to customers resident abroad), as well as to its unique positioning for mass affluent customers. **Client assets** rose by 40.5 percent to CHF 55.9 billion (CHF 39.8 billion) thanks to net new money inflow but also to the positive market environment. Per customer, this equates to a healthy average deposit in excess of CHF 110,000. The **total number of accounts** reached 487,847 (+18.9 percent) by the end of 2021.

Benelux as second home market

With the acquisition of Keytrade Bank Luxembourg, Swissquote has reinforced its positioning in the Benelux area as a market leader in online trading and investing. The transaction is expected to close in the first half of 2022 and will bring in somewhat more than 8,200 new customers and EUR 1.7 billion in client assets. With this move, Swissquote confirms its ambitious expansion strategy in Europe and more generally outside of Switzerland.

Corporate Governance and compensation

During the year, Swissquote intensified and further structured its dialogue with shareholders, giving it the opportunity to discuss topics such as corporate governance, compensation and sustainability. All the points raised have been reviewed and evaluated. On this basis, disclosures have been improved and a number of decisions aimed at enhancing the company's framework and policies have been made.

After reviewing all the comments received on the Executive Management's Long Term Incentive Plan (LTIP), the Board of Directors decided to retain the stock option plan. The Board of Directors believes that it is an adequate incentive for a growth company to work towards further value creation. This applies as long as the strike price is above the market value of the underlying at the time of allocation. Nevertheless, in order to better meet the expectations of our investors, the vesting period of stock options granted to Executive Management will be harmonised to three years from 2022 onwards. Furthermore, caps to the LTIP were adopted.

Regarding the Short Term Incentive Plan (STIP) of the Executive Management, the adjustments introduced in the previous Remuneration Report in order to increase transparency with regard to the achievement of the objectives set to the Executive Management have been well received by investors. In the 2021 Remuneration Report, transparency has been further increased by providing the complete list of objectives, the weighting of these objectives and the achievement per objective and category of objectives.

We greatly appreciated the active participation of our shareholders and the time they have devoted. We would like to maintain and further expand this exchange in the future.

Report to the shareholders

More focus on ESG objectives

While last year was marked by the release of our first Sustainability Report, the current year was used to carry out gap analyses and implement additional measures with the aim of attaining Swissquote's sustainability goals. For 2022, the Board of Directors has decided to give a higher weighting (15 percent) to ESG as part of the objectives set to the Executive Management. This Board's decision confirms the importance of ESG for Swissquote.

COVID-19


In general, the COVID 19 pandemic has not negatively impacted Swissquote. Although greater customer interest and higher trading volumes led to an increase in operating income and operating profit, the Board considers this positive impact to have been marginal. No public subsidies, redundancies or short-time work/exemption schemes (furlough) were required in 2021. We have always given the utmost priority to the safety and well-being of our employees, as well as to ensuring the highest level of IT security required for home-working.

Guidance for 2022

During the two first months of 2022, customer growth continued its strong trend with CHF 1.4 billion of net new monies. Swissquote's growth story will be able to offset the difficult market environment and despite the current geopolitical uncertainty, Swissquote expects to replicate its very successful year 2021. In 2022, operating income is expected at CHF 475 million (+0.7%) and operating profit at CHF 225 million (+0.7%).

Thanks

On behalf of the Board of Directors and Executive Management, we would like to thank our clients, who, by actively using our platform and providing a wide spectrum of informed feedback, are making a key contribution to Swissquote's business success and therefore its long-term solidity and growth. We attach great importance to their suggestions and requests as well as their criticism, all of which help to drive us forward. Furthermore, in this exceptional year, we would like to thank our shareholders for the trust they place in us, and all employees for their personal commitment and willingness to push the boundaries time after time. And finally, we also owe a debt of gratitude to our cooperation partners for their unfailing expertise and support in helping us to grow our business.



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