

Report to the shareholders

Dear shareholders,

Despite a challenging environment, Swissquote achieved stronger results than ever with an operating income of CHF 530.9 million, an operating profit of CHF 255.4 million and client assets reaching CHF 58.0 billion in 2023. During this period, Swissquote diversified its revenue streams not only by expanding beyond transaction-based earnings, but also by growing its revenues from international clients in Europe, Asia, and the Middle East. For the first time, non-transaction-based revenues (58%) exceeded transaction-based revenues (42%) and internationally located customers represented a bigger share of net revenues than Swiss residents (51% and 49%, respectively). Looking ahead, Swissquote expects to continue to grow in 2024, and is confirming its operating profit target for 2025 (CHF 350 million). The Board of Directors is proposing a dividend of CHF 4.30 per share.

Strong year 2023 with operating income, operating profit and client assets at record levels. Heading to 2024 with positive momentum.

Growth led by revenue diversification

In 2023, operating income reached CHF 530.9 million, an increase of 30.1% compared to the previous year (CHF 408.1 million). This favourable development was mainly supported by continued growth in net interest income (CHF 213.1 million), as a result of higher interest rates on all major currencies and resilient cash deposits (15% of total client assets). Net fee and commission income (excluding crypto assets) decreased by 4.0%, reflecting a low level of customer activity. Net crypto assets income decreased by 31.9%. 2023 was generally a year of low volatility for the crypto market, particularly in the first nine months. Crypto assets volatility improved in the last part of 2023, mainly driven by excitement around better conditions in 2024. Net eForex income decreased by 2.7% in 2023. Even though both eForex assets and volumes grew in comparison to the previous year, the low volatility, which dominated FX markets, affected the profitability of the eForex volumes. Net trading income (excluding eForex) increased by 1.5%, supported by the development of new products and services (e.g. debit cards and payments).



Markus Dennler
Chairman of the Board
of Directors

Marc Bürki
Chief Executive Officer

Improved operating profit margin at 48.1%

At CHF 270.9 million, total expenses increased by 26.0% mainly due to increased payroll & related expenses and other operating expenses. As of 31 December 2023, the total headcount was up by 78 to 1,134 FTE (+7.4%), due primarily to hiring in the field of technology and at the level of foreign offices. In 2023, the operating profit increased by 37.0% to a new record level of CHF 255.4 million (CHF 186.4 million). The operating profit margin grew to 48.1% (45.7%), while the net profit increased to CHF 217.6 million (CHF 157.4 million), with the net profit margin rising to 41.0% (38.6%).

Trading accounts grew by 7.2% in 12 months

A total of 574,274 client accounts was reached at the end of 2023, a net increase of 35,328 accounts or 6.6%. The number of Trading accounts grew by 7.2% in the last 12 months, reflecting intact customer interest in a year of rising interest rates. The implementation of more accessible investment strategies such as "Invest Easy" triggered a solid 14.9% growth in Robo-advisory/Saving accounts. The number of active eForex accounts (inactive eForex accounts are not reported) decreased by 4.3%, but the eForex assets continued to show growth (+7.2%).

Overall, total client assets grew by 11.1% to an all-time high of CHF 58.0 billion (CHF 52.2 billion). This positive development results from a net new money inflow of CHF 5.0 billion (CHF 7.7 billion) and a positive market

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impact. The strength of the Swiss franc affected both client assets and net new monies (translated from foreign currency to CHF for reporting purposes).

574,274

Total number of accounts

Thanks to solid equity position, payout ratio at 30%

As of 31 December 2023, total balance sheet assets amounted to CHF 10.0 billion (CHF 10.2 billion). Bolstered by a combination of solid profitability and cautious balance sheet management, total equity grew by 21.2% to CHF 898.6 million (CHF 741.1 million). The capital ratio increased further to 25.1% (24.8%), well above the regulatory limit of 11.2%. In that context, the Board of Directors strives for a stable dividend policy. The payout ratio to shareholders should generally amount to 30% of the reported net profit, i.e. CHF 4.30 per share for 2023 (+95%).

International presence reinforced

Swissquote is announcing the acquisition of Optimatrade Investment Partners (Pty) Ltd, a company domiciled in Cape Town, South Africa. This company, regulated locally as a financial services provider, has been acting as an introducer for Swissquote for more than ten years. In 2023, the related commission expenses incurred by Swissquote represented approximately 0.4% of net revenues. The transaction will enable natural synergies, in particular when rebranding Optimatrade. The current CEO and founder of Optimatrade, a Swiss national living in South Africa, will pursue his role in the company. The transaction was completed on 1 March 2024.

Yuh mobile app close to 200,000 customers

In 2023, the mobile finance app Yuh, Swissquote's 50 percent joint venture, successfully increased the number of accounts from 106,853 to 193,175 (+80.8%) and its client assets from CHF 0.6 billion to CHF 1.4 billion (+141.9%). During 2023, the net operating profit contribution of Yuh was still negative by –CHF 5.0 million (–CHF 6.7 million).

In 2024, this contribution is still expected to be negative, but to a lesser extent. Early 2024, the number of Yuh accounts surpassed 200,000.

Further upgrades in non-financial reporting

In addition to the GRI standards that we have applied since 2020, the Sustainability Report 2023 contains new disclosures prepared in accordance with the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD). As a result, the report provides additional climate-related information, in line with the new climate strategy and climate risk management framework adopted by the Board of Directors in 2023. At the centre of the Group's sustainability strategy lies the double materiality assessment, which has been fully revised in 2023. The materiality assessment is a cornerstone of the Group's sustainability strategy and guides the Board of Directors in the setting of the objectives to the Executive Management and the whole organisation. In 2023, Swissquote was able to improve its Sustainalytics ESG rating from "medium" to "low" risk, confirming the successful concretisation of its efforts in that field. At this year's annual General Meeting, the shareholders will for the first time vote on the Sustainability Report, which serves as the report on non-financial matters newly required by the Swiss Code of Obligations. In that context, the Sustainability Report was subject to a larger scope of external assurance, including with respect to an extended selection of indicators and non-financial disclosures.

Corporate governance and remuneration

In 2023, Swissquote continued its intense dialogue with shareholders and had the opportunity to discuss topics such as corporate governance, remuneration and sustainability. Swissquote reviewed and evaluated the points raised by shareholders as they contribute to the improvement of Swissquote's practices, especially in terms of disclosure. In particular, the Board of Directors decided to improve disclosure on its members' qualifications, which are now presented in a detailed table in the Corporate Governance Report in line with best practice.

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Concerning the composition of the Board, Esther Finidori was elected at the annual General Meeting of 10 May 2023. She has a strong expertise in sustainability in general and in environmental aspects and digital transformation specifically. Thanks to her election, the representation of the underrepresented gender reached 37.5%, hence exceeding the target set at 30%. At the level of the Executive Management, Swissquote welcomed Nestor Verrier at the position of Chief Operating Officer as from 1 January 2024, following Lino Finini's retirement as of 31 December 2023 after more than two decades of working for Swissquote.

With respect to remuneration, shareholders appreciated Swissquote's response to the comments made previously, in particular regarding the following two points: the disclosure of the metrics of the objectives set to the Executive Management as part of the Short-term Incentive Plan (STIP) and the re-balancing of the Executive Management's variable remuneration towards the longer term via the partial payment of the annual bonus in shares blocked for three years. Shareholders equally valued the Board of Directors' decision to put in place a new board and committee fee structure.

Swissquote greatly appreciated the time and active participation of its shareholders and is looking forward to maintaining this valuable dialogue in the future.

Thanks

On behalf of the Board of Directors and the Executive Management, we would like to thank our clients for their loyalty and contribution to Swissquote's success and long-term solidity. Thanks to their informed feedback, suggestions and requests, we continuously seek to improve and innovate to deliver exceptional and refreshing banking experiences. Furthermore, we would like to thank our shareholders for the trust they place in us, and all our employees for their hard work and commitment. And finally, we extend our thanks to our cooperation partners for their collaboration and unfailing expertise in helping us to grow our business.



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