



Flow Traders Ltd.

Q423 & FY23 Results Presentation

8 February 2024

F L O W ■ **T R A D E R S**

AMSTERDAM ■ CLUJ ■ HONG KONG ■ LONDON ■ MILAN ■ NEW YORK ■ PARIS ■ SHANGHAI ■ SINGAPORE

Disclaimer

This presentation is prepared by Flow Traders Ltd. and is for information purposes only and the material contained in this document is provided 'as is'. It is not a recommendation to engage in investment activities and you must not rely on the content of this document when making any investment decisions. The information in this document does not constitute legal, tax, or investment advice and is not to be regarded as investor marketing or marketing of any security or financial instrument, or as an offer to buy or sell, or as a solicitation of any offer to buy or sell, securities or financial instruments.

The information and materials contained in this presentation are provided 'as is' and Flow Traders Ltd. or any of its affiliates ("Flow Traders") do not warrant the accuracy, adequacy or completeness of the information and materials and expressly disclaim liability for any errors or omissions. This presentation is not intended to be and shall not constitute in any way a binding or legal agreement or impose any legal obligation on Flow Traders. All intellectual property rights, including trademarks, are those of their respective owners. All rights reserved. All proprietary rights and interest in or connected with this publication shall vest in Flow Traders. No part of it may be redistributed or reproduced without the prior written permission of Flow Traders.

This presentation may include forward-looking statements, which are based on Flow Traders' current expectations and projections about future events and are not guarantees of future performance. Forward looking statements are statements that are not historical facts, including statements about our beliefs and expectations. Words such as "may", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "project", "believe", "could", "hope", "seek", "plan", "foresee", "aim", "objective", "potential", "goal", "strategy", "target", "continue" and similar expressions or their negatives are used to identify these forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of Flow Traders. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no undue reliance should be placed on any forward-looking statements.

Forward-looking statements speak only as at the date at which they are made. Flow Traders expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statements contained in this presentation to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law.

Financial objectives are internal objectives of Flow Traders to measure its operational performance and should not be read as indicating that Flow Traders is targeting such metrics for any particular fiscal year.

Flow Traders' ability to achieve these financial objectives is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond Flow Traders' control, and upon assumptions with respect to future business decisions that are subject to change. As a result, Flow Traders' actual results may vary from these financial objectives, and those variations may be material.

Efficiencies are net, before tax and on a run-rate basis, i.e. taking into account the full-year impact of any measure to be undertaken before the end of the period mentioned. The expected operating efficiencies and cost savings were prepared on the basis of a number of assumptions, projections and estimates, many of which depend on factors that are beyond Flow Traders' control. These assumptions, projections and estimates are inherently subject to significant uncertainties and actual results may differ, perhaps materially, from those projected. Flow Traders cannot provide any assurance that these assumptions are correct and that these projections and estimates will reflect Flow Traders' actual results of operations.

By accepting this document you agree to the terms set out above.

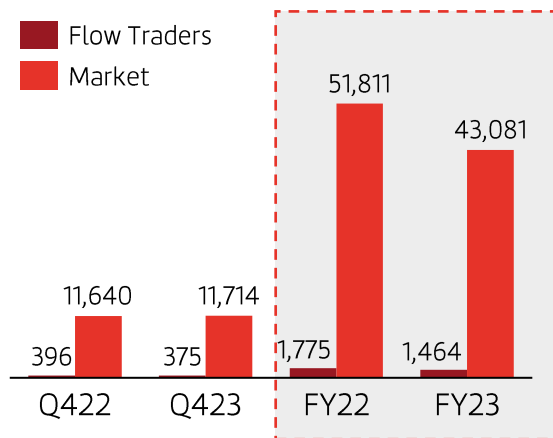
If you do not agree with the terms set out above please notify legal.amsterdam@nl.flowtraders.com immediately and delete or destroy this document.

All results published in this presentation are unaudited.

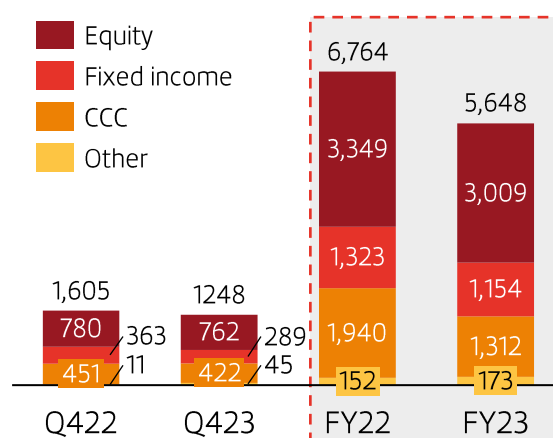
Q423 & FY23 snapshot

Q423 saw an improvement in market trading volumes but volatility remained subdued.

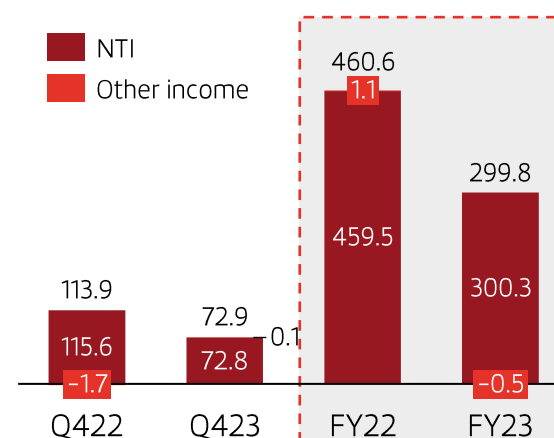
ETP Value Traded (€bn)



Total Value Traded (€bn)



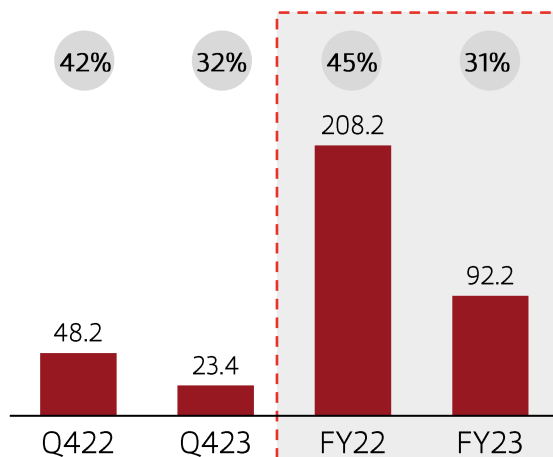
Normalized Total Income (€m)



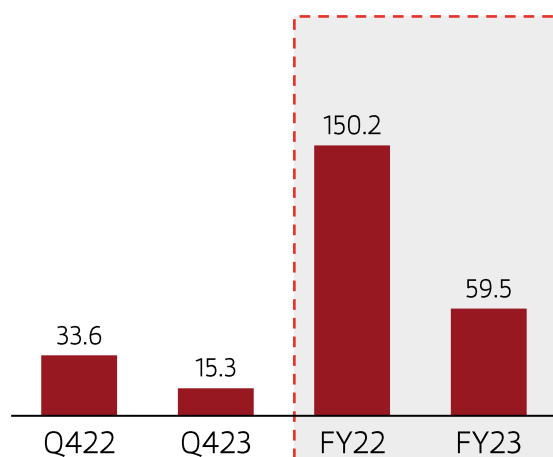
Highlights

- Market trading volumes improved in the quarter both q/q and y/y, however volatility remained subdued and reached lows for the year.
- Flow Traders ETP Value Traded decreased by 5% y/y in Q423 vs. Q422 and by 18% in FY23 vs FY22.
- Normalized Operating Expenses were €49.4m in Q423 vs. €65.7m in Q422 due to lower variable remuneration.
- Normalized Fixed Operating Expenses were €174.1m for FY23, coming in below guidance of €175–€185m.
- Generated Normalized Net Profit of €15.3m in Q423 amidst subdued market conditions.
- 646 FTEs at the end of Q423 vs. 660 at the end of Q422, compared to guidance of broadly flat for the year.
- Proposed final 2024 dividend of €0.15.

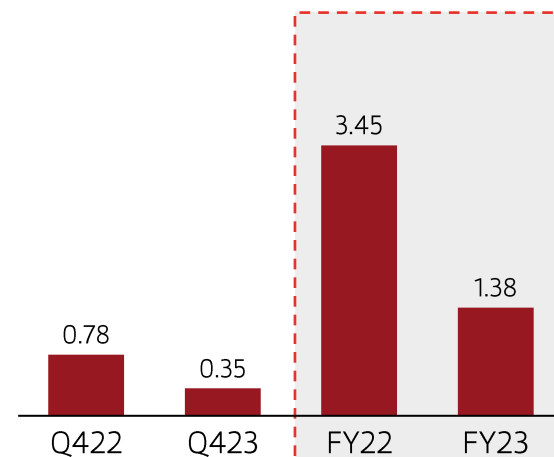
Normalized EBITDA (€m) and margin



Normalized Net Profit (€m)

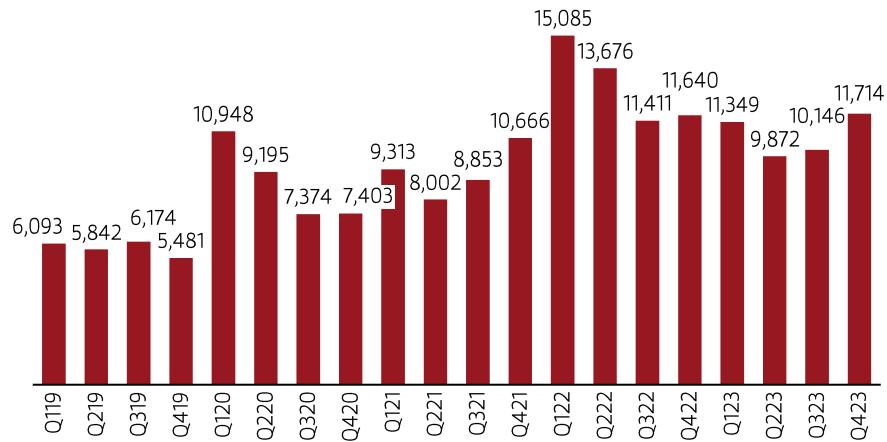


Normalized EPS (€)



Global ETP market continues to grow in Q423 and FY23

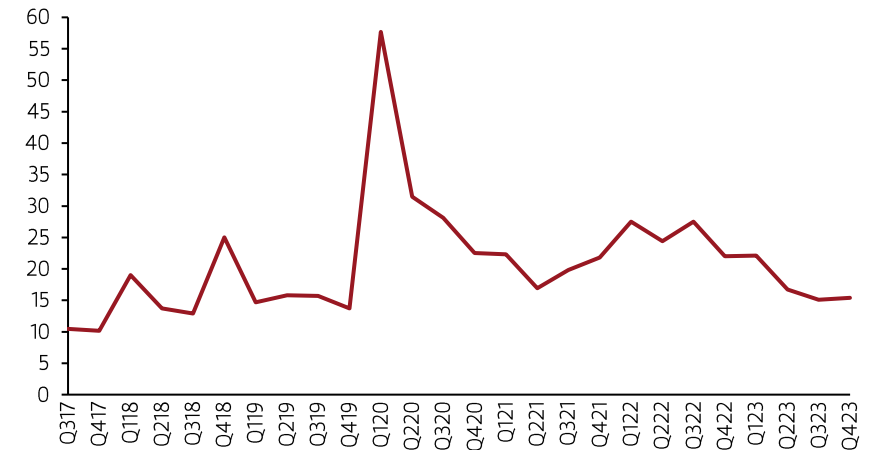
ETP Value Traded (€bn) *



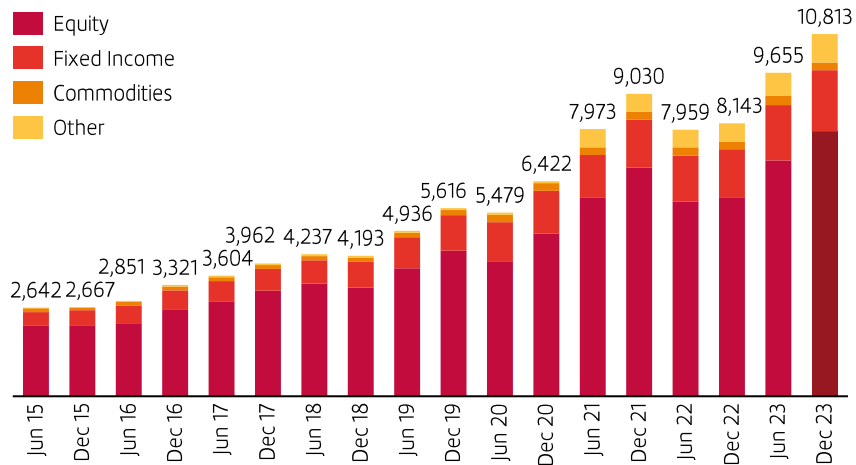
GENERAL MARKET DEVELOPMENTS

- Market ETP Valued Traded increased by 1% y/y in Q423 vs. Q322 but declined by 17% y/y in FY23 vs. FY22.
- Subdued levels of implied volatility (VIX) continued in Q423 as a brief increase in volatility in October was offset by the lowest levels of the year in December.

Average Implied Volatility (VIX)



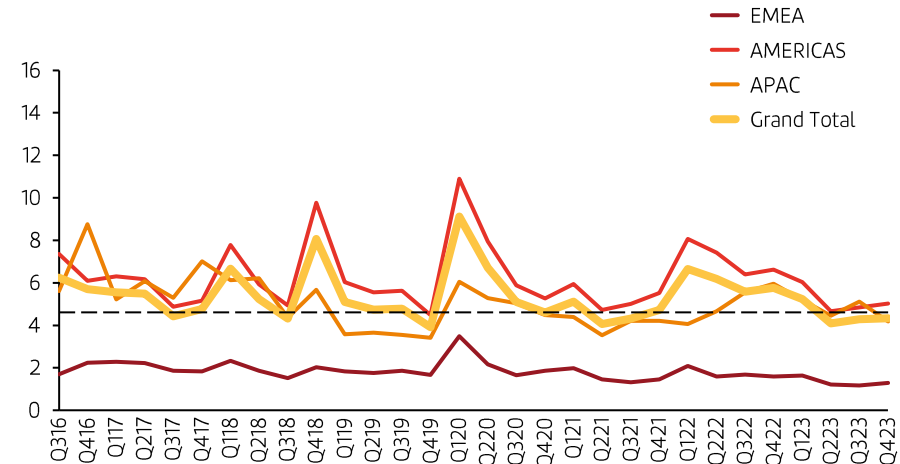
ETP AuM (€bn) **



ETP MARKET DEVELOPMENTS

- 33% increase in ETP AuM since the end of 2022 to €10,812bn due to the rebound in the market and continued fund inflows into ETPs.
- Slight uptick in ETP velocity in Q423 across all regions.
- Strong outlook remains for the ETP market.

ETP Velocity

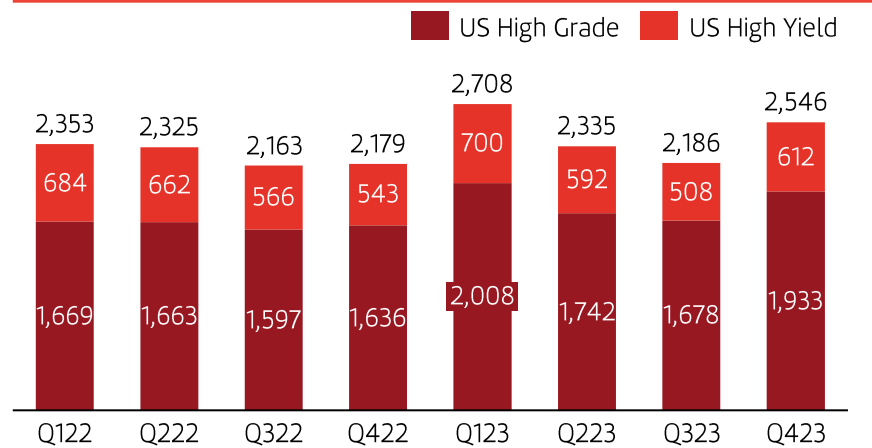


* Source: Bloomberg, iShares, Tradeweb, Bloomberg RfQ, Flow Traders. See appendix

** Source: BlackRock ETP Landscape until December 2020. ETFGI from 2021 onwards

Fixed income and crypto market dynamics

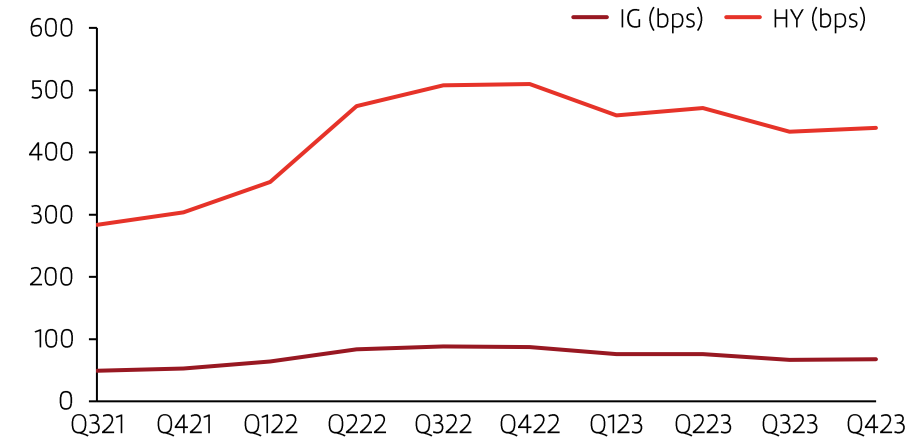
TRACE volumes (\$bn)



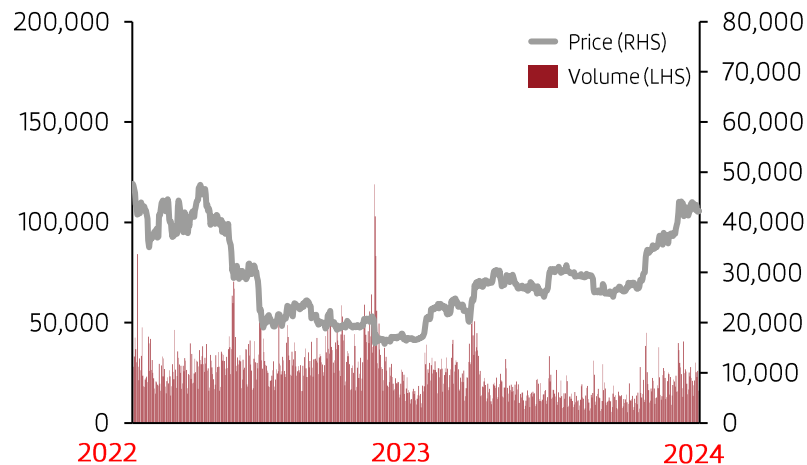
BOND MARKET DEVELOPMENTS

- U.S. Investment Grade and High Yield bond volumes increased in Q423 on both a quarter-over-quarter and year-over-year basis.
- CDX spreads remain relatively static in Q423 compared to Q323 and lower than Q422.

US CDX index



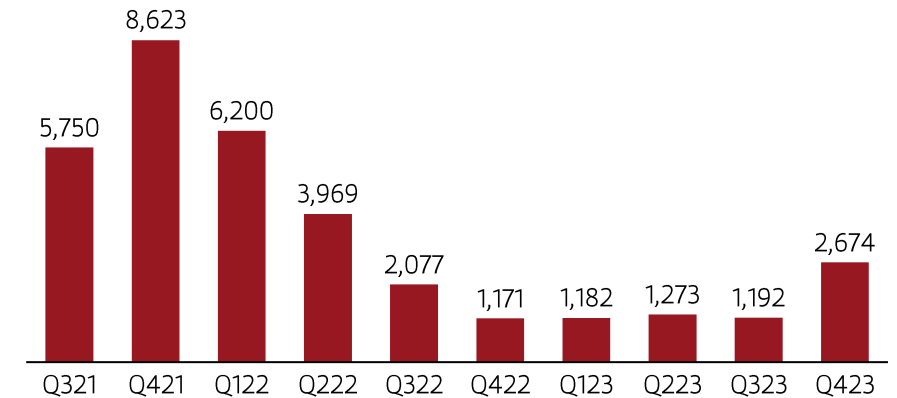
Bitcoin volume (m) and price (\$)



CRYPTO MARKET DEVELOPMENTS

- Trading volume and volatility in digital assets rebounded in Q423 after declining 3 sequential quarters.
- Crypto ETP value traded in Q423 increased sequentially and year-on-year.

Global Crypto ETP value traded (€m)



Q423 & FY23 regional performance overview

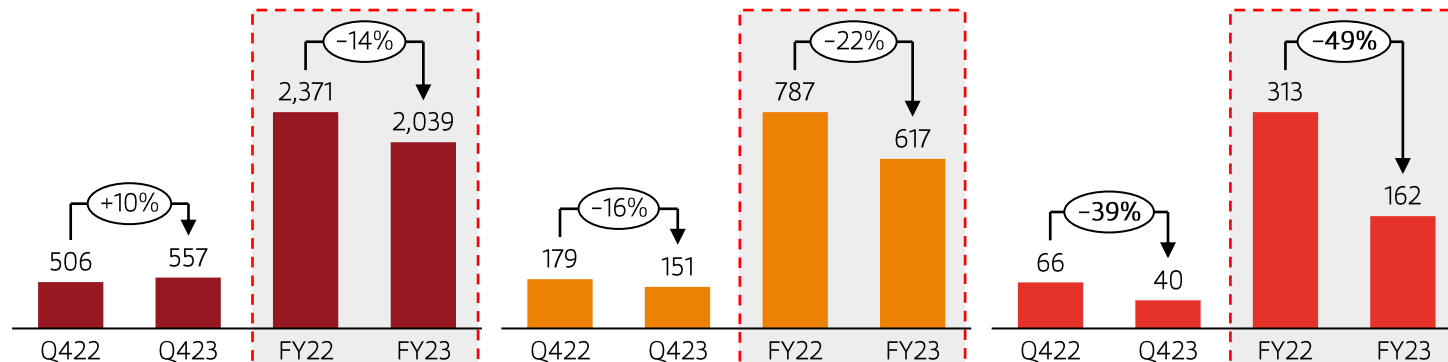
Market ETP Value Traded (€bn)

Flow ETP Value Traded (€bn)

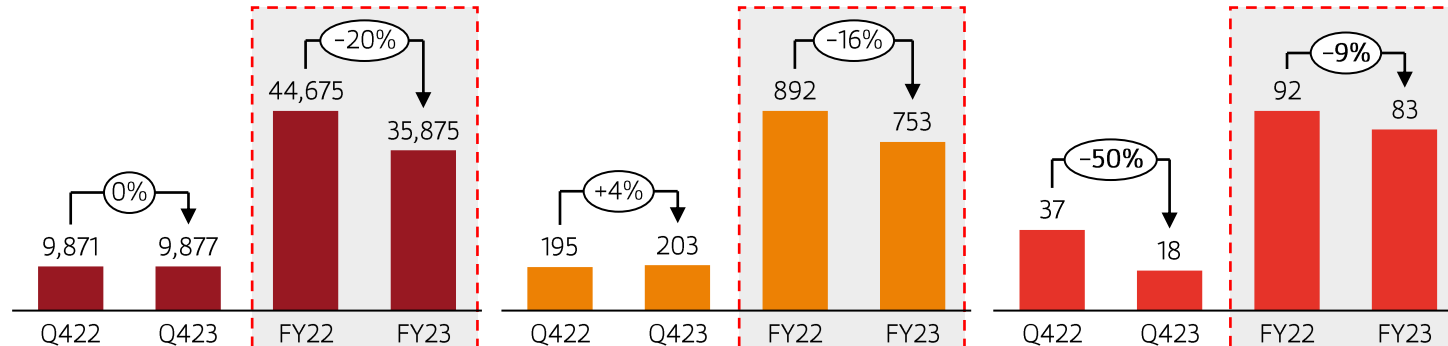
NTI (€m)

Q423 and FY23 Highlights

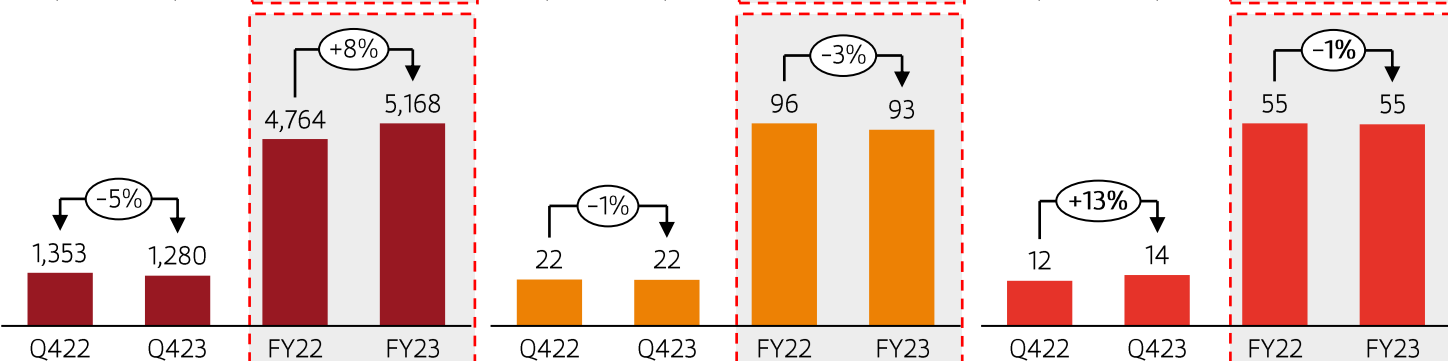
Europe



Americas



Asia



- Maintained position as a leading liquidity provider in ETPs in Q423 and FY23 amidst subdued market trading volumes and low volatility which resulted in lower turnover and tighter bid/ask spreads in the period and over the year.
- Focus on further developing fixed income trading strategies, resulting in an increase of >20% in ADV traded in EUR IG in FY23.
- Continue to invest in the digital asset space yielding noticeable results given the growing institutional interest in the asset class over the past year.

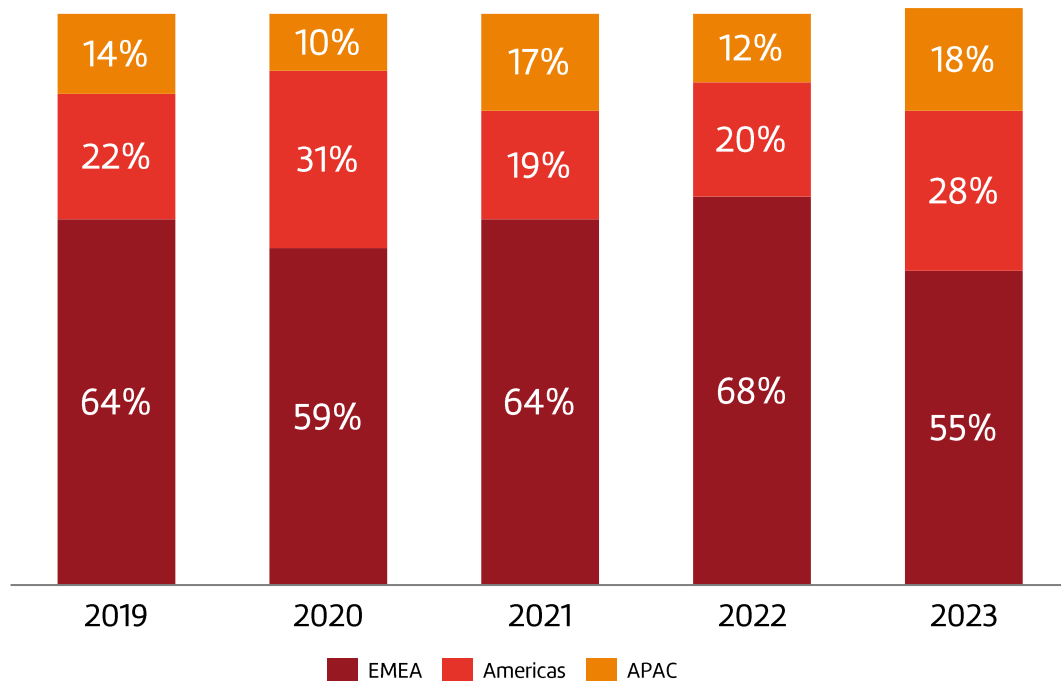
- Systematically grew our international ETF equity offering via leveraging our existing capabilities, most recently with the addition of ADRs to our product coverage.
- Expansion of our Americas footprint with the establishment of the Chicago office as our second U.S. office and additional talent hub for the firm.
- Prepared for the first U.S. spot Bitcoin ETF launches as a lead market maker for our partners reflecting our commitment to supporting the continued evolution of crypto and digital assets.

- Positive contribution from our China operations in the first year following the approval of our QFII license and opening of our Shanghai representative office.
- In-line with our commitment to the evolution of crypto and digital assets across all markets, prepared for the potential launch of spot Bitcoin ETFs in Asia as the Hong Kong Securities and Futures Commission approved the possibility of ETF listings.

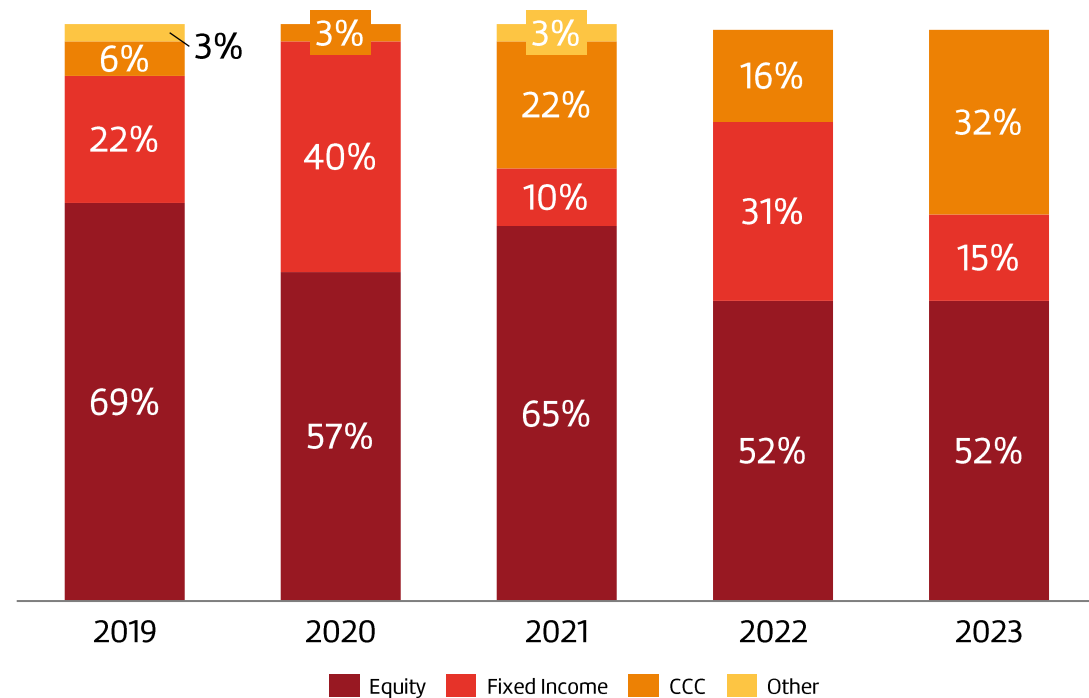
Note: APAC market ETP value traded excludes China

Continued global expansion and asset class diversification

Geographical Mix (NTI, %)



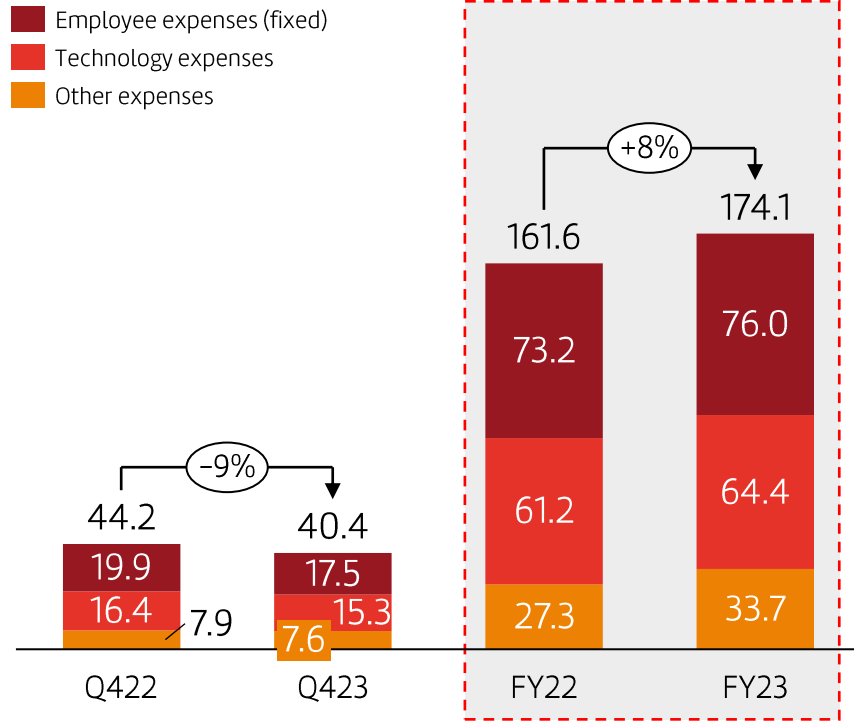
Asset Class Mix (NTI, %)



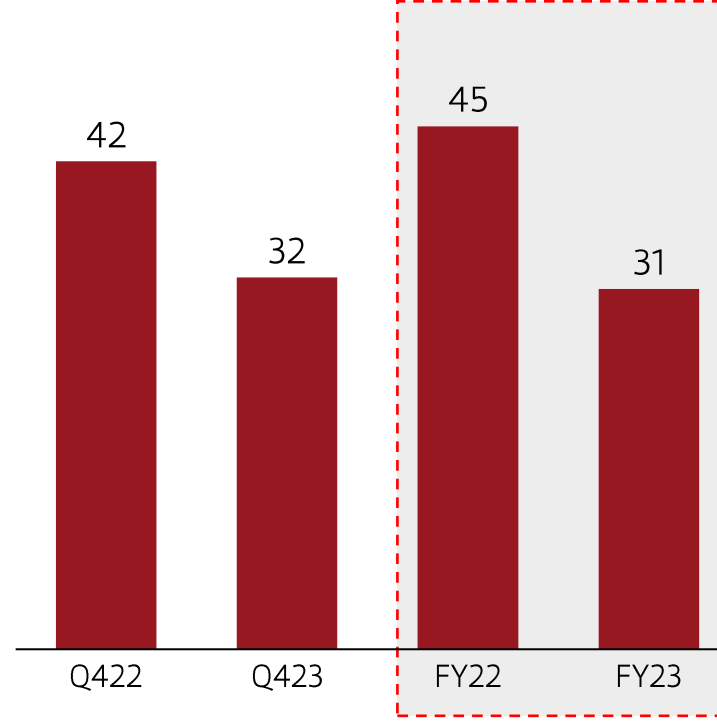
- Built on our heritage as a leading European ETP liquidity provider and expanded operations globally, with NTI contributions from the Americas and Asia accounting for 45% of total group NTI in FY23.
- Investments in the firm's asset class diversification yielded strong results as fixed income and commodity, crypto and currency together accounted for 47% of total group NTI in FY23.
- High degree of flexibility to quickly deploy trading capital across different asset classes gave us the opportunity to steer liquidity to optimally capture market dislocations where they occurred.

Continued investment to drive strategic growth – solid margins maintained despite lower revenues

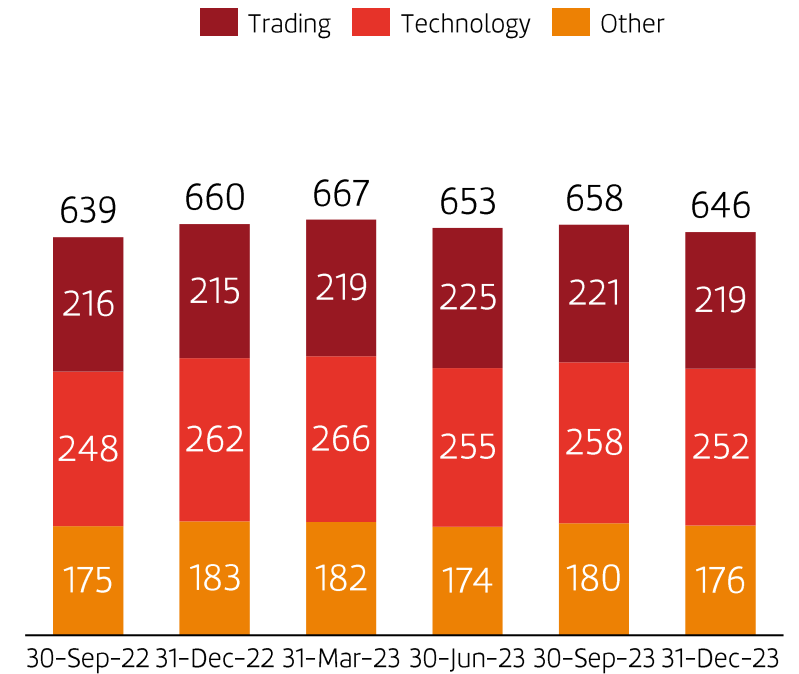
Normalized fixed operating expenses (€m)*



Normalized EBITDA margin (%)



FTEs

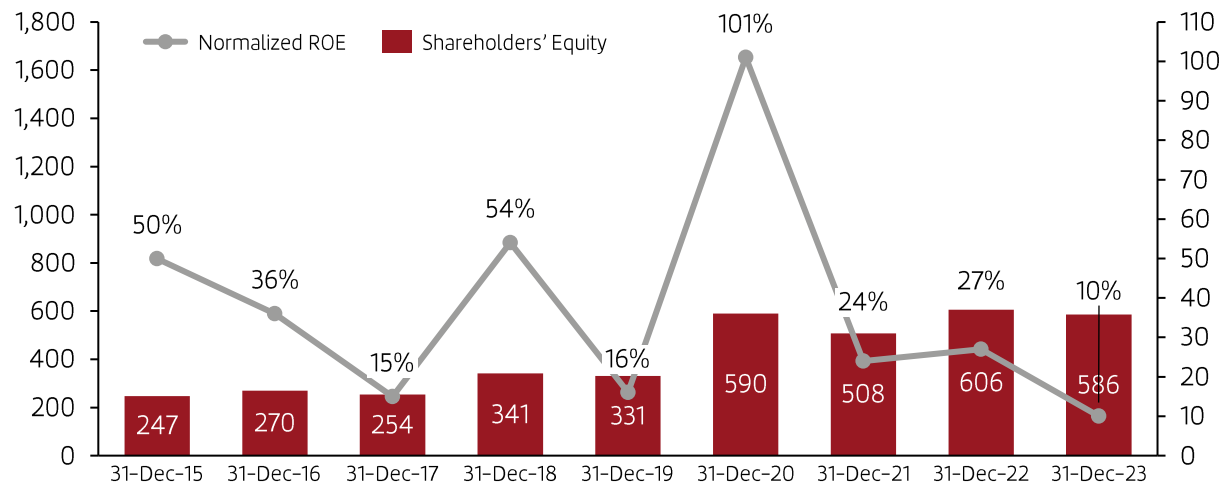


- Normalized fixed operating expenses of €40.4m in Q423 decreased by 9% compared to Q422 and the FY23 expense of €174m came in below guidance of €175–185m.
- Main drivers of y/y increases in fixed expenses relate to targeted base compensation increases implemented in Q222, continued technology investments and inflationary pressures.
- The firm remains fully focused on operational and cost efficiencies across the business while implementing its growth and diversification strategies. For FY24, Normalized Fixed Operating Expenses are expected to be in the same range as FY23 for the full year as headcount is expected to be flat to down for the year, offset by continued technology investments and inflationary pressures.

* Excludes one-off expenses

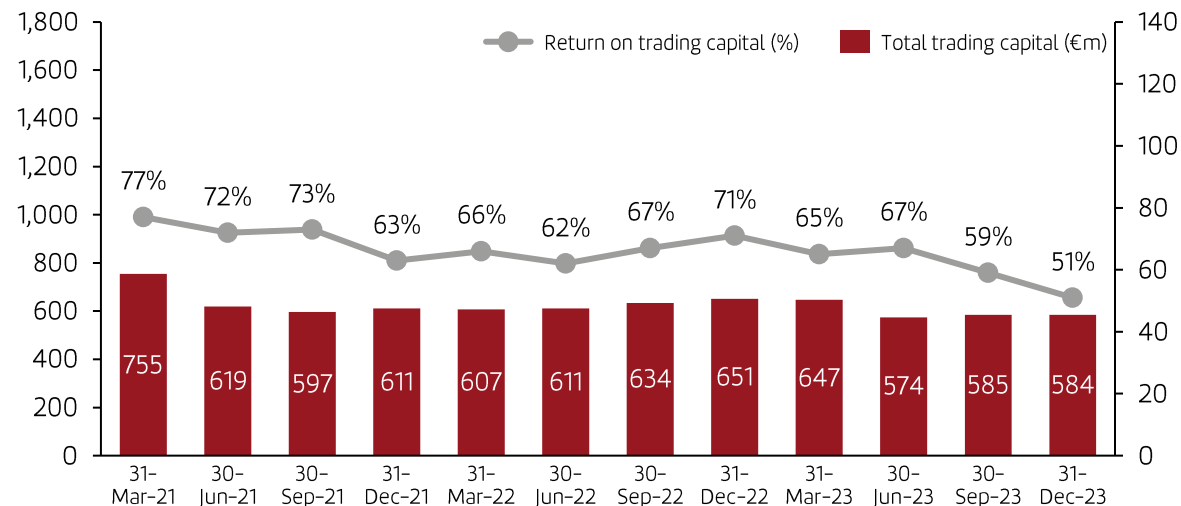
Trading Capital

Shareholders' Equity and Normalized ROE



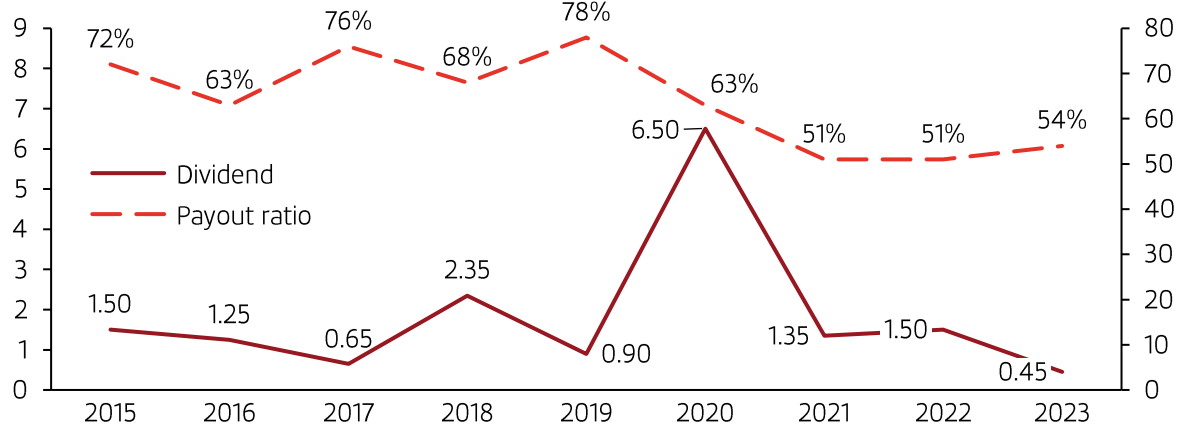
Note: Normalized ROE calculated as the LTM net profits divided by the average of the prior year end of period and current end of period shareholders' equity.

Trading capital



Note: Return on trading capital defined as LTM NTI divided by end of period trading capital

Dividend (€) and payout ratio (%)

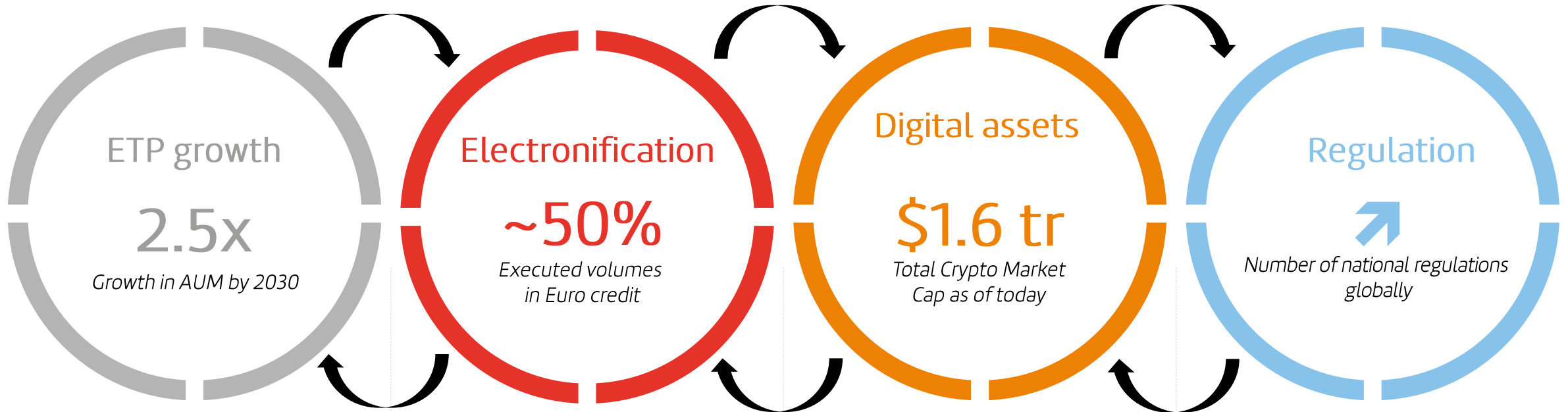


Note: Payout ratio calculated using IFRS EPS

- Shareholders' Equity was down slightly at €586m at the end of Q423 compared to €590m at the end of Q323.
- Trading capital was €584m at the end of Q423 and return on trading capital was 51% in the quarter.
- Proposed final FY23 dividend of €0.15, which together with the interim dividend of €0.30 results in total FY23 dividend of €0.45, a 54% payout ratio.
- €3.2m worth of shares were repurchased in Q423 as part of the €15m share buyback program.

Supportive mega trends remain intact

Four key trends continue to shape Flow Traders' market environment, largely offering an increased market opportunity set



- Industry ETF AUM projected to **more than double** from \$10 trillion in 2023 to \$25 trillion in 2030
- ETFs remain a small % of global capital markets with <2% of fixed income and <7% of equities in 2023

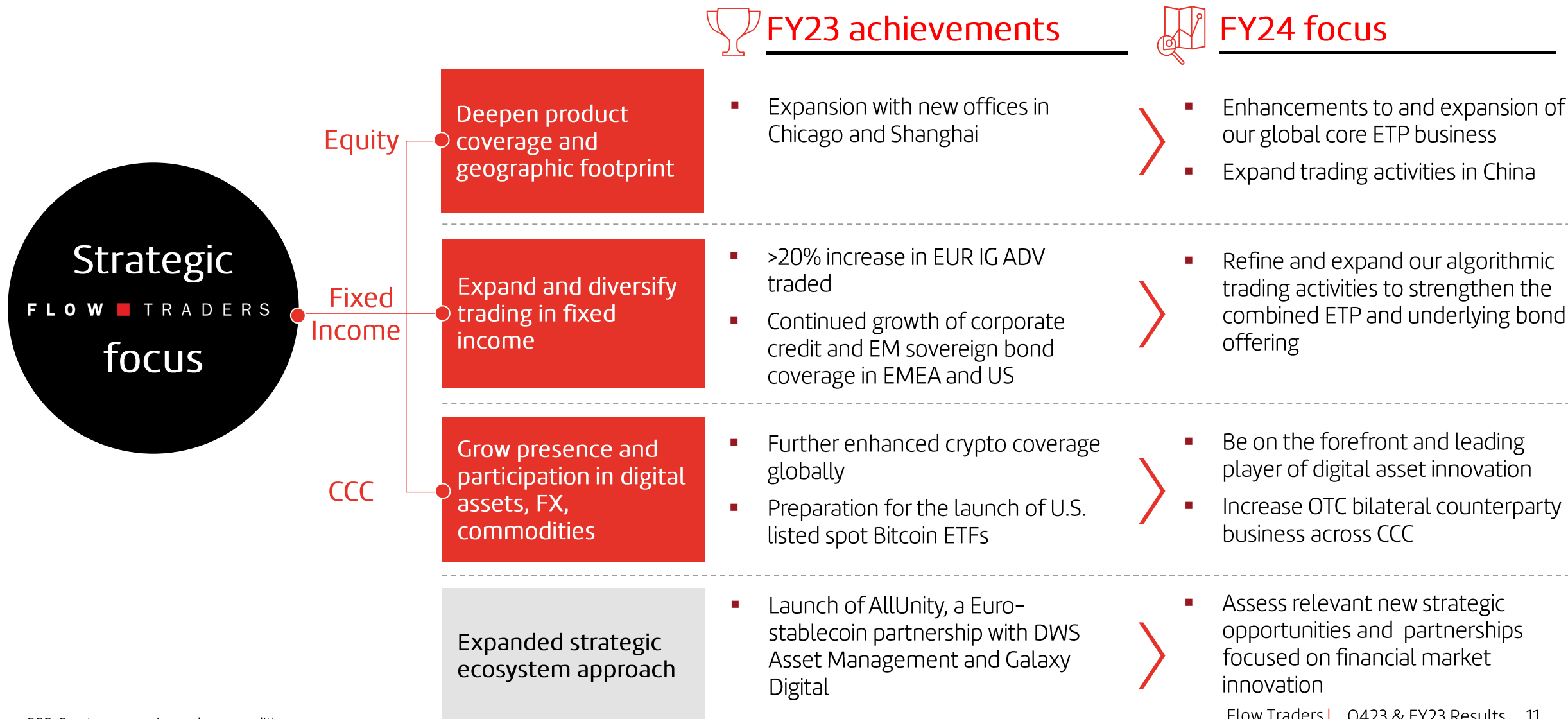
- Credit algos have comprised ~50% of executed volumes in Euro credit in the last 2-3 years, particularly in the sub 1m ticket sizes
- Fixed income ETF AUM projected to **triple** from \$2 trillion in 2023 to \$6 trillion in 2030

- Long-term **growth opportunity** after the recent rebound in interest
- First spot Bitcoin ETFs launched in the U.S.
- First European exchange listed Bitcoin futures launched on Eurex

- Increasing standards for **trade execution, reporting, and settlement** harmonization, e.g. proposed EU consolidated tape
- Accelerating **regulatory dialogue around digital asset**, e.g. Bitcoin ETF approvals, MiCA

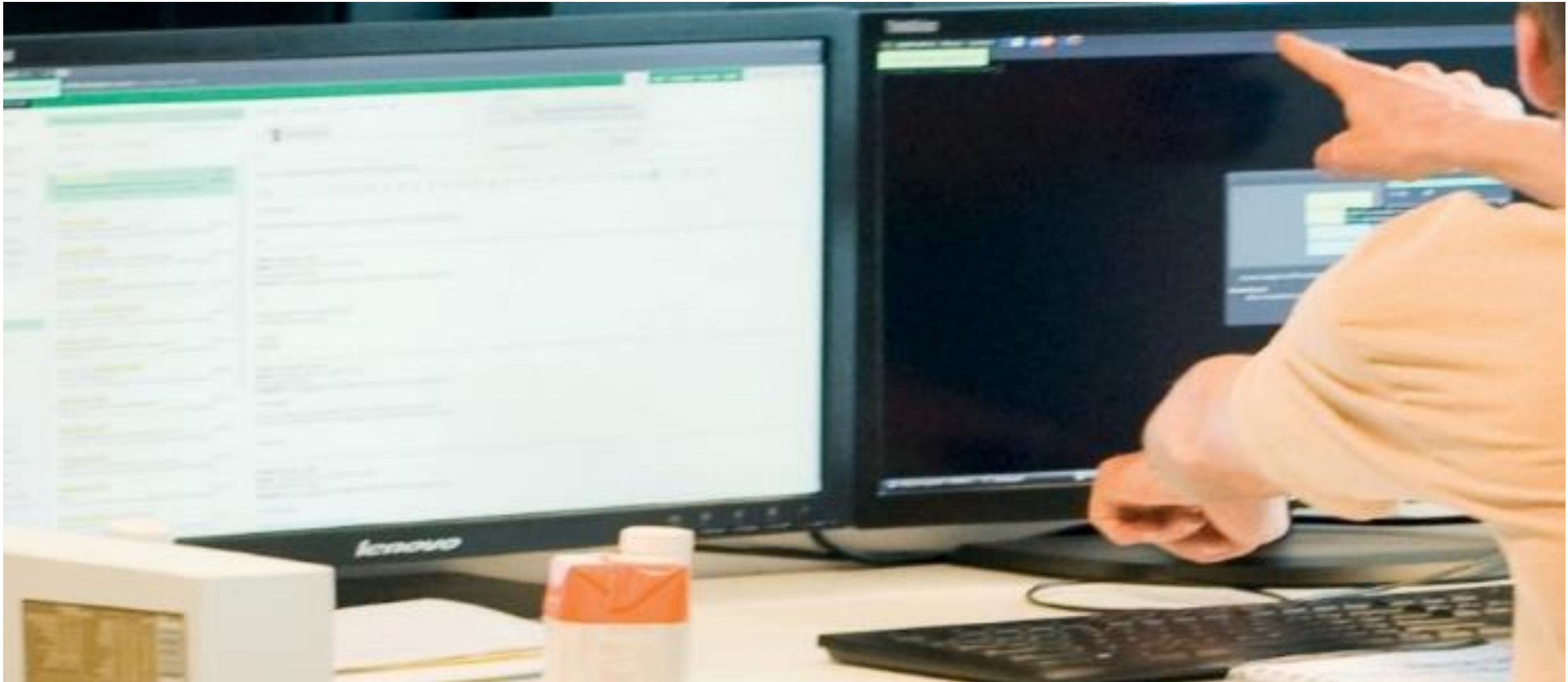
Key strategic objectives

Significant strategic achievements in 2023 with clear focus areas for 2024



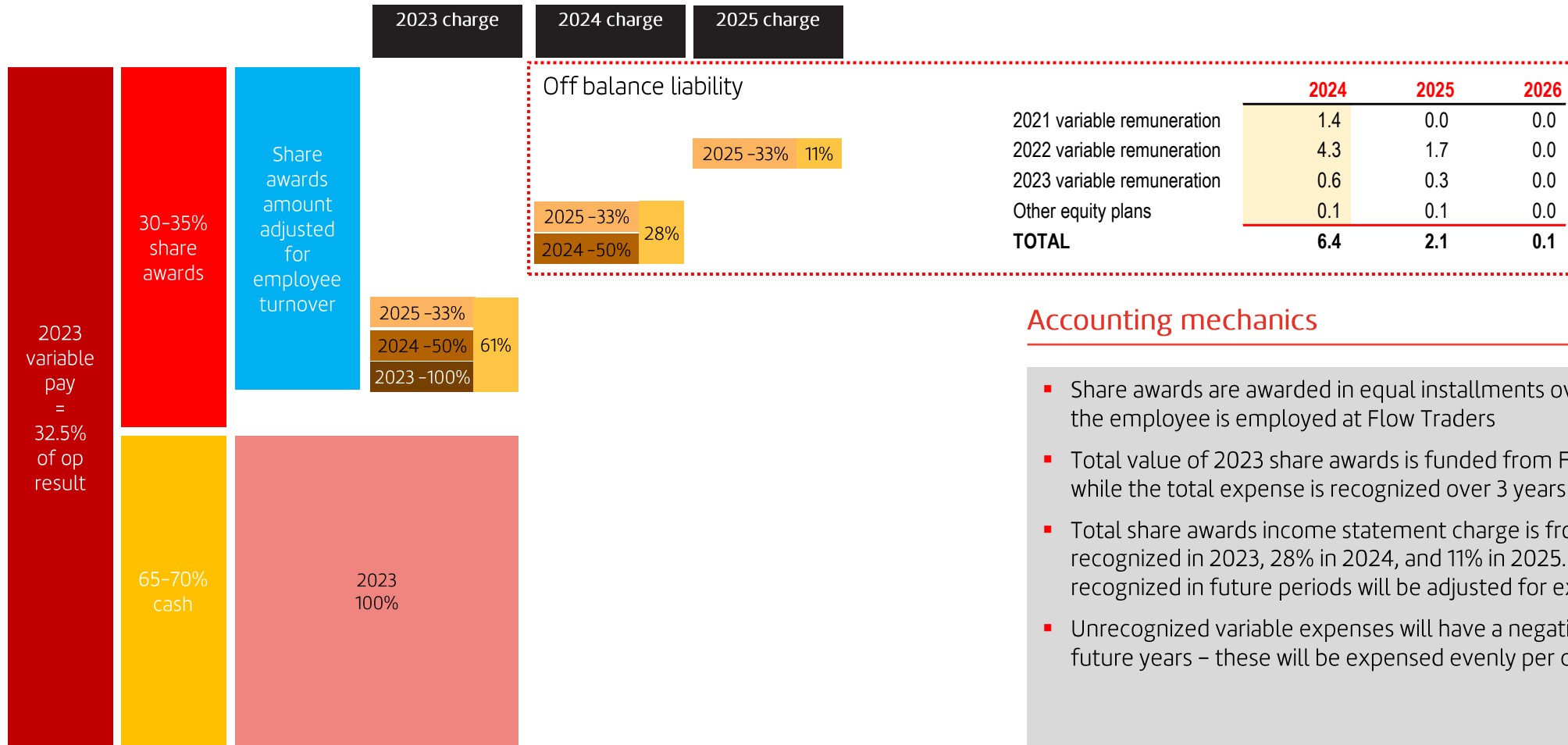
Q&A

Thank you!



Unrecognized variable expenses schedule

Share plan has a different accounting treatment to the previous FCIP which creates an unrecognised variable expenses schedule



Accounting mechanics

- Share awards are awarded in equal installments over 3 years on the condition that the employee is employed at Flow Traders
- Total value of 2023 share awards is funded from FY23 variable remuneration pool, while the total expense is recognized over 3 years in accordance with IFRS 2
- Total share awards income statement charge is frontloaded, whereby 61% is recognized in 2023, 28% in 2024, and 11% in 2025. Share award obligation recognized in future periods will be adjusted for expected employee turnover
- Unrecognized variable expenses will have a negative income statement impact in future years – these will be expensed evenly per quarter in a given year

Normalized income statement (unaudited)

€million	Q423	Q422	Change	FY23	FY22	Change
Normalized total income	72.9	113.9	(36%)	299.8	460.6	(35%)
Normalized net trading income²	72.8	115.6	(37%)	300.3	459.5	(35%)
EMEA	40.5	66.2	(39%)	162.2	312.5	(49%)
Americas	18.4	37.1	(50%)	83.2	91.7	(9%)
APAC	13.9	12.3	13%	54.9	55.2	(1%)
Normalized other income²	0.1	(1.7)	-	(0.5)	1.1	-
Fixed employee expenses	17.5	19.9	(12%)	76.0	73.2	4%
Technology expenses	15.3	16.4	(6%)	64.4	61.2	5%
Other expenses	7.6	7.9	(4%)	33.7	27.3	23%
Normalized fixed operating expenses	40.4	44.2	(9%)	174.1	161.6	8%
Normalized employee expenses ³	26.5	41.4	(36%)	109.5	164.0	(33%)
Normalized operating expenses	49.4	65.7	(25%)	207.6	252.4	(18%)
Normalized EBITDA	23.4	48.2	(51%)	92.2	208.2	(56%)
Depreciation / amortisation	4.2	4.7	(11%)	18.3	16.8	9%
Write off of (in) tangible assets	0.0	-	-	0.1	0.2	(53%)
Normalized profit before tax	19.2	43.5	(56%)	73.8	191.2	(61%)
Normalized tax	3.9	10.0	(61%)	14.4	41.0	(65%)
Normalized net profit	15.3	33.6	(54%)	59.5	150.2	(60%)
Normalized basic EPS ⁴ (€)	0.35	0.78	(55%)	1.38	3.45	(60%)
Normalized EBITDA margin	32%	42%	(24%)	31%	45%	(32%)

IFRS income statement (unaudited)

IFRS Financial Overview

€million	Q423	Q422	Change	FY23	FY22	Change
Total income	74.3	115.5	(36%)	303.9	458.7	(34%)
Net trading income	72.7	115.7	(37%)	300.3	460.2	(35%)
Other income	1.6	(0.2)	-	3.6	(1.5)	-
Employee expenses ³	39.6	46.6	(15%)	134.0	176.8	(24%)
Technology expenses	15.3	16.4	(6%)	64.4	61.2	5%
Other expenses	7.6	7.9	(4%)	33.7	27.3	23%
One-off expenses ⁶	-	1.5	-	4.3	14.1	-
Adjusted total operating expenses⁸	62.5	72.4	(14%)	236.3	279.3	(15%)
EBITDA	11.8	43.2	(73%)	67.5	179.3	(62%)
Profit before tax	7.4	38.0	(80%)	44.7	161.7	(72%)
Net profit	6.4	29.5	(78%)	36.2	126.8	(72%)
Basic EPS ⁴ (€)	0.15	0.68	(78%)	0.84	2.92	(71%)
Fully diluted EPS ⁷ (€)	0.14	0.65	(78%)	0.81	2.76	(71%)
EBITDA margin	16%	37%	(58%)	22%	39%	(43%)

- Normalized EBITDA and margin are based on the relevant profit share percentage of operating result for the relevant financial period without any IFRS 2 adjustments for share-based payments. The profit share percentage was adjusted to a maximum of 32.5% in Q222 from 35%.
- A summary reconciliation of Normalized to IFRS is presented below:

Normalized to IFRS Reconciliation

€million	Q423	Q422	FY23	FY22
Normalized EBITDA	23.4	48.2	92.2	208.2
FV OCI adjustment	1.3	1.2	(0.4)	(2.6)
Results of equity-accounted investments	0.1	0.4	4.5	0.6
One-off expenses ⁶	-	(1.5)	(4.3)	(14.1)
Prior year share plans	(3.6)	(7.0)	(17.3)	(25.4)
Current year share plan deferral	(9.5)	1.9	(7.1)	12.5
Other variable remuneration adjustment	-	-	-	-
IFRS EBITDA	11.8	43.2	67.5	179.3
Normalized net profit	15.3	33.6	59.5	150.2
Profit before tax IFRS adjustments	(11.8)	(5.5)	(29.2)	(29.5)
Tax difference	2.9	1.4	5.9	6.1
IFRS net profit	6.4	29.5	36.2	126.8

Notes

- Return on trading capital defined as LTM NTI divided by end of period trading capital.
- Normalized NTI is adjusted for the fair value change of economic offsetting positions presented in the NTI line instead of Other income. Normalized Other income is adjusted for Fair value through other comprehensive income and Results of equity-accounted investments.
- Normalized employee expenses is adjusted for the impact of share-based variable remuneration payments from prior years. Fixed employee expenses for the quarter were: Q423 - €17.5m; Q323 - €19.3m; Q422 - €19.9m; FY23 - €76.0m; FY22 - €73.2m.
- Weighted average shares outstanding: Q423 - 43,166,257; Q323 - 43,293,467; Q422 - 43,050,125; FY23 - 43,223,129; FY22 - 43,476,991.
- Source - Flow Traders analysis.
- One-off expenses related to the completed corporate holding structure update and balance sheet review work.
- Determined by adjusting the basic EPS for the effects of all dilutive share-based payments to employees.
- Adjusted total operating expenses excludes depreciation of €17.7m (FY22-€16.3m), amortization of €0.6m (FY22-€0.5m) and asset write-offs of €0.1m (FY22-€0.2m)

Recent monthly market updates

	2023												2022
	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec
On & Off Exchange* Value Traded - Global (€bn)	3,802	3,678	4,234	3,257	3,709	3,180	3,546	3,431	2,894	4,715	3,328	3,306	3,640
On & Off Exchange* Value Traded - EMEA (€bn)	189	189	179	148	148	150	168	162	133	218	173	182	168
On & Off Exchange Value Traded - Americas (€bn)	3,133	3,049	3,694	2,696	3,024	2,581	2,940	2,874	2,350	4,015	2,754	2,763	3,000
On & Off Exchange Value Traded - APAC (€bn)	479	439	361	413	537	449	438	395	411	482	401	361	472
<i>EMEA - Off Exchange Market Value Traded on MTF** (€bn)</i>	122	118	111	93	90	91	107	102	83	135	111	118	107
<i>EMEA - Off Orderbook* Market Value Traded (€bn)</i>	21	26	20	17	20	22	18	18	16	26	19	20	20
<i>Americas - Off Exchange Market Value Traded (€bn)</i>	1,284	1,179	1,369	1,060	1,197	1,037	1,188	1,110	941	1,466	1,117	1,207	1,336
<i>APAC - On & Off Exchange Market Value Traded in China (€ bn)</i>	350	301	246	282	375	286	291	275	305	339	290	252	346
Assets under Management*** - Global (€bn)	n/a	n/a	n/a	9,469	n/a	n/a	9,656	n/a	n/a	9,193	n/a	n/a	8,143
Assets under Management - EMEA (€bn)				1,524			1,528			1,477			1,278
Assets under Management - Americas (€bn)				6,852			7,009			6,701			5,957
Assets under Management - APAC (€bn)				1,094			1,119			1,015			908
# of ETP listings - Global	15,159	15,058	14,951	14,804	15,195	15,024	15,058	14,913	14,888	14,810	14,753	14,692	14,688
# of ETP listings - EMEA	5,121	5,106	5,093	5,099	5,315	5,299	5,319	5,301	5,306	5,279	5,305	5,304	5,316
# of ETP listings - Americas	6,452	6,413	6,373	6,275	6,409	6,310	6,341	6,257	6,254	6,241	6,197	6,152	6,141
# of ETP listings - APAC	3,586	3,539	3,485	3,430	3,471	3,415	3,398	3,355	3,328	3,290	3,251	3,236	3,231
Average VIX per month	12.84	14.25	19.10	15.20	16.03	14.08	14.18	17.80	18.17	22.12	20.33	20.48	22.05
VIX high per month	13.92	17.53	21.28	18.87	18.01	15.94	16.59	20.00	19.54	27.33	22.83	23.25	24.62
VIX low per month	12.14	12.79	16.76	13.13	13.72	13.37	13.28	16.08	16.69	18.84	18.16	18.49	19.96

Notes:

*: Off Exchange flow EMEA includes Off Orderbook flow printed on exchange and flows via MTFs. This is still excluding flows via SI

** : Publicly available data about market flows traded on MTFs, representing Tradeweb and Bloomberg RfQ. Last month number is preliminary and may be subject to change

***: ETFGI

Sources: Tradeweb, Bloomberg, Flow Traders analysis, ETFGI