

FLOW ■ TRADERS

# Capital Markets Update

22 July 2022

# Disclaimer

- This presentation is prepared by Flow Traders N.V. 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 N.V. 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](mailto:legal.amsterdam@nl.flowtraders.com) immediately and delete or destroy this document.
- All results published in this release are unaudited.

# Today's Agenda

1

**Flow Traders:**  
A driving force  
for transparent,  
efficient, accessible  
markets

2

**Our strategic ambition**

3

**Current business  
and outlook**

4


**Financials  
and capital**

5

**Risk and Compliance**

6

**Concluding remarks  
and highlights**



# Flow Traders:

## A driving force for transparent, efficient, accessible markets

Dennis Dijkstra  
Chief Executive Officer

**F L O W ■ T R A D E R S**

# Purpose and Mission

We are the driving force for an investment environment that is more transparent, efficient and lower-cost for end-investors, through the power of trading acumen, innovation and talent

## Highlights of today's Capital Markets Update

1

Global multi-asset liquidity provider with unique market access, trading acumen, pricing excellence and enabled by sophisticated, proprietary technology

2

Expanding on market leading position in ETPs with growth in Fixed Income, Digital Assets, FX, and Commodities

3

Capitalizing on evolution of financial markets and significant industry tailwinds

4

Shaping the financial ecosystem with investments through own corporate venture capital unit

5

Strong financial performance driven by organic growth to create value for our shareholders

# Flow Traders

A global, next-generation liquidity provider

# Flow Traders at a glance (1/2)

## Global presence, FY21



**605** Employees



**53** Nationalities



**8** Offices

## Established track record, FY21



**18** Years in operation



**7** Years as a public company



**180** Trading venues



**~2.2x** NTI expansion since going public<sup>1</sup>

## Robust financial results, FY21



**€384m** Net Trading Income



**€175m** Normalized EBITDA<sup>2</sup>



**€611m** Net Trading Capital



**63%** Return on trading capital

Note: 1 Based on FY14 NTI and FY21 NTI; 2 "Normalized" removes distorting effects of IFRS treatment of the share-based compensation plans

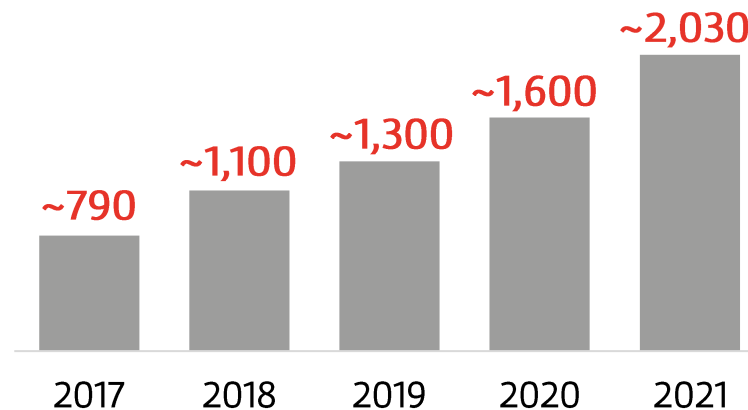
# Flow Traders at a glance (2/2)

## Global connectivity on- and off-exchange

**180**  
venues and  
exchanges



**>2,000**  
counterparties



Note: 1 Traded through portfolio trades, outright, and ETF creations and redemptions

## Wide product coverage and across asset classes

**43%**  
market share in EMEA  
in **Equity and Fixed  
Income ETPs**  
on-exchange

**\$2.8bn**  
**Bonds** daily  
traded globally<sup>1</sup>

**27%**  
market share globally  
in **Crypto ETPs**  
on-exchange

**\$8-10bn**  
**FX** daily traded globally

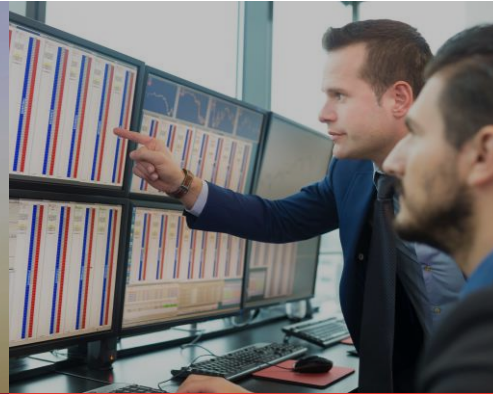


# Flow Traders' core competencies



## Global footprint

Global connectivity on- and off-exchange, e.g., 180 venues and >2,000 institutional counterparties



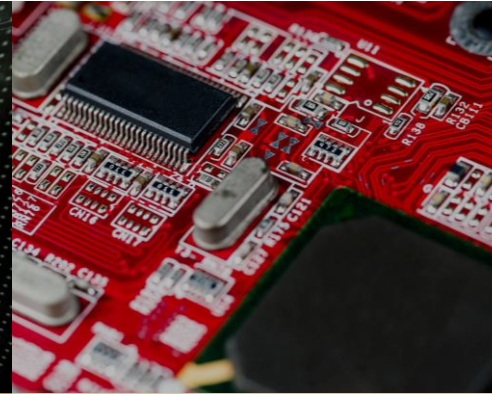
## Trading talent

Highly experienced trading team with strong know-how and expertise



## Pricing and hedging excellence

Market neutral liquidity provider 24/5, excellence at hedging for low risk across all asset classes



## Technology infrastructure

Automated, efficient trading on-exchange and on RFQ platforms with fast response times



## Robust risk management

Profitable in all environments – no increased risk during market distress

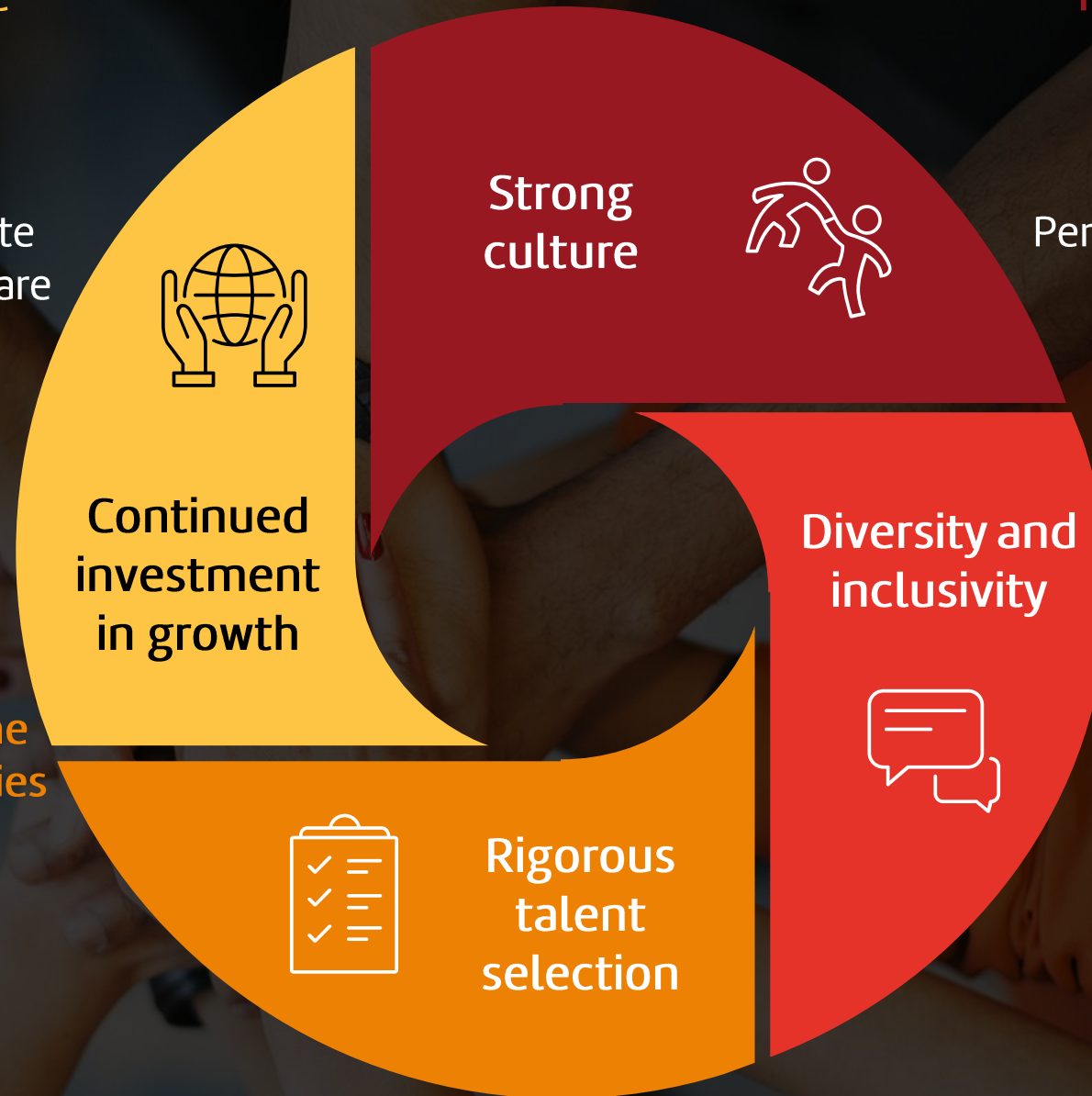
# Flow Traders' success is a testament to company culture and diverse talent

Premier graduate programs and targeted training opportunities

Dedicated graduate trading and software development programs

Selective global recruitment at the leading universities

Less than 1% of trading position applicants receive an offer



Promoting spirit of drive, teamwork, excellence and ownership

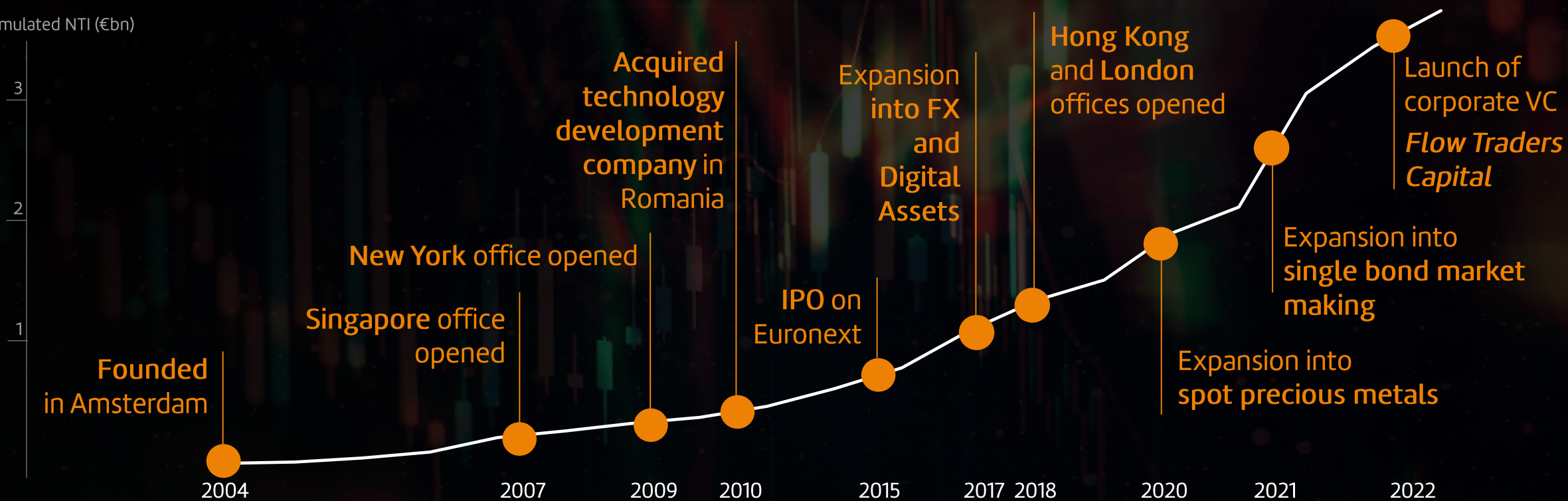
Performance-focused culture with ~75% participation in company share plans

Inclusive, diverse and sustainable employment in line with ESG guidelines

53 nationalities, 1/3 female Supervisory Board

# Sustained growth as a leading global multi-asset liquidity provider

Cumulated NTI (€bn)



## Key achievements since the last Capital Markets Update in 2019

### Business expansion:

- Fixed Income – single bond market making
- Further expanded Crypto activities
- Extended FX and precious metals coverage

### Innovation:

- Product innovation (e.g., physical carbon ETC, ESG ETPs)
- Ecosystem investments in innovative ventures

# Our business is aligned to three distinct asset classes and underlying focus groups

## Equity

EMEA traded ETP  
and index products

AMER traded ETP  
and index products

APAC traded ETP  
and index products

## Fixed Income

EMEA traded ETP  
and cash bonds

AMER traded ETP  
and cash bonds

## CCC: Currencies, Crypto, Commodities

Globally traded FX ETP,  
futures and spot

Globally traded Digital Assets  
ETP, futures and spot

Globally traded Commodity ETP,  
futures and spot

# Our strategic ambition

**Mike Kuehnel**  
Chief Financial Officer

**F L O W ■ T R A D E R S**

# Five megatrends are shaping the future of financial markets

## Rise of ETP investing

2x

Growth in AUM by 2025



Continuously growing assets under management

Significant penetration potential across markets, regions and client types

## Electronification

70%

Electronification rate in selected Fixed Income classes



Further trade electronification in FICC and other asset classes, with substantial potential

Shift of electronic trading in foreign exchange spot from D2D to D2C platforms

## Digital Assets

\$133bn

Crypto spot daily average exchange volume



Institutional adoption of Digital Assets, also through ETPs

Cryptocurrencies and DeFi as new large liquidity pools

## Emerging ecosystems

\$150bn

VC and PE investments into FinTech/ innovative players



Shift in trends increases capital investments into innovative solutions

Capabilities often acquired through a network of partnerships

## Regulation



Rising demand for regulatory compliance



Increasing standards for trade execution, reporting, and harmonization in settlement

Accelerating regulatory dialogue around Digital Assets

### Legend:

Relevance for Flow Traders business



Equity



Fixed Income

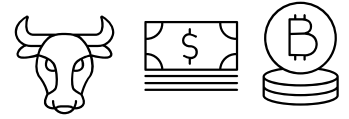


Digital Assets



Corporate VC

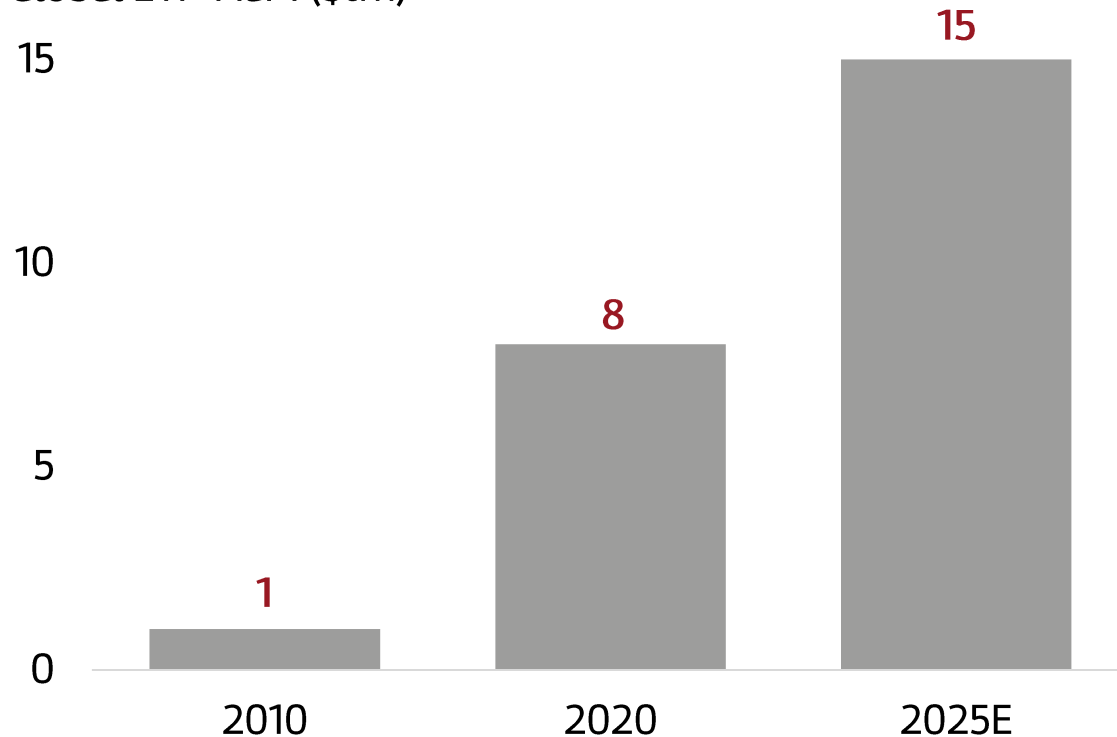
# Strong growth fueled by increasing consumer awareness and macro trends



## RISE OF ETP INVESTING

### Market size and expected growth

Global ETF<sup>1</sup> AuM (\$trn)



### Key growth drivers

- **Diversification across assets**  
(Retail) investors eagerly diversify to reduce risk, thus relying on cheap and efficient index products
- **ESG**  
Secular growth of interest in ESG products in institutional and especially retail segments
- **New emerging markets**  
The lion's share of growth in traded assets during the next years come from emerging markets

Note: 1 ETF as proxy for total ETP market as the largest product group in the ETP universe  
Source: BlackRock

#### Legend:

Relevance for Flow Traders business



Equity



Fixed Income



Digital Assets



Corporate VC

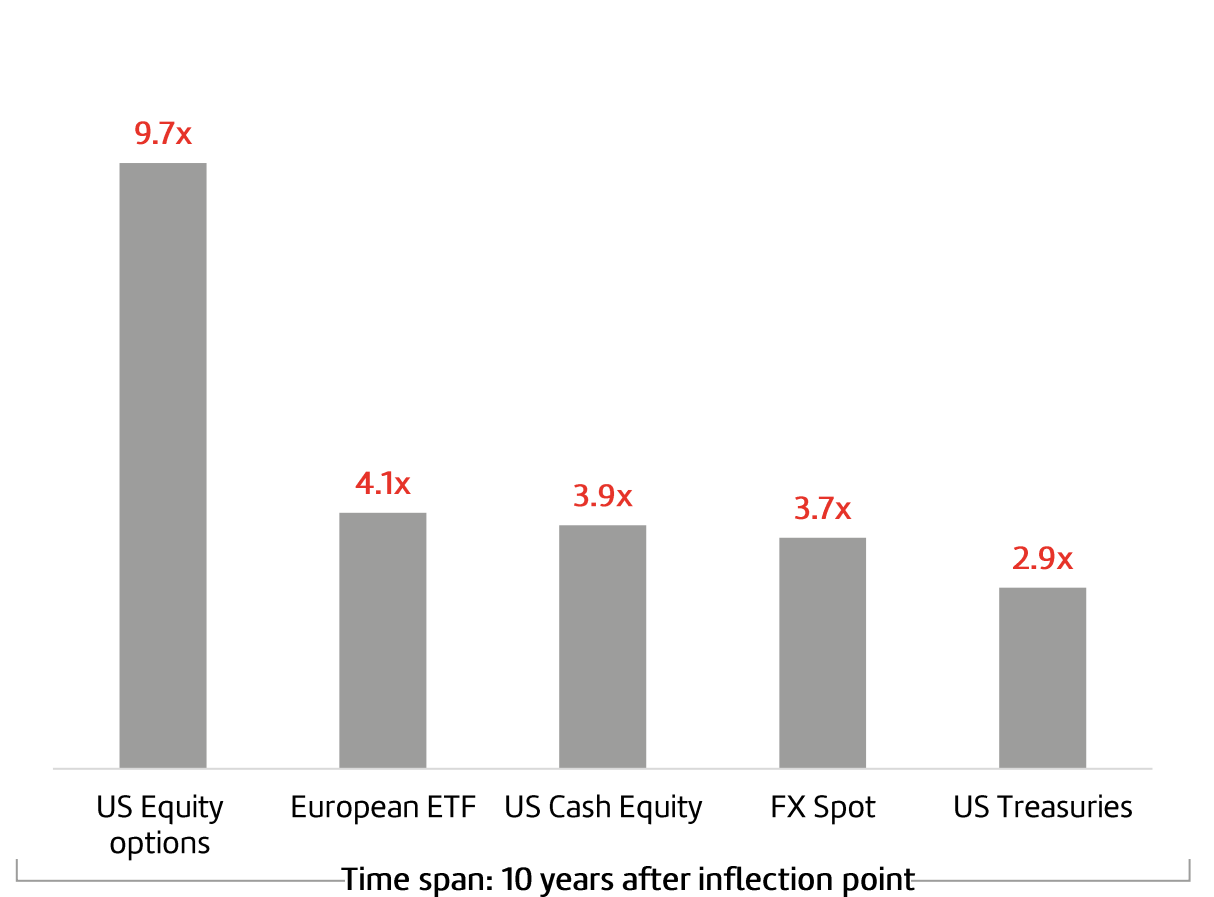
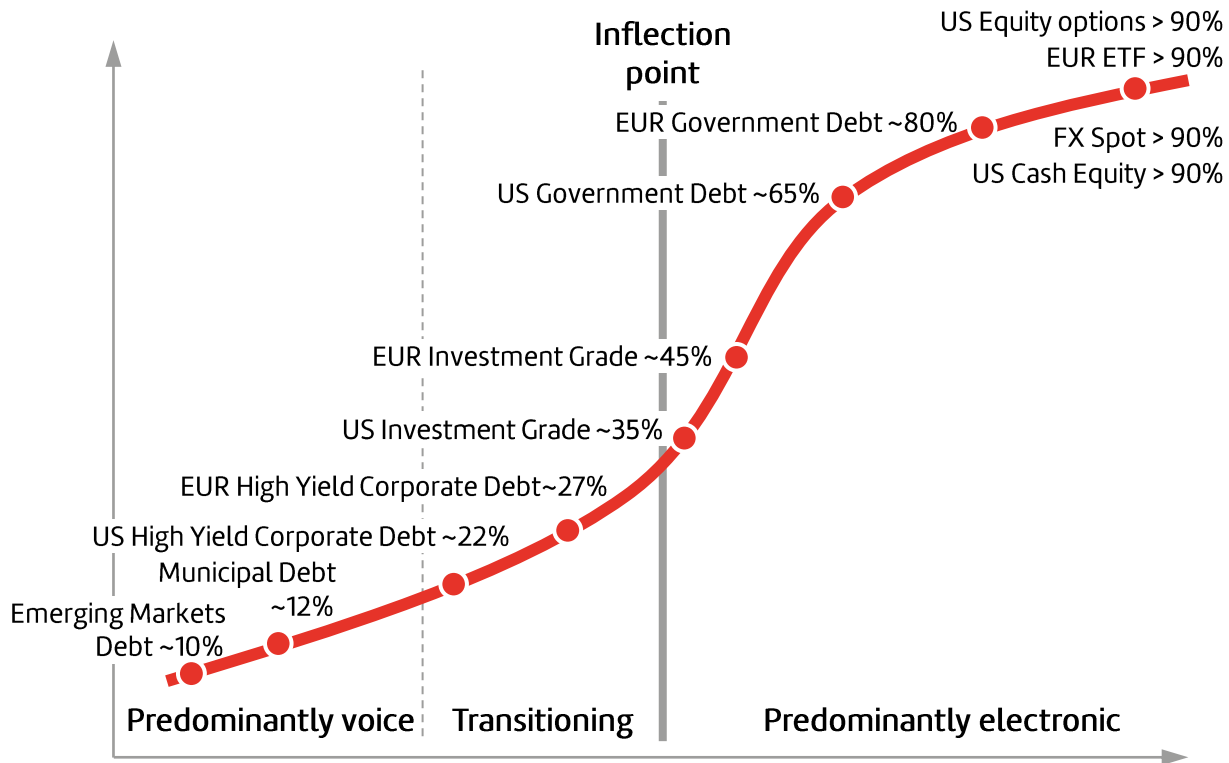
# Continued electrification of trading



## ELECTRONIFICATION

### Electronification rate

### Volume increase from electrification



Source: MarketAxess, Flow Traders

**Legend:**

- Relevance for Flow Traders business
- Equity
- Fixed Income
- Digital Assets
- Corporate VC



# Recent crypto volatility – long-term structural industry shift still expected



## DIGITAL ASSETS



### Asset class dynamics

- Remarkable growth in past 5+ years in major coins – high levels of volatility experienced
- Increasing institutional flow and regulation accelerate maturity of the asset class
- Market offerings beyond cryptocurrencies with NFTs and DeFi gaining traction with investors

High volatility / currently under pressure

### Structural industry shift

- Blockchain technology has seen remarkable adoption in financial services and continues to evolve
- Infrastructure in DeFi is built up at growing pace with broad anticipated application
- All major players (e.g., institutional investors, central banks) are building up own ecosystems

Long-term perspective remains intact and offers strategic opportunities

#### Legend:

Relevance for Flow Traders business



Equity



Fixed Income

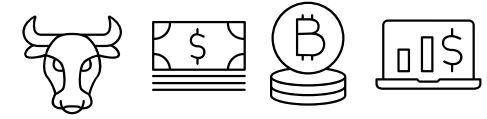


Digital Assets



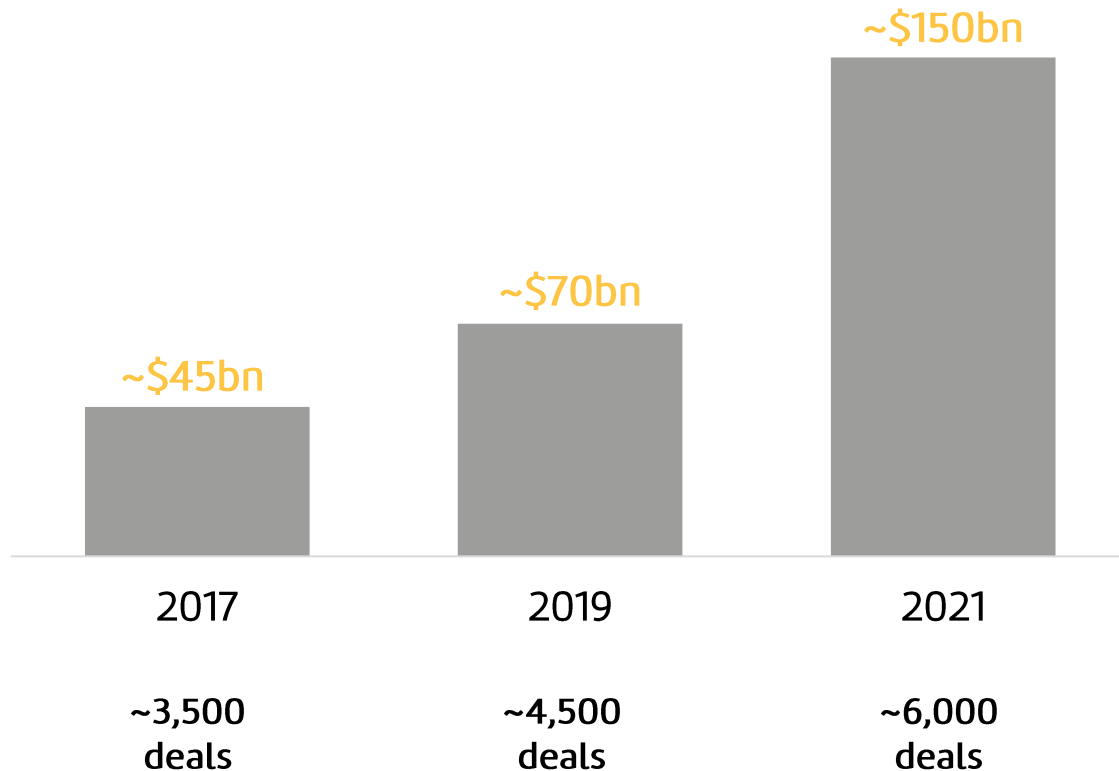
Corporate VC

# Financial markets evolve into an interconnected ecosystem



## EMERGING ECOSYSTEMS

### PE and VC investments in FinTech/ innovative players<sup>1</sup>



### Trends driving investments and ecosystem play

- Incumbent financial market players look for **new value drivers** as margin compression in the traditional business continues
- Venture and PE financing as **key enabler** for development of the **innovative value propositions**
- Capital** and know-how also accessible via **partnerships** – financial markets grow as interconnected network

Note: 1 FinTech players include companies using new technologies including the internet, software and algorithms and blockchain to offer or facilitate financial services; Source: PitchBook, Flow Traders analysis

#### Legend:

Relevance for Flow Traders business



Equity



Fixed Income

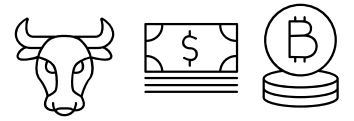


Digital Assets



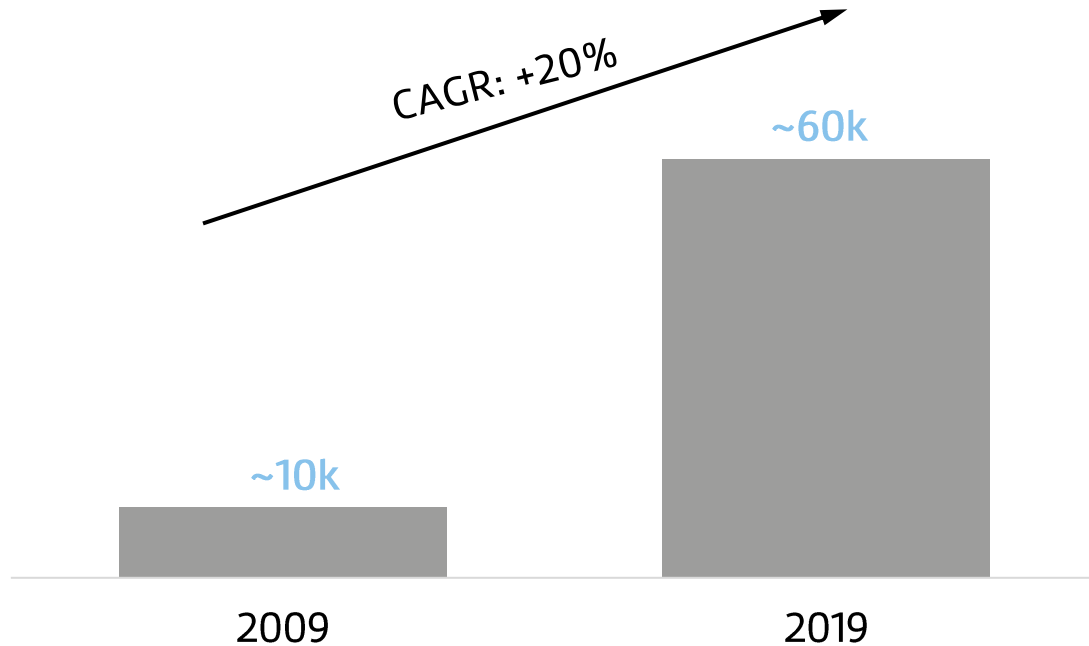
Corporate VC

# Increasing relevance of financial market regulation



## REGULATION

### Total yearly regulatory events<sup>1</sup> globally



### Implications for financial markets players

- A highly regulated environment increases **complexity** and thus creates **entry barriers** for newcomers
- To compliantly operate across multiple regimes, players require a **breath of capabilities and institutional know-how**
- **Global scale and financial health** facilitate efficient handling of the increasing regulatory scrutiny
- **Active engagement** with supervisory bodies is a requirement for the **successful regulatory strategy**

Note: 1 Regulatory events include all types of changes to regulations (e.g., new regulations and changes to existing regulations); Source: Thomson Reuters Regulatory Intelligence

#### Legend:

Relevance for Flow Traders business



Equity



Fixed Income



Digital Assets



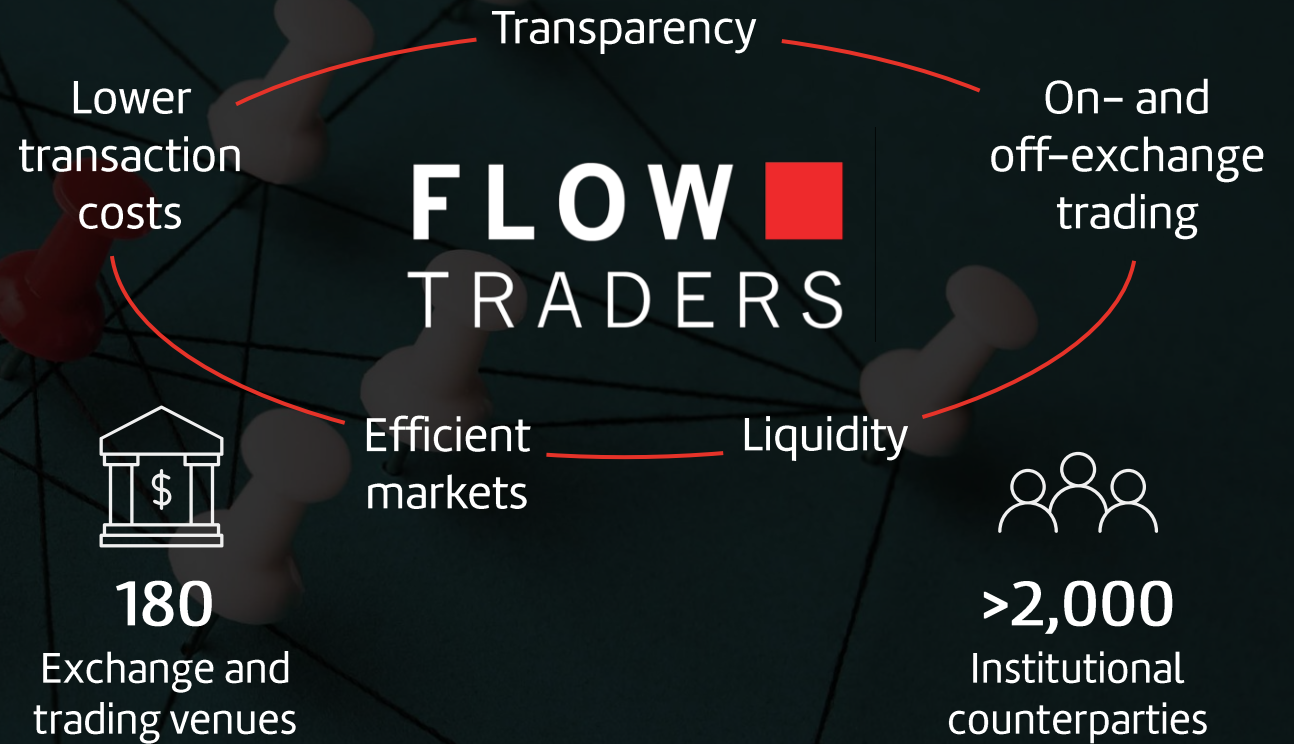
Corporate VC

# Flow Traders is leveraging its unique connectivity to drive global innovation

## Legacy view: Capture bid-ask spread



## Emerging role: Global connectivity and next-generation liquidity provider



# Key elements of our strategic ambition to become next generation liquidity provider

## Global access

Providing liquidity anytime anywhere across trading venues, exchanges and to institutional counterparties



## Asset universe

Trading any asset to expand our presence in ETP and grow in the underlying asset classes



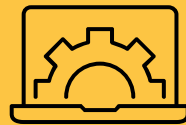
## Pricing excellence

Acting as market neutral provider 24/5 with strong hedging capabilities for low risk in all asset classes



## Proprietary cutting-edge technology

Benefitting from automated, low-touch trading infrastructure for seamless execution



## Talented team

Leveraging experienced talent pool that forms open, diverse and entrepreneurial team



## Ecosystem innovation

Shaping financial markets through venture capital investments and partnerships with leading players



# Corporate Venture Capital Unit: Flow Traders supports and accelerates global financial market innovation through own corporate VC *Flow Traders Capital*

## Benefits for Flow Traders

### Flow Traders Capital

€50m

Investment  
wallet

2+ years

Deployment  
period

>20

Long-term  
investments

10 years

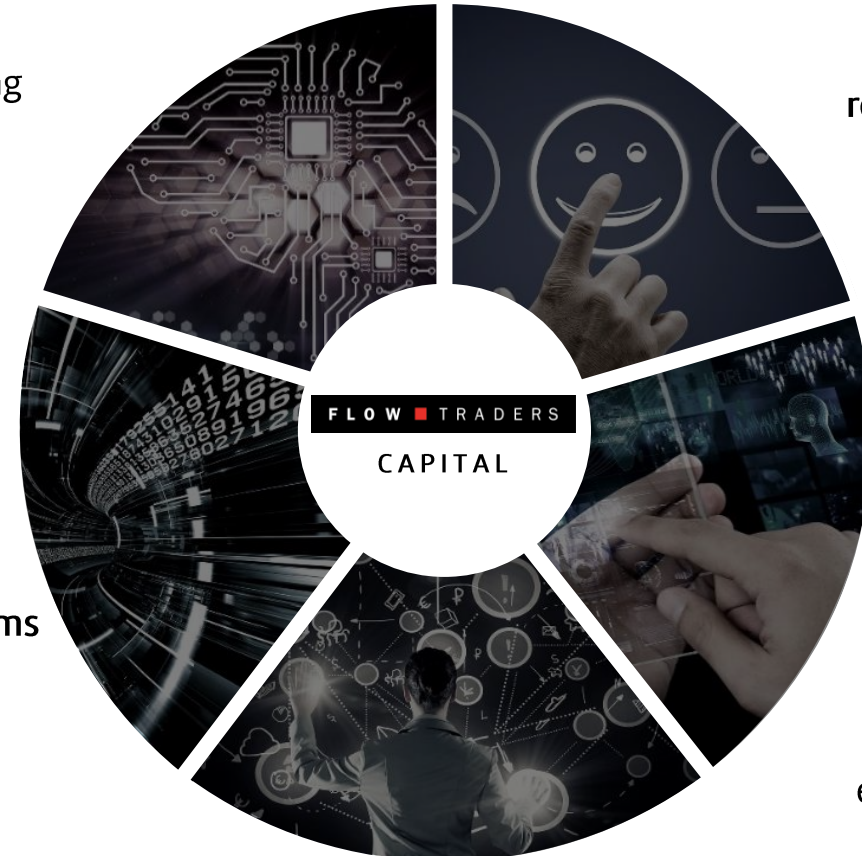
Investment  
horizon

**Innovative early-stage ventures**

Target companies in Financial  
Markets and Digital Assets

Ecosystem  
intelligence gaining  
access to world-  
leading ideas  
to drive innovation  
in the core  
business

Diversification of  
the revenue streams



Attractive (long-  
term) financial  
returns by securing  
early access to  
promising  
liquidity  
opportunities

Access to new  
markets and  
segments as part  
of the global  
expansion strategy

Leverage of the ETP expertise and industry-  
leading brand to attract valuable partners

# Flow Traders actively shaping the global financial system by investing into innovative firms

## Equity



May 2020,  
December 2021



May 2022

## Fixed Income



October 2021

## Currencies, Crypto, Commodities



July 2021



September 2021



September 2021



October 2021



December 2021



January 2022



March 2022



April 2022



April 2022



May 2022



May 2022



June 2022



Successful Exit



# Current business and outlook

Folkert Joling  
Chief Trading Officer

FLOW ■ TRADERS

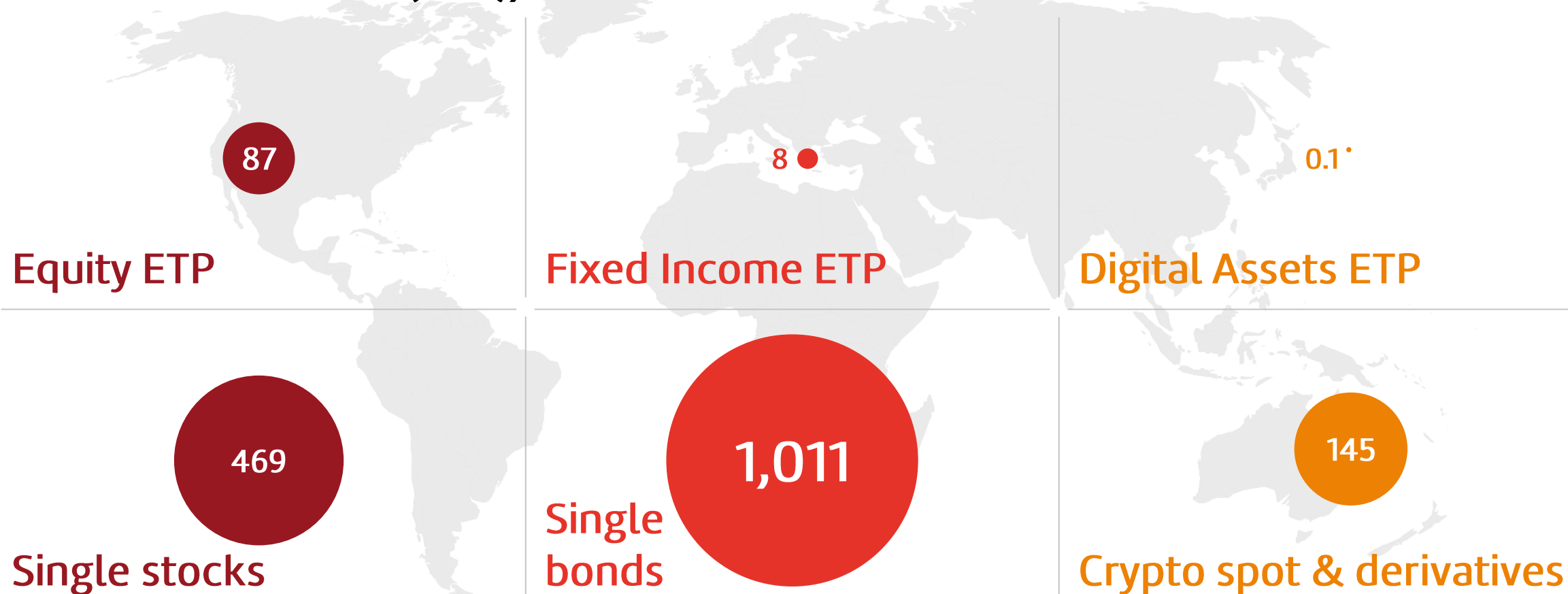


## Current business and outlook – key takeaways

- We operate in the largest global markets that offer multiple growth opportunities
- Our distinct trading competencies shaped our success as an ETP powerhouse – As our business model evolves, we expand into underlying asset classes to become a truly global multi-asset liquidity provider
- Our clear focus on three asset classes – Equity, Fixed Income and Currencies/ Crypto/ Commodities – is underpinned by specific KPIs
- We target a clear financial ambition – €1bn NTI
- Our experienced trading team is cornerstone of our success

# Global markets: Significant potential for growth across all asset classes

## Global markets ADV (€bn), 2021



Note: On-exchange volumes only; Source: Tradeweb, Bloomberg, SIFMA, AFME, Asian Development Bank, CoinGecko, Flow Traders analysis

# Global markets: ETPs in EMEA and APAC demonstrate high potential to reach US level

## Relation of ETPs to underlying assets traded volumes (%), 2021

### Equity & Fixed Income

US

34%

EMEA

6%

APAC

7%

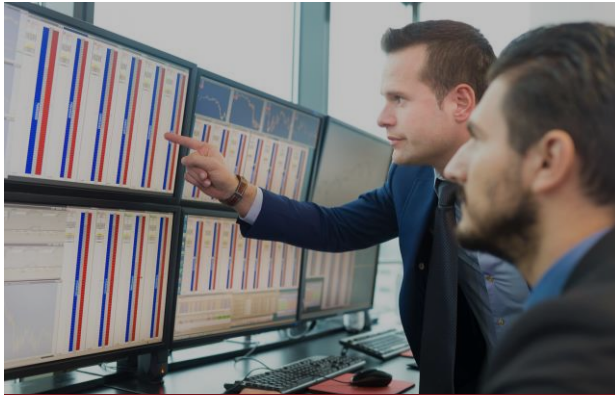
### Digital Assets

Global

0.1%

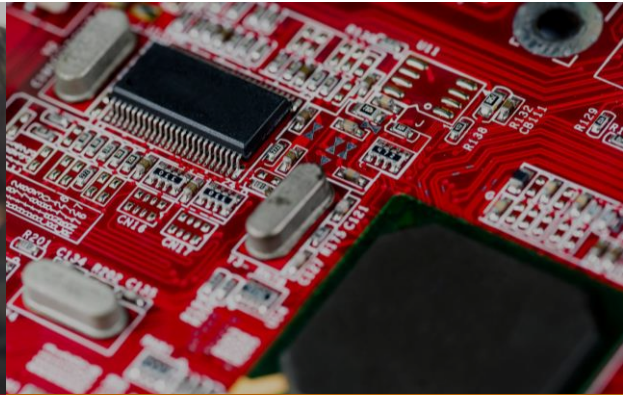
# Our strong heritage: A distinct trading profile made us an ETP powerhouse

Flow Traders unique trading profile underpinned by distinct trading capabilities



## Trading talent

Highly skilled home-grown talent experienced at trading under all market circumstances



## Technology stack

Proprietary, modular and scalable platform for seamless execution and fast expansion into new products



## Pricing excellence

Excellence at pricing and hedging across all asset classes for the most competitive prices



## Counterparty base

Long-lasting relationships with a global network of more than 2,000 institutional counterparties

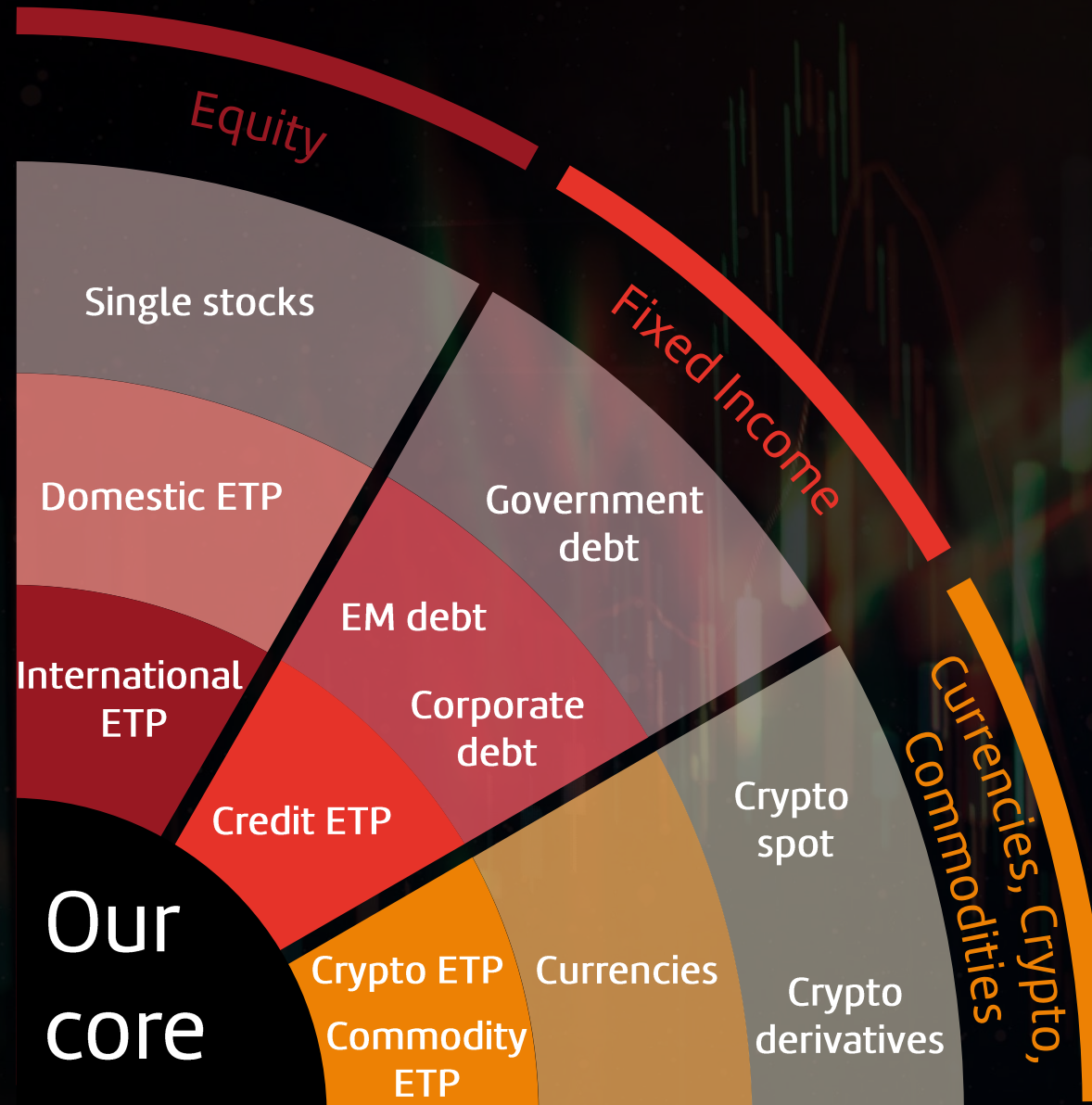
Our trading profile rigorously built over years has defined our success as an ETP powerhouse

# Diversification across asset classes requires a broad set of capabilities

## Trading capabilities

**Required capabilities:**  
Research-based, microstructure know-how, standardized approach

**FLOW TRADERS**  
**Current trading profile:**  
Trading talent, macro-structure know-how, handling of exceptions

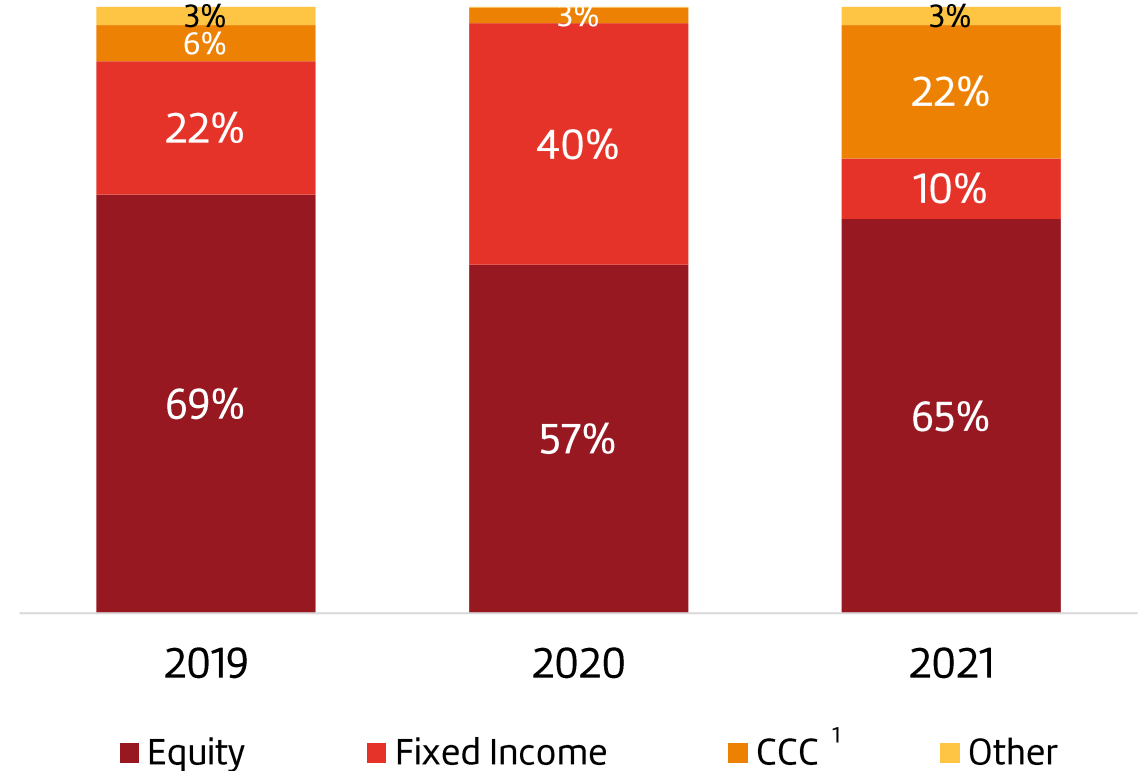
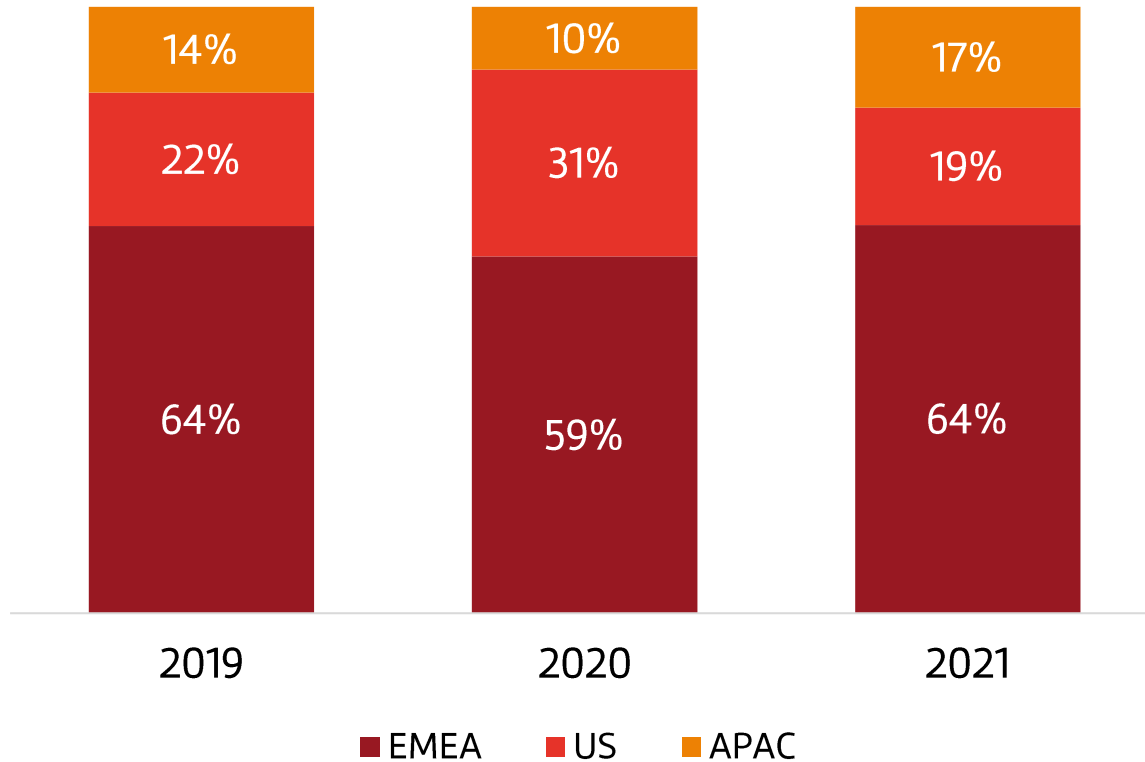


- Expansion in underlying asset classes requires capabilities different to our current trading profile
- As we further strengthen and expand our business, we continue a systematic market scan for opportunities to complete our skill set

# We continue our global expansion and asset class diversification

Geographical mix (NTI, %)

Asset class mix (NTI, %)



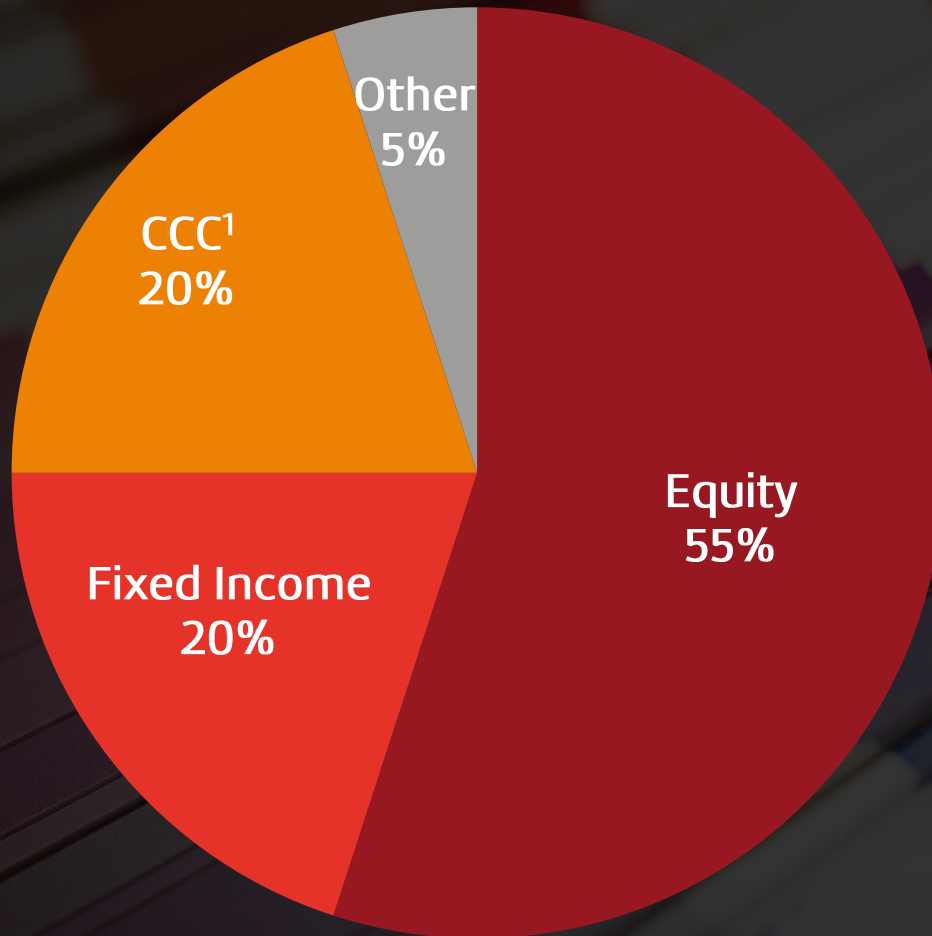
We build on our heritage as a European powerhouse and continue active expansion globally

We expand our position in ETPs and continue diversifying unto other asset classes

Note: <sup>1</sup>CCC includes Currencies, Crypto, Commodities

# Organic value creation accelerated through strategic focus on three distinct asset classes

## Target asset class mix (% NTI)



## Operational KPIs

### Quarterly growth trackers

#### Equity

- Global traded volumes: ETPs + Futures + Cash
- Market share in US International ETPs

#### Fixed Income

- Global traded volumes: ETPs + Futures + Cash
- Number of “active” counterparties

#### Currencies, Crypto, Commodities

- Global traded volumes: ETPs + Futures + Cash
- Number of “active” counterparties

### Annual update

#### NTI

Asset class mix

Note: <sup>1</sup>CCC includes Currencies, Crypto, Commodities

# Our financial ambition: €1bn NTI

## Our financial ambition

- Organic annual growth of ~20% to reach €1bn NTI ambition mark

## Our enablers

- **Team:** We attract and develop best talent yet maintaining strong cost discipline of related expenses
- **Trading capital:** Our trading capital is highly accretive, and we aim at efficient Return on Capital across asset classes

## Potential accelerators

- Growth can be accelerated through inorganic options





# Senior leadership with average industry experience of 11 years

Equity

Fixed Income

Currencies

Crypto

Commodities



Alex Kieft



Matheus Haserick-Lara



Michael Lie

Today's presenters



Aernout Jorna



Ramon Balje



Marc Jansen



Mark Pinckers



Jasper Jansen



Joshua Mathew

# Asset class deep dives

■ Equity

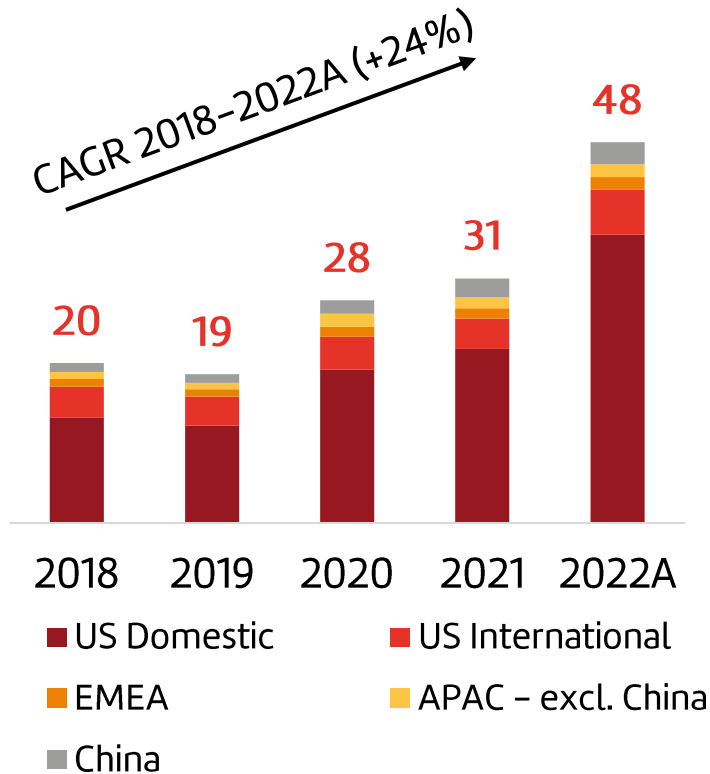
Alex Kieft  
Head of Equity Trading

FLOW ■ TRADERS

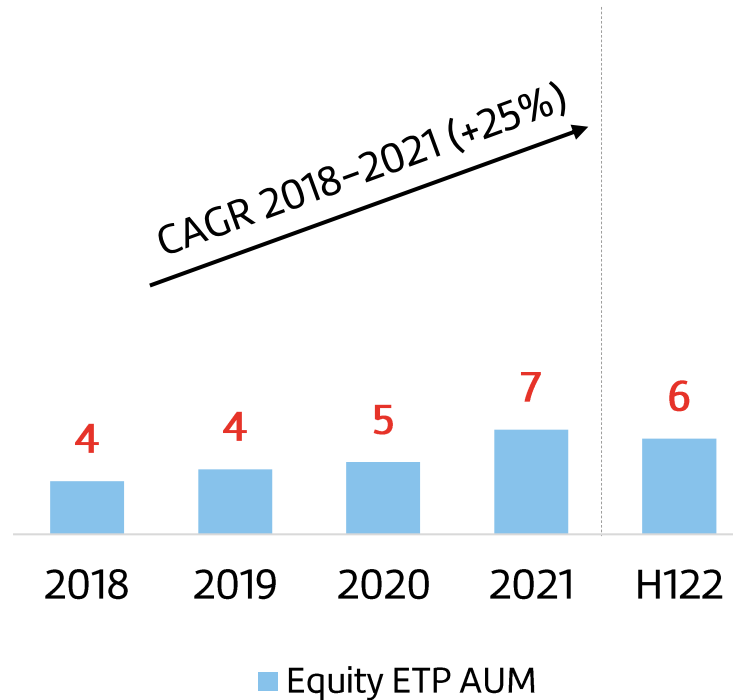
# 1 Equity: Attractive global ETP market with expected future growth

## Equity ETP – global market development

ETP value traded (€trn)



ETP AUM (€trn)



- Strong overall past performance confirms attractiveness of the global Equity ETP market
- Further market growth expected due to increasing consumer awareness and demand – total ETP AuM across all asset classes are expected to hit €15trn by 2025

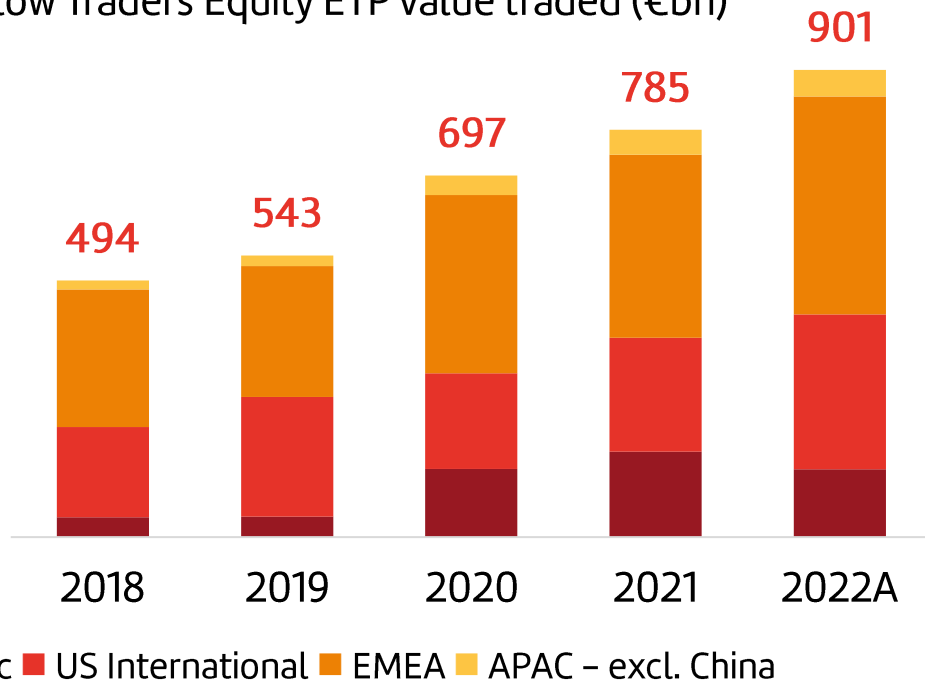
Note: Including OTC volumes for US and EMEA  
Source: Tradeweb, Bloomberg, BlackRock, Flow Traders analysis

# 1 Equity: Flow Traders well positioned to further expand Equity business

## Equity ETP – Flow Traders business development

## Strengths and future focus

Flow Traders Equity ETP value traded (€bn)



- **Market leader** in EMEA ETPs consistently with 26.8% overall market share and 41% market share on-exchange
- Strong performance globally in **International ETPs & Index Futures** – with primary market share (ETP creation-redemption) of 24% in EMEA and 12% in the US
- Domestic ETPs build-out dependent on **single-stock competencies**
- Leveraging of **global pricing capabilities** in APAC

### KPIs: Secondary market share

EMEA	28.6%	27.2%	27.7%	27.9%	26.8% <sup>1</sup>
US international	4.5%	6.3%	4.5%	5.7%	5.3% <sup>1</sup>

Note: Including OTC volumes for US and EMEA; <sup>1</sup> Secondary market share as of H122  
Source: Tradeweb, Bloomberg, Flow Traders

# 1 Equity: Vast opportunities to pursue

## International index products

Further growth unlocked in core **International ETPs and Futures business** through scalable correlation-based pricing and hedging framework

Adjacent growth in **medium-term position trading**

## New growth markets in APAC

Regional expansion in **APAC** to unlock new growth markets

## Competence build up

Obtaining **single stock competencies** to complete our institutional offering and accelerate our **Domestic ETP build-out**

## ETP ecosystem

Collaboration with key stakeholders in the **ETP ecosystem** to make the ETP market ever more attractive and transparent for end investors

# Asset class deep dives

## ■ Fixed Income

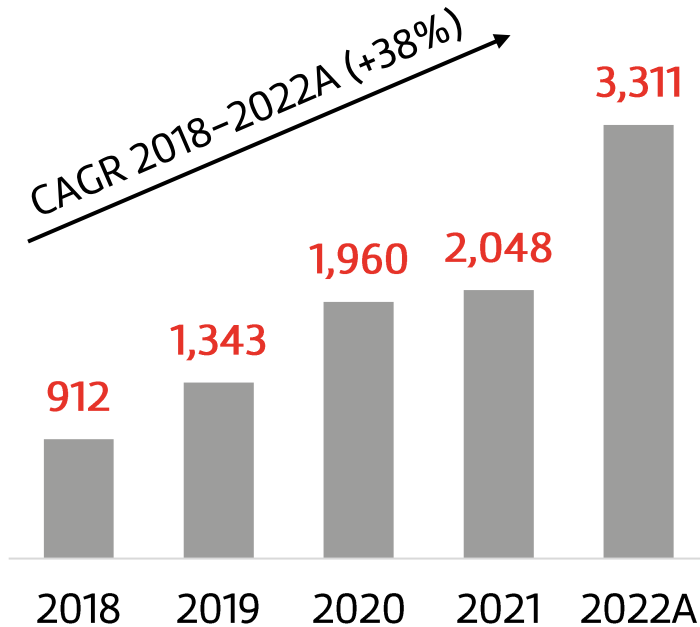
Matheus Haserick-Lara  
Head of Fixed Income Trading

FLOW ■ TRADERS

## 2 Fixed Income: Market growth and opportunities in ETPs and portfolio trading

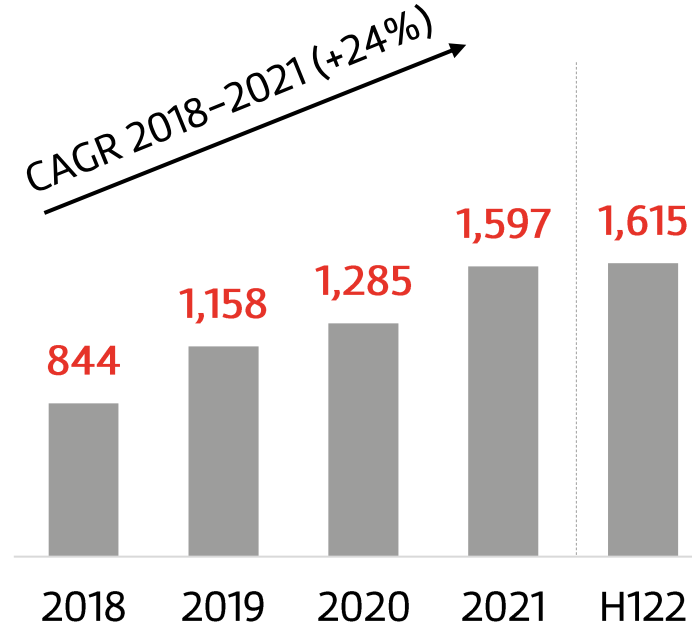
### Fixed Income – global market development

ETP value traded (€bn)



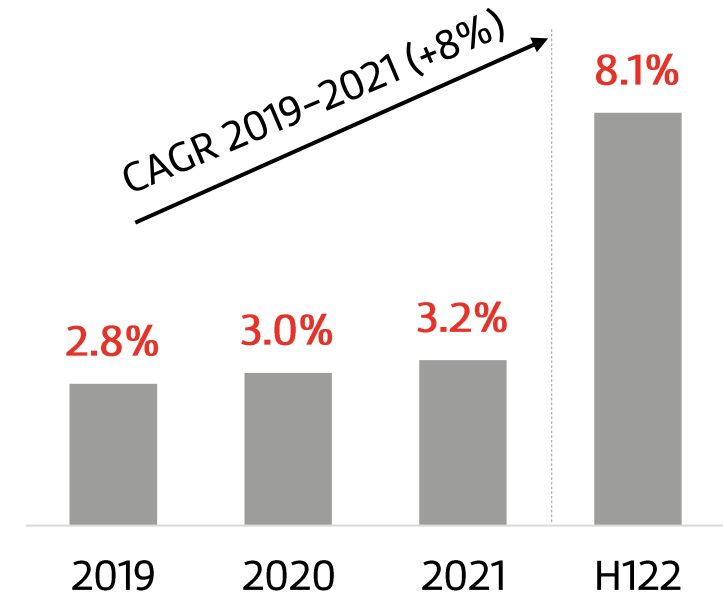
**Robust market growth** in the past few years attributed to **growing diverse investor interest** in Fixed Income ETPs

ETP AUM (€bn)



Strong growth in AuM in the past and going forward expected, reaching **€5trn by 2030**

Share of portfolio trades<sup>1</sup>(%)



**Technology** innovation and the adoption of **portfolio trading** fuel opportunities in the **corporate credit markets**

Note: <sup>1</sup> Subset of HY, EM and IG traded volumes  
Source: BlackRock, Flow Traders

## 2 Fixed Income: Robust in-house capabilities for pricing

Fixed  
Income  
Engine



Model driven engine capable of handling pricing for institutional counterparties, retail platforms, credit portfolios, and ETF baskets

Data Fueled



Cross asset class from corporate credit and equity trade data to ETF flow of funds imbalance fuel our trading engine

Scalable  
Pricing



Pricing over 10,000 Fixed Income securities continuously over 12 unique venues

Centralized Trading desk providing liquidity for portfolios, single line inquiries, ECNs, and ETFs allowing for higher book velocity

**Fixed Income  
Trading Desk**

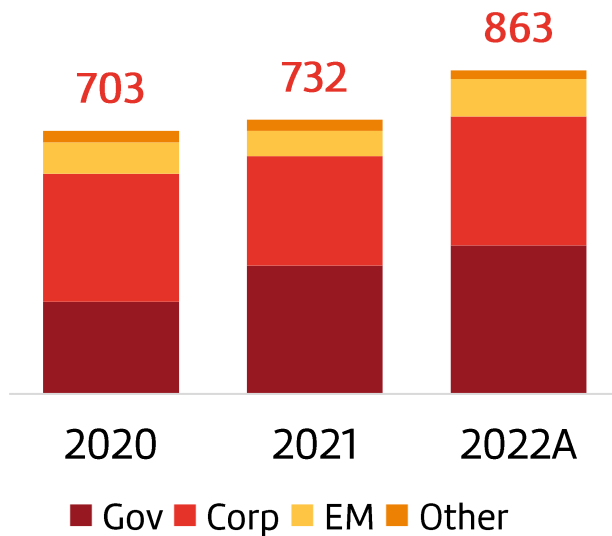


# 2

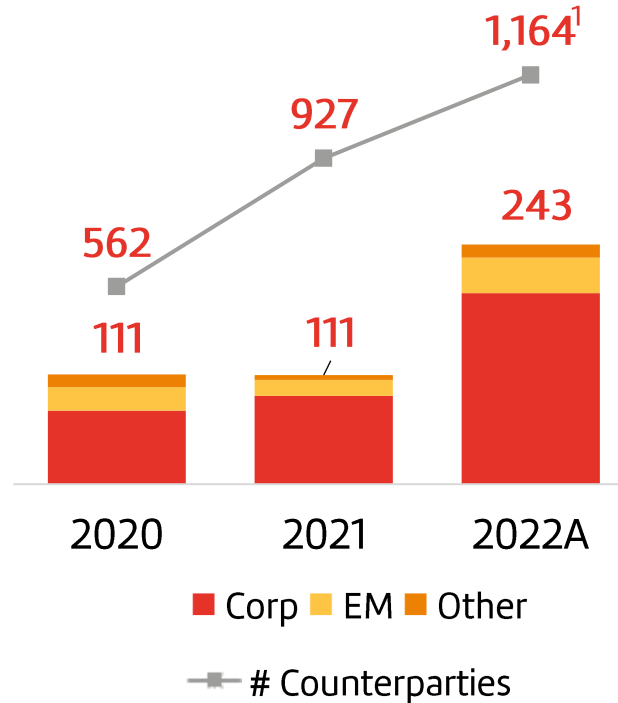
## Fixed Income: Flow Traders well positioned to further expand Fixed Income business

### Fixed Income – Flow Traders business development

Annual ETP value traded (€bn)



Annual single bond value traded (€bn) and counterparties (#)



**#2**  
on Fixed Income ETP RFQ  
volumes

**€732bn**  
Fixed Income ETFs  
traded on- and  
off-exchange (2021)

**€2.8bn**  
Daily bonds traded through  
portfolio trades, outright,  
and ETF creations and  
redemptions

Note: Including OTC volumes; 1 Number of counterparties as of H122  
Source: Tradeweb, Bloomberg, Flow Traders

## 2 Fixed Income: Strategic focus areas

### ETP Ecosystem

### Credit Trading

### Model Pricing

#### ETP Ecosystem

---

- Partner with ETP issuers for new innovative products with Fixed Income exposures
- Facilitate fixed income underlying rebalances with ETP issuers
- Amplify creation and redemption synergies with corporate bond market making

#### Credit Trading

---

- Increase quote sizes to facilitate larger block transactions to counterparties
- Provide trading analytics to counterparties to assist lower touch trading
- Distribute pre-trade portfolio trading levels to expediate portfolio construction

#### Model Pricing

---

- Expand model trading capabilities to new Fixed Income subsets
- Incorporate new data sources to improve model reliability
- Improve pricing and coverage of Investment Grade bonds

# Asset class deep dives

## ■ Digital Assets

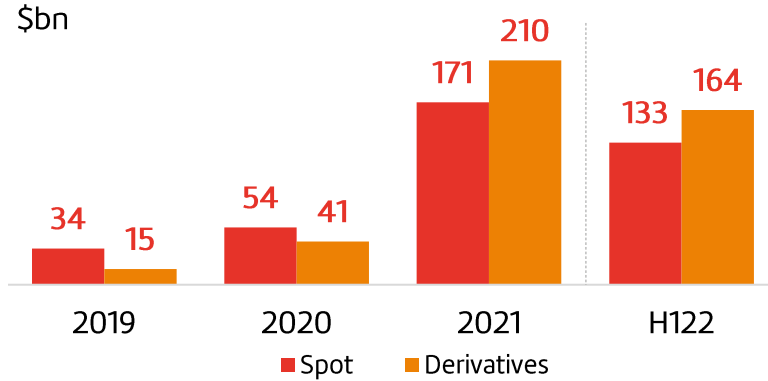
Michael Lie  
Head of Digital Assets Trading

FLOW ■ TRADERS

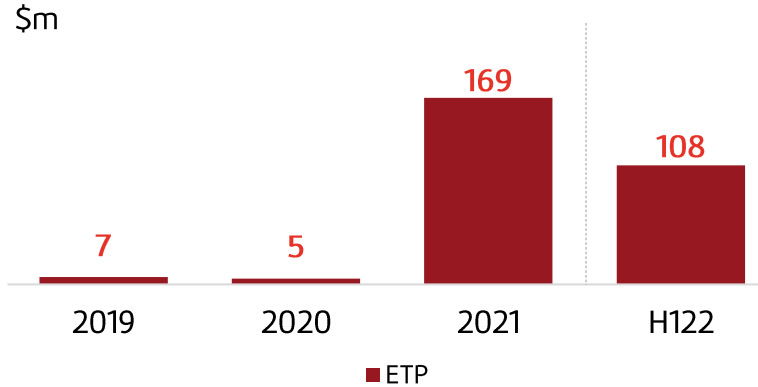
### 3 Digital Assets: Growing interest in regulated Digital Assets products

#### Digital Assets – global market development

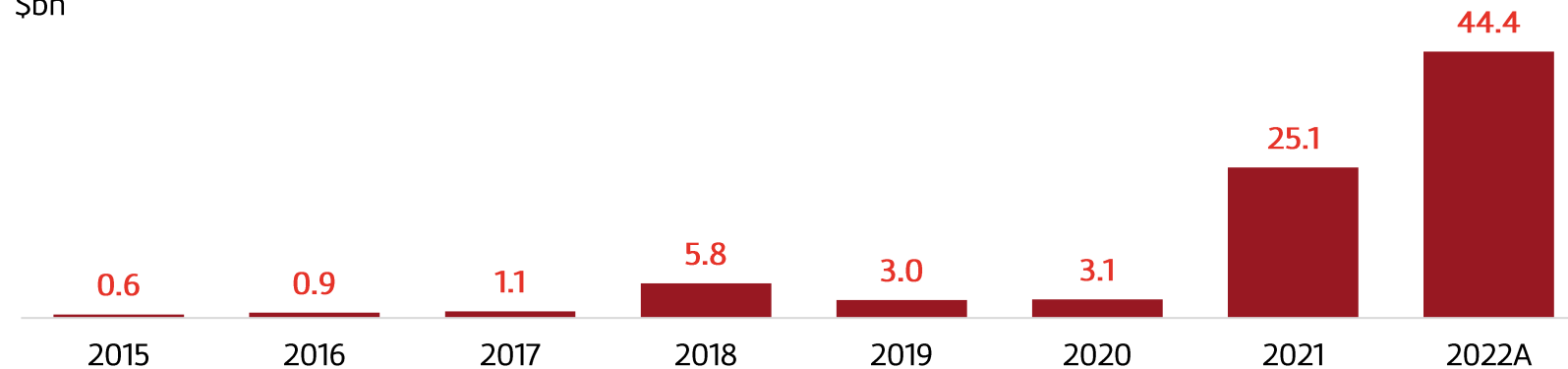
ADV (Average Daily Volume) Digital Assets traded  
\$bn



\$m



Private investments in Digital Assets ventures  
\$bn



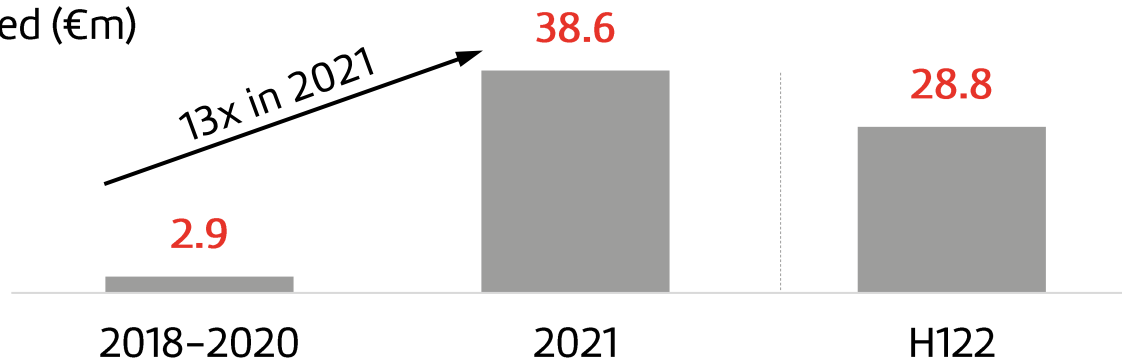
- Growing interest for Crypto ETPs, straightforward way for institutional investors to gain exposure to Digital Assets
- Increasing regulatory clarity for Digital Assets market expected globally which will further drive investor interest
- Institutional investors continue to gain exposure towards Digital Assets through VC investments which accelerate growth of the underlying infrastructure leading to institutional adoption

Source: Tradeweb, Bloomberg, CoinGecko, The Block, Flow Traders analysis

### 3 Digital Assets: Leading Crypto ETP market maker with large institutional network

#### Digital Assets – Flow Traders business development

Crypto ETP ADV traded (€m)



#### Strengths

- Track-record of leading Crypto ETP market maker offering liquidity in a wide range of products
- Extensive experience and ability to successfully respond to volatility of crypto markets
- Large network of institutional counterparties to support our OTC business
- Strong and established strategic partnerships with focus on platforms and infrastructure

**27%**  
market share  
globally  
in Crypto ETPs  
on-exchange

**238**  
ETPs listings  
globally  
traded

**20**  
trading  
venues

**300**  
coins  
traded

**67**  
counterparties

## 3 Digital Assets: Opportunities and future focus in Digital Assets business

### Digital Assets ETPs

- Maintain leading position in Crypto ETP market making with prospects of further expansion across regions
- Drive Digital Assets ETPs market with industry partners for more efficient access to Digital Assets

### Digital Assets spot and derivatives

- Continue to grow the crypto market making business in spot and derivatives, by expansion in platforms and tokens
- Increase the number of institutional counterparties by enhancing institutional value proposition

### Strategic partnerships

- Leverage existing and new partnerships to build Digital Assets infrastructure
- Make investments through Flow Traders Capital within the Digital Assets space to create long-term business opportunities and synergies

# Financials and capital

Mike Kuehnel  
Chief Financial Officer

FLOW ■ TRADERS

## Financials and capital – key takeaways

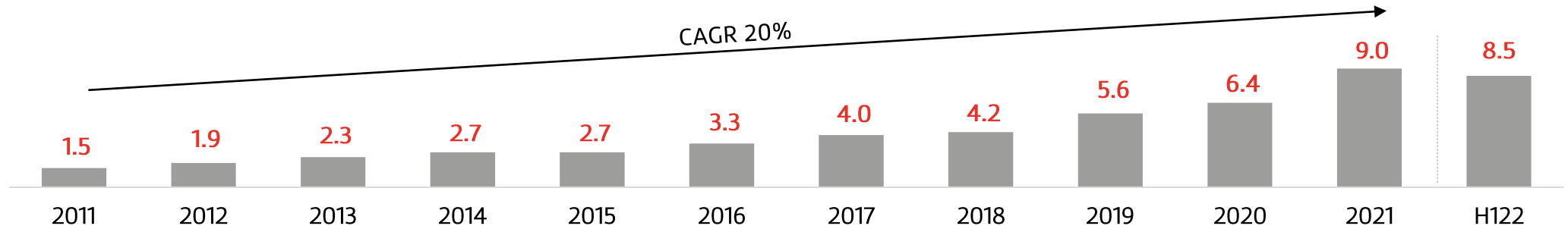
- Strong and consistent through-the-cycle financial performance – periods of higher volatility provide additional upside
- Investments in designing and deploying robust and diversified trading strategies have improved trading returns relative to broad measures of market volatility
- Continued investments to drive strategic growth – flexible cost base key to maintaining healthy margins and high levels of operating leverage
- Highly optimized regulatory and trading capital base to drive NTI growth
- Robust and highly developed capital allocation framework balances growth with sustainable shareholder returns



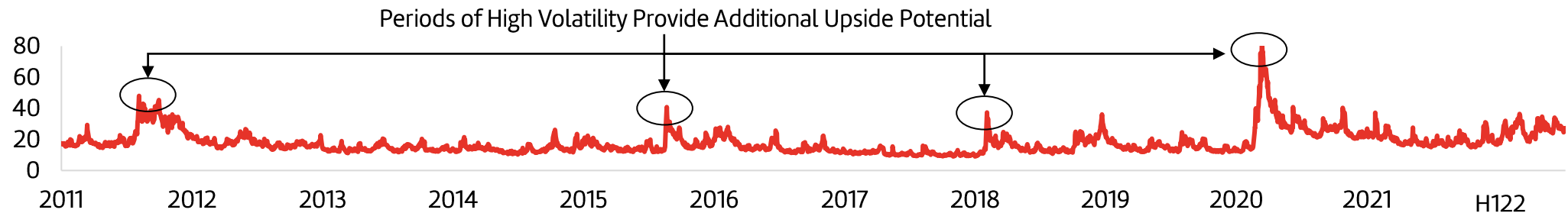
# Strong and consistent through-the-cycle financial performance

20% NTI growth over the past decade while delivering ~50% EBITDA margin through various market cycles

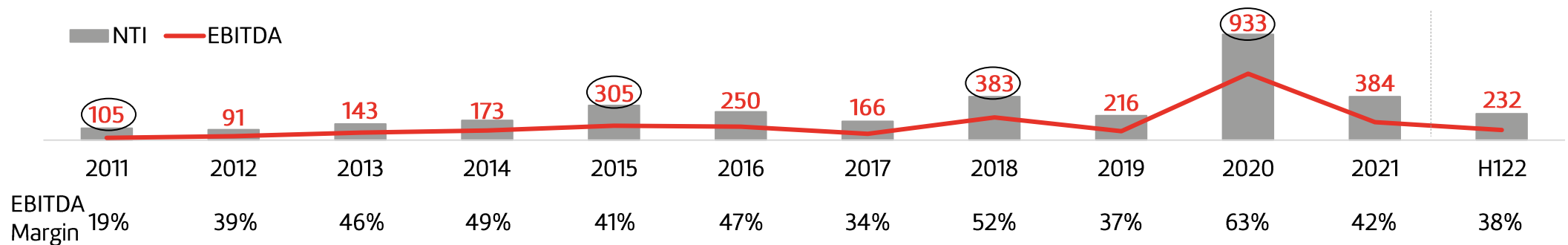
Market ETP  
Total AUM  
(€trn)



Volatility (VIX)



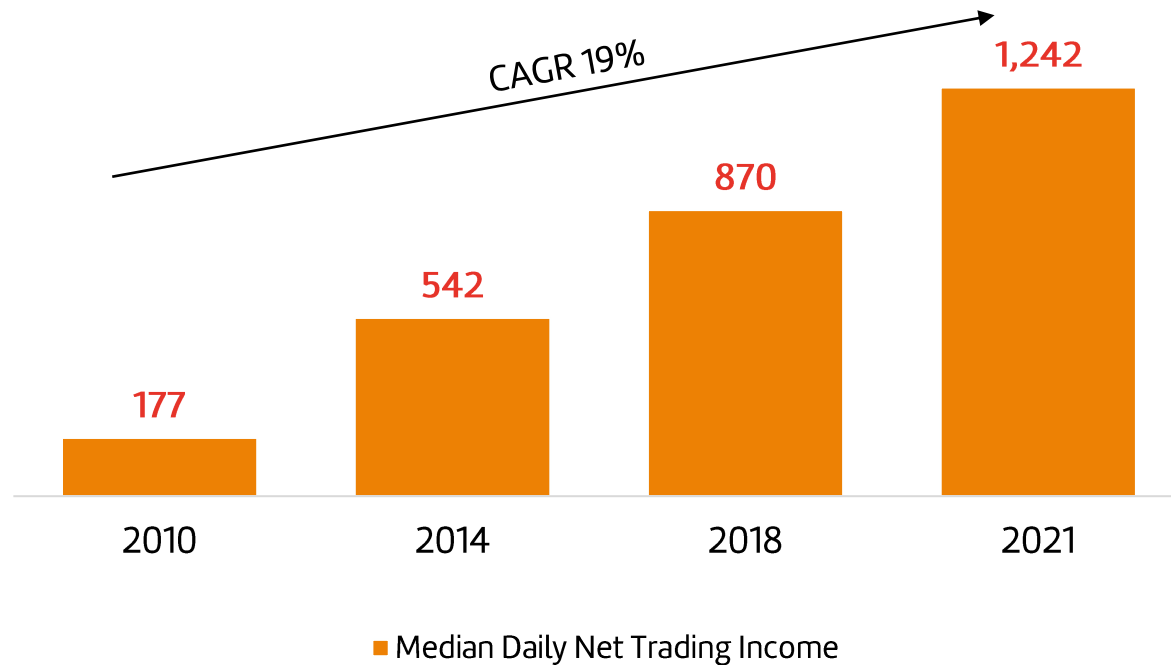
Flow Traders  
Net Trading  
Income (€m)



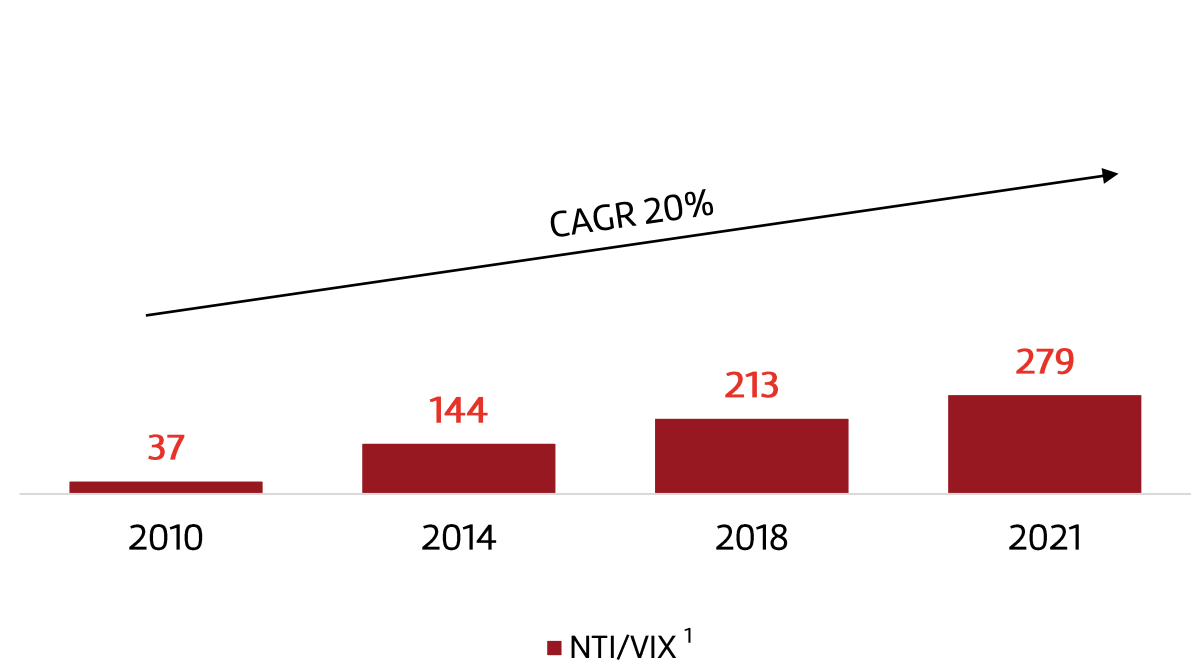
# Robust and diversified trading strategies drive organic growth in daily NTI

Median Daily Net Trading Income (€k)

NTI / VIX<sup>1</sup> (€k)



Investments in trading strategies have improved trading returns relative to market volatility

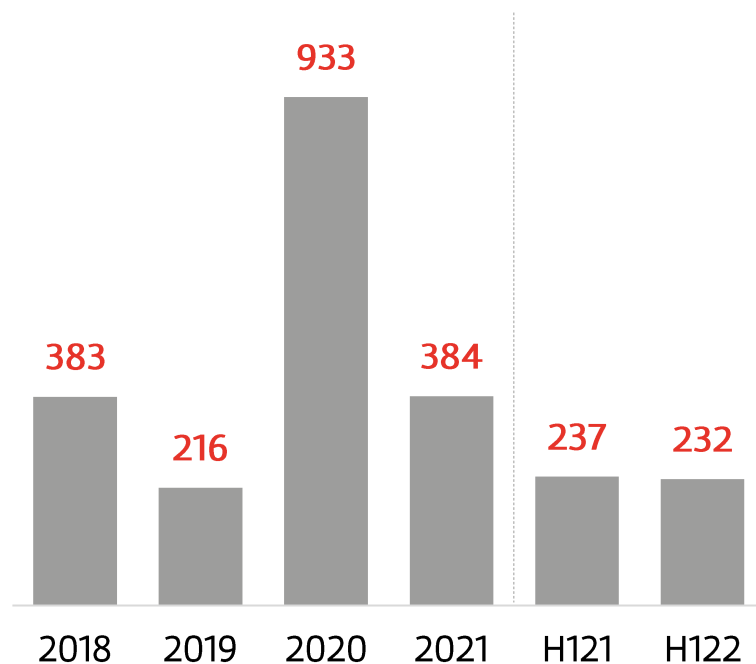


Continued investments in diversifying across asset classes and geographies have strengthened through-the-cycle performance

Note: 1 Calculated as median daily NTI divided by average VIX<sup>0.5</sup>  
Source: Company filings, CBOE

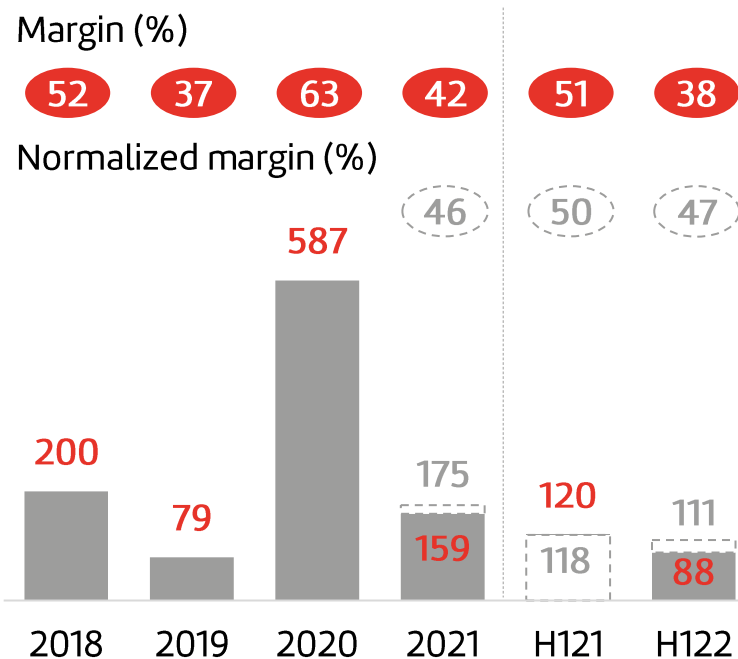
# Continued strong performance following exceptional performance in 2020

## Net Trading Income (€m)



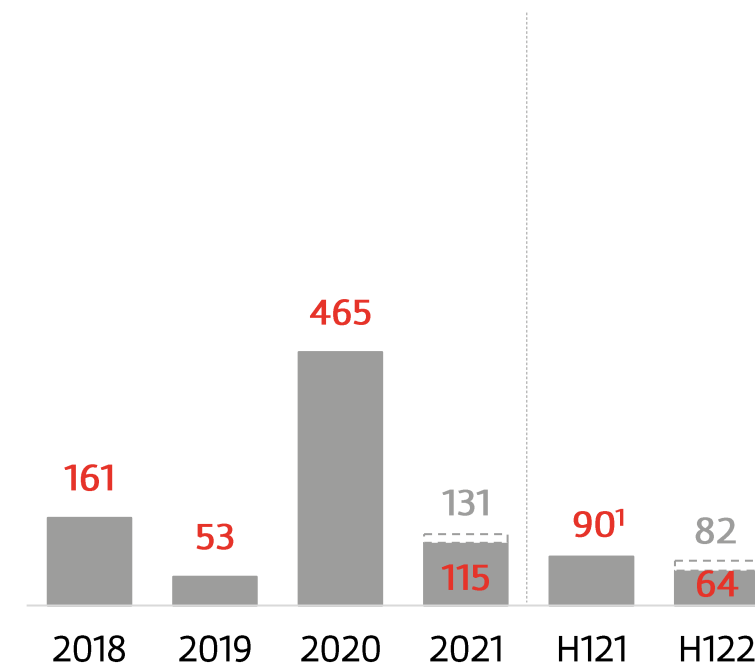
■ Net Trading Income

## EBITDA (€m)



■ EBITDA □ Normalized EBITDA

## Net Profit (€m)



■ Net Profit □ Normalized Net Profit

Resilient trading performance in 2021 and H122 under more normalized market conditions compared to 2020

Healthy EBITDA with a normalized margin of 47% in H122 resulting from a controlled fixed cost base

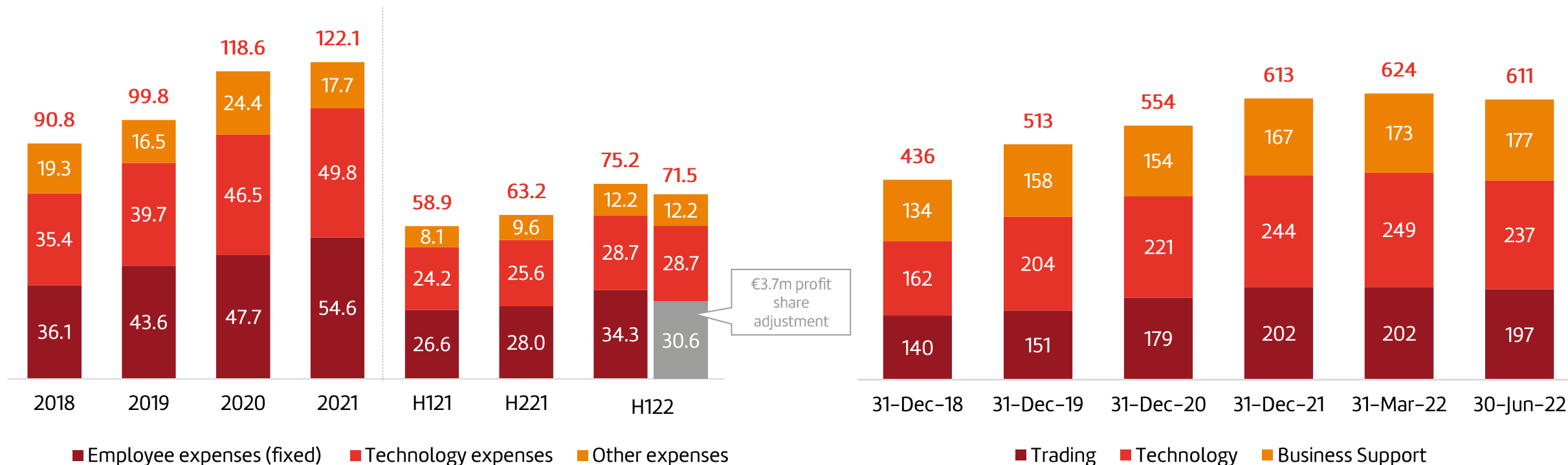
Solid net income in 2021 and H122 confirming successful execution of our strategic agenda

Note: <sup>1</sup>Normalized Net Profit €89.5m; "Normalized" removes distorting effects of IFRS treatment of the share-based compensation plans and excludes one-off expenses

# Operating expense progression in line with strategic priorities

Fixed operating expenses (€m)

FTEs (#)

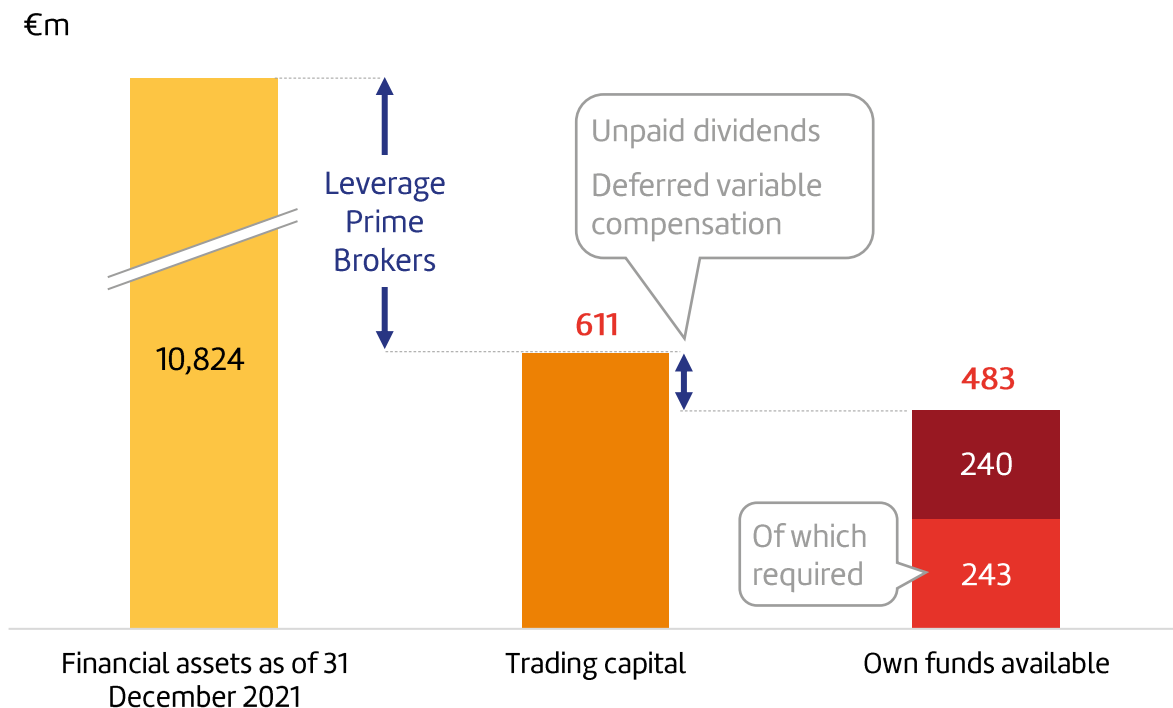


- Execution of strategic growth agenda predicated on **headcount and technology investments** – **additional hires** predominantly focused on **trading and technology**
- Technology expenses** driven by expansion across asset classes, markets and regions as well as continued infrastructure investments
- To remain competitive in the global employment market, shift of the **total compensation mix of certain employee groups** towards a **greater fixed component** implemented in H122

Note: Excluding D&A

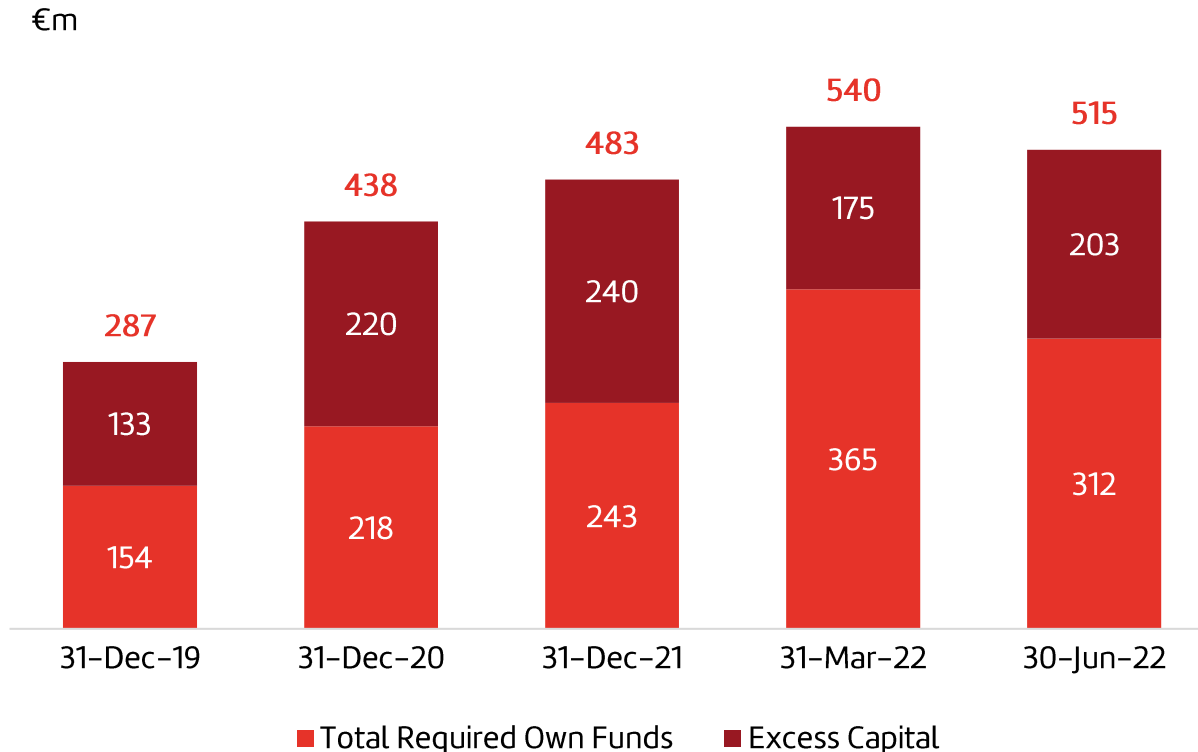
# Optimized and efficient capital base resulting in a strong regulatory capital position

## Regulatory Capital Requirements, 2021



Highly optimized and efficient capital base

## Regulatory Own Funds Requirement (OFR)

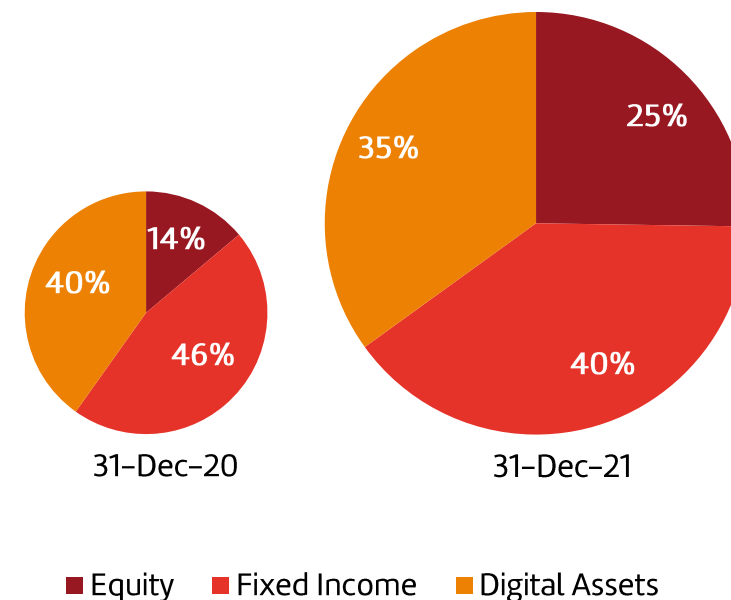
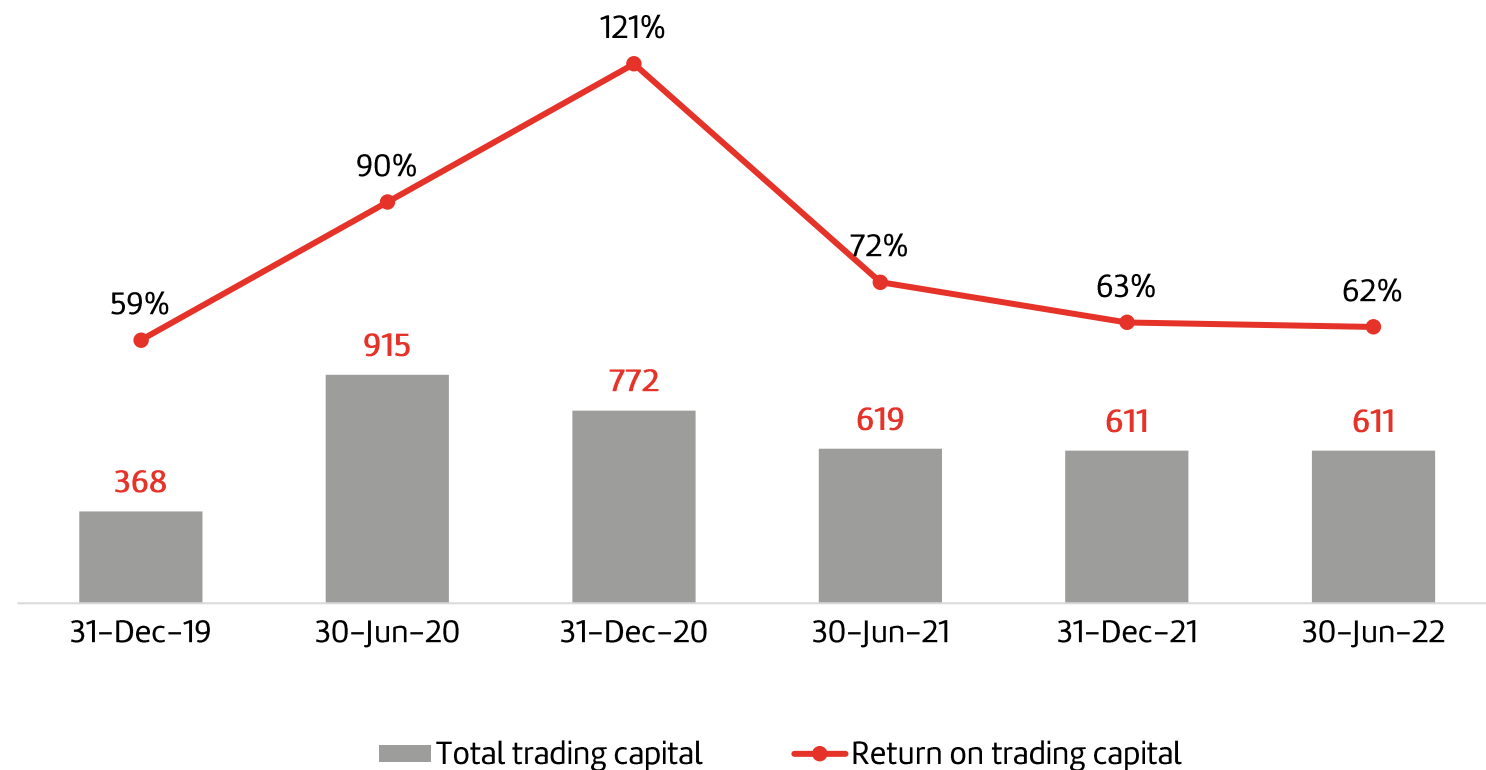


Strong and conservative capital position – excess regulatory capital deployed as trading capital

# Global deployment of trading capital constantly in line with strategic growth agenda

Trading capital is highly accretive ...

...and deployed into asset diversification



- Systematic diversification into new business areas (e.g., Fixed Income and Digital Assets) to accelerate growth and build a more attractive financial profile
- Deployment of trading capital in line with overall strategic ambition to build a global multi-asset class liquidity provider

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

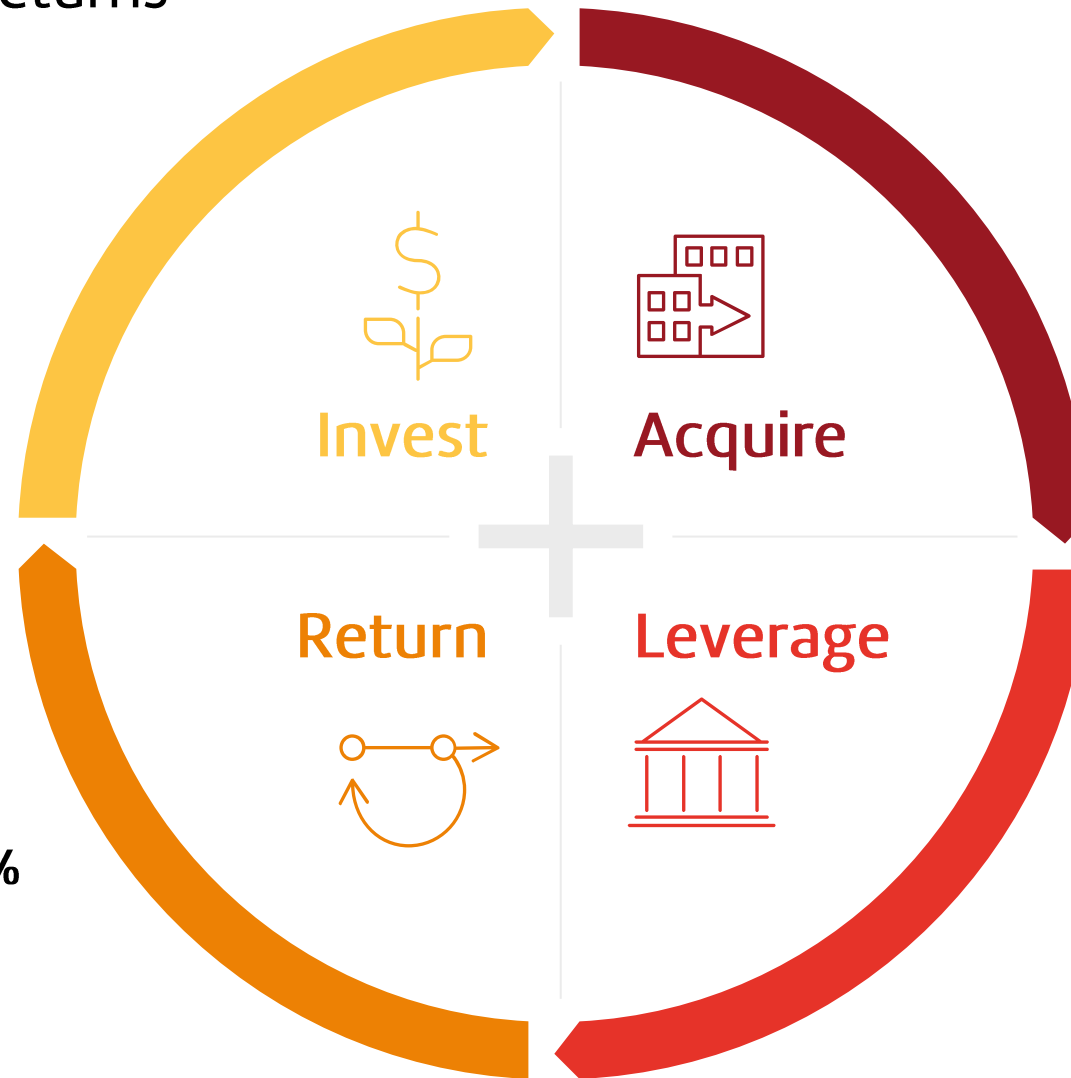
# Robust and highly developed capital allocation framework applied balancing growth with sustainable shareholder returns

## Invest

Efficiently support a long-term market opportunity through disciplined OpEx management to drive organic growth

## Return

Dividend set at minimum of 50% of annual net profit – shareholder returns through dividends alongside potential share buybacks



## Acquire

Strategic minority investments via newly created Corporate Venture Capital (CVC) Unit to participate in innovative ventures across the global ecosystem

## Leverage

Dedicated focus on creating shareholders' value through systematic capital management to increase trading capital

# Risk and Compliance

**Britta Achmann**  
Chief Risk Officer

**FLOW ■ TRADERS**



# Flow Traders Risk Management and Compliance functions effectively support the business

**Aligned to business priorities**



Compliance and Risk functions act as a strategic partner in decision-making, e.g., jointly building DeFi monitoring framework

**Focused on risk prevention to enable business**



Focus on continuous improvement to reduce regulatory risks and minimize the likelihood and impact of potential breaches in the asset classes we trade and the jurisdictions we operate in

**Experienced team**



Established seasoned team to ensure best in class management of risks specific to asset classes, e.g., dedicated risk managers to monitor asset specific activities

**Standardized processes and tools**



End-to-end framework with standardized way to design, assess, implement the compliance and risk processes globally

**Ongoing technology upgrade**



Supported by technology for best-in-class internal processes, e.g., automated monitoring of asset class exposures

# Current Risk Management and Compliance priorities fully aligned to asset classes

## Equity

**Prime Broker strategy:**  
Strategic approach enabling shift of assets between Prime Brokers on a short notice

## Fixed Income

**Margin methodology requirements:**  
Improved key parameters on Corporate Debt book

**Haircut optimization at the instrument level:**  
Daily optimization of haircut levels by moving positions between Prime Brokers prior to end-of-day

## Currencies, Crypto, Commodities

### In focus: Crypto

**Regulatory dialogue:** Active contribution to shape emerging regulation

**Tailored onboarding requirements:** Documents customized to crypto specifics

**Intraday DeFi monitoring:** Best-in-class framework to monitor all risks types

### In focus:


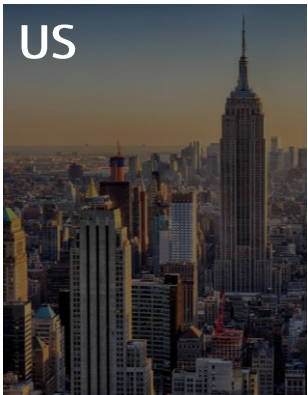

### Currencies

**Intraday FX monitoring:** Automation of intraday monitoring of market and counterparty credit risks at all FX Prime Brokers

## Human Capital

Specialized experts for monitoring of each asset class

# Flow Traders closely follows the regulatory developments impacting our business

	Equity	Fixed Income	CCC <sup>1</sup>	Overarching
 <p><b>EMEA</b></p>	<p><b>Consolidated Tape</b> Improved transparency and access to data</p>		<p><b>Treatment of crypto assets</b> Potential capital impact with position-based charge</p> <p><b>FX Global Code</b> Best practices update</p>	<p>Cash penalties and “buy-ins” for settlement fails to CSDR Impact Operations, Trading, and Compliance</p> <p><b>Uncleared Margin Phase 6</b> Lowers threshold to collect/ post initial cash</p> <p><b>DORA</b> Harmonize digital resilience</p>
 <p><b>US</b></p>	<p><b>T+1 Settlement</b> Reduces credit/ market/ liquidity risk, yet limited direct impact on Flow Traders</p> <p><b>CAT regulatory regime</b> Fully operational</p>	<p><b>Fixed Income Transparency</b> Anticipated requirements to shorten reporting window for FI instruments and other TRACE enhancements</p>	<p><b>Crypto asset regulation</b> Regulatory clarity supports expanding crypto footprint in the US, yet spot based ETPs not allowed</p>	<p><b>PFOF</b> Impact would will depend on implementation, could drive competition of order flow</p> <p><b>“Exchange” definition</b> Potential inclusion of RFQ and Crypto platforms under definition</p>
 <p><b>APAC</b></p>				<p><b>Potential licensing in Australia</b> For foreign financial services providers</p>

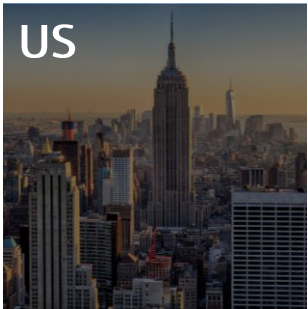
Note: <sup>1</sup>CCC includes Currencies, Crypto, Commodities; CAT – Consolidated Audit Trail for tracking of order and trading activities for listed equities and options; CSDR – Regulation for harmonization of settlement cycle and settlement discipline; DORA – Digital Operational Resilience Act seeking to harmonize digital resilience; PFOF – Payment For Order Flow; TRACE – Trade Reporting and Compliance Engine; RFQ – Request for Quote

# Digital Assets: Ongoing developments promote more transparency and market efficiency

## Digital Assets



- **AML travel rule:** Discussion regarding exemption where both parties acting on own behalf, debate over privacy regarding un-hosted wallets
- **Markets in Crypto Assets (MiCA) regulation:** Authorization requirement to offerors of all crypto-assets
- **Distributed Ledger Technology pilot regime:** Temporary permission for DLT infrastructure with EU passport



- **Regulatory landscape is fractured:** Need for joint regime for crypto assets from regulators
- **Coordination of regulatory efforts:** March 22 Executive Order aiming at agencies to coordinate regulatory efforts
- **Exchange definition:** Proposed expanded definition of "exchange" may bring crypto platforms into SEC scope
- **Spot based ETPs:** SEC continues denial of spot based ETP, court challenge by issuer



- **Crypto legal status:** China – Despite existing ban, ruling that property rights apply to Bitcoin due to its certain economic value
- **Licensing**
  - Singapore: Licensing for providing token services outside Singapore from Singapore
  - Hong Kong: Circular on intermediaries' virtual asset-related activities
- **Stablecoins:** Japan established a regulatory framework for digital assets; Korea is planning one

# Concluding remarks and highlights

**Dennis Dijkstra**  
Chief Executive Officer

**F L O W ■ T R A D E R S**

## Our financial ambition – recap

- We strive at organic annual growth of ~20% to reach €1bn NTI ambition mark
- As a global multi-asset liquidity provider, we aim at target NTI mix of our focus asset classes – Equity, Fixed Income and Currencies, Crypto, Commodities
- To track progress on our strategic priorities, we have defined a clear set of incremental quarterly and annual KPIs along the focus assets classes



## Highlights of today's Capital Markets Update

1

Global multi-asset liquidity provider with unique market access, trading acumen, pricing excellence and enabled by sophisticated, proprietary technology

2

Expanding on market leading position in ETPs with growth in Fixed Income, Digital Assets, FX, and Commodities

3

Capitalizing on evolution of financial markets and significant industry tailwinds

4

Shaping the financial ecosystem with investments through own corporate venture capital unit

5

Strong financial performance driven by organic growth to create value for our shareholders

# Flow Traders

A global, next-generation liquidity provider



**F L O W** ■ **T R A D E R S**

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