

## FLOW TRADERS Q420 RESULTS

Amsterdam, the Netherlands - Flow Traders N.V. (Euronext: FLOW) announces its unaudited Q420 results

### Highlights

- Market ETP Value Traded increased by 0.4% quarter-on-quarter and increased 48% FY20 vs FY19
- Flow Traders ETP Value Traded increased 14% quarter-on-quarter and increased 50% FY20 vs FY19, outperforming the broader market
- Flow Traders recorded NTI of €130.3m in Q420 reflecting higher activity levels and strategic reallocations by investors. This compares to NTI of €78.3m in Q320 and €46.1m in Q419. FY20 NTI was €933.4m vs €216.4m in FY19
- In line with previous commitments, a further €2.5m has been donated to the Flow Traders Foundation with total donations of €10.0m. No further donations are required for the Foundation
- Total operating expenses of €39.8m incurred in Q420, which included €0.9m of COVID-19 and business continuity plan-related expenses and reflects the positive impact of the accounting treatment of the new share plan. One-off expenses in FY20 totalled €11.4m out of total operating expenses of €346.8m
- 554 FTEs as at 31 December 2020 compared to 532 FTEs as at 30 September 2020 and 513 as at 31 December 2019
- Q420 EBITDA reached €90.5m with a margin of 69% contributing to FY20 EBITDA of €586.6m with a margin of 63%
- Q420 Net Profit amounted to €66.2m with EPS of €1.47. FY20 Net Profit amounted to €464.5m with EPS of €10.26
- Regulatory Own Funds Requirement (OFR) as at 31 December 2020 was €218m resulting in excess capital of €221m as at 31 December 2020. Trading capital stood at €772m at the end of the fourth quarter
- Flow Traders proposes a final FY20 dividend of €2.50, implying a €6.50 total dividend for FY20 and a 63% dividend pay-out ratio
- Announces repurchase of shares of up to €25m commencing on 12 February 2021 over a period of 12 months in connection with employee incentive plans

### Financial Overview

€million	Q420	Q320	FY20	FY19
<b>Net Trading Income</b>	<b>130.3</b>	<b>78.3</b>	<b>933.4</b>	<b>216.4</b>
EMEA (Europe)	93.9	44.4	552.5	138.1
Americas	22.0	16.1	283.8	47.6
APAC	14.3	17.9	97.2	30.7
<b>Net Trading Income</b>	<b>130.3</b>	<b>78.3</b>	<b>933.4</b>	<b>216.4</b>
Employee expenses*	20.4	25.4	274.4	81.3
Technology expenses	12.0	11.3	46.2	39.7
Other expenses	4.0	3.2	14.7	15.0
One-off expenses **	3.4	6.5	11.4	1.5
<b>Total Operating Expenses</b>	<b>39.8</b>	<b>46.5</b>	<b>346.8</b>	<b>137.5</b>
<b>EBITDA</b>	<b>90.5</b>	<b>31.9</b>	<b>586.6</b>	<b>78.9</b>
Depreciation/Amortisation	3.7	3.4	14.2	14.6
Write offs, tangible assets	-	-	-	0.1
Results subsidiaries	0.4	-	0.4	(1.1)
<b>Profit Before Tax</b>	<b>86.3</b>	<b>28.4</b>	<b>571.9</b>	<b>65.3</b>
Tax	20.1	5.4	107.4	12.2
<b>Net Profit</b>	<b>66.2</b>	<b>23.0</b>	<b>464.5</b>	<b>53.1</b>
EPS*** (in €)	1.47	0.51	10.26	1.15
EBITDA margin	69%	41%	63%	36%

\* Of which fixed employee expenses were: Q420 - €11.9m; Q320 - €11.6m; FY20 - €46.4m; FY19 - €43.6m

\*\* One-off expense relate to the Flow Traders Foundation donations: Q420 - €2.5m; Q320 - €6.0m; FY20 - €8.5m and COVID-19-related expenses : Q420 - €0.9m; Q320 - €0.5m; FY20 - €3.0m

\*\*\* Weighted average shares outstanding: Q420 - 45,022,415; FY20 - 45,276,693. 44,701,621 shares outstanding as at 31 December 2020

**Value Traded Overview**

€billion	Q420	Q320	Change	FY20	FY19	Change
<b>Flow Traders ETP Value Traded</b>	<b>370.8</b>	<b>324.4</b>	<b>14%</b>	<b>1,515.4</b>	<b>1,009.3</b>	<b>50%</b>
<i>EMEA (Europe)</i>	182.4	163.2	12%	767.3	514.9	49%
<i>Americas</i>	170.5	140.7	21%	671.8	452.4	49%
<i>APAC ex China</i>	17.9	20.4	(12%)	76.2	42.0	81%
<b>Flow Traders' non-ETP Value Traded</b>	<b>765</b>	<b>726</b>	<b>5%</b>	<b>3,695</b>	<b>2,995</b>	<b>23%</b>
<b>Market ETP Value Traded<sup>1</sup></b>	<b>7,403</b>	<b>7,374</b>	<b>0%</b>	<b>34,920</b>	<b>23,588</b>	<b>48%</b>
<i>EMEA (Europe)</i>	489	391	25%	2,039	1,492	37%
<i>Americas</i>	6,081	6,146	(1%)	29,541	20,140	47%
<i>APAC</i>	833	837	0%	3,339	1,956	71%
<i>APAC ex China</i>	380	337	13%	1,680	844	99%

1. Source - Flow Traders analysis

**Q420 & FY20 Regional Highlights**
**EMEA:**

- Reinforced position as the leading liquidity provider in ETPs, both on- and off-exchange, by gaining market share in EMEA year-on-year. Taken the #1 position off-exchange in Fixed Income ETFs and now hold top position in Equity, Fixed Income and Commodity ETFs
- Strong trading performance in the core ETP business with a focus on optimising spread capture alongside positive NTI contributions from non-ETP trading as returns from investments in trading diversification become evident. Increased interest from Flow Traders' counterparty base to trade non-ETP products
  - Continued to be a top three market maker on major FX ECNs in spot metals
  - #1 market maker in cryptocurrency ETPs, active on 15 exchanges globally, providing 24/7 liquidity, as well as being a leading spot OTC liquidity provider. Continued adoption of this asset class by institutional investors with subsequent inflows in cryptocurrency ETPs and ETNs
- Following the opening of the London branch office, a new office in Milan was opened in November, providing a physical presence in one of EMEA's key markets and further increasing proximity to institutional counterparties
- Flow Traders had prepared for all Brexit scenarios resulting in a smooth transition leaving trading operations unaffected with no impact on performance

**AMERICAS:**

- Improved trading performance with continued market share gains with Flow Traders ETP value traded materially outperforming market ETP value traded in Q420
- Further expansion of the counterparty base including successfully onboarding two of the top 20 institutional counterparties in the US in Q4
- Championed the global growth of the ETP ecosystem through expanding Flow Traders' footprint in Latin America; acted as market maker to support listings in Brazil
- Flow Traders approved as Secondary Market Corporate Credit Facility (SMCCF) Eligible Seller by the Federal Reserve Board of New York (FRBNY) on 23 October 2020

**APAC:**

- APAC saw the largest regional percentage increase in ETP value traded in 2020 with record volumes across numerous exchanges
- Strong growth in off-exchange both in the terms of number of counterparties and value traded through the trading of global products in the APAC time zone
- Strengthened partnerships in the region with key stakeholders, including partnership with HKEx to be the lead market maker in their MSCI futures and a number of new successful ETF listings across the region

**Variable Remuneration Accounting Treatment**

- Flow Traders has updated its remuneration policy for all staff to further align with current and future regulatory requirements as well as to create additional alignment of employees with other stakeholders
- Accordingly, the FCIP (Flow Cash Incentive Plan) where employees purchased shares has been replaced. The new plan provides the award up to 50% of variable remuneration in shares (or share-like instruments). Shares are awarded in equal installments over 4 years on the condition that the employee is employed at Flow Traders
- Given this award schedule, the share plan is treated differently from an accounting perspective. The result is that the variable employee expenses in the income statement are lower than the 35% of operational profit target for the variable remuneration pool. While the total value of the 2020 share awards is funded from the FY20 variable remuneration pool, the total expense is recognised through the income statement over 4 years in accordance with IFRS

**Outlook**

- In order to accelerate diversification and support the ever-increasing growth in product coverage, asset classes and trading platforms, guidance has been revised to a maximum growth in fixed operating expenses of c. 15% for 2021
- The European Union's new Investment Firm Regulation and Directive (IFR/IFD) will apply to Flow Traders from June 2021. In line with the update provided at the time of the Q220 results, the assessment remains that Flow Traders should receive some capital relief given that the incoming requirements should be more tailored to Flow Traders' specific risk profile. Accordingly, capital requirements should be markedly lower once IFR/IFD comes into force. It is still envisaged that this capital relief will be partially offset by growth business activities
- Flow Traders announces that it will repurchase shares for a total aggregate consideration of up to €25m in connection with its employee incentive plans and to minimise shareholder dilution. The share repurchases will commence on 12 February 2021 for a period of 12 months. As before, any shares repurchased will be held in treasury until such time as they are distributed. This repurchase of shares supersedes the programme announced on 11 November 2020

## Management Board Comments

CEO Dennis Dijkstra stated:

*“With the coronavirus pandemic intensifying during the fourth quarter, our focus naturally remained on the health and wellbeing of our colleagues as well as ensuring the continuous, uninterrupted access to superior liquidity for investors. Our robust business continuity plan has ensured that we have functioned as normal throughout the course of 2020. Despite the disruption caused by the pandemic, we have made substantial progress in terms of delivering our growth strategy. 2020 saw record ETP value traded versus last year, which in itself was a record for our business and we grew our counterparty base as well as the broader ecosystem through supporting listings in Latin America and Asia Pacific. The investments we have made in growing our non-ETP activities are starting to pay off and are positively contributing to the top line. We maintained our strong cost discipline and conservative capital position while implementing this growth strategy. This conservative capital position, as well our strong balance sheet, has meant that we are able to pay a €2.50 per share final dividend to shareholders. It is also pleasing to note we have been able to attract and recruit the best and brightest talent confirming our position as an employer of choice.*”

*“On behalf of the entire Management Board, I would like to take the opportunity to pay tribute to the professionalism, resilience, and loyalty of all our colleagues globally this past year during exceptional and challenging circumstances. We are immensely grateful to our colleagues for their tremendous hard work which allowed for our considerable operational and strategic achievements and successes over the past year.*”

*“Lastly, while this has been a successful year for Flow Traders, we are mindful that this has been an extremely challenging time for many sections of the communities we are a part of. Accordingly, we are proud to have quickly established the Flow Traders Foundation last year and have provided more than €10m of funding. With this funding now in place, we expect the Foundation to make between €0.5m and €1m of donations to charitable organisations annually.”*

Chief Trading Officer Folkert Joling added:

*“This was the strongest fourth quarter in Flow Traders’ history as heightened levels of market activity led to strategic reallocations by investors with corresponding true in- and out-flows. There was strong trading performance across all desks and regions, particularly in Europe as much of the activity occurred during European trading hours. Our market share increased in 2020 as we continued to expand and deepen our ETP trading footprint. The strategy of improving pricing and access to fixed income, commodity and FX liquidity was underpinned by the continued electrification of these markets. Accordingly, trading in commodities related products as well as crypto had a further positive effect on our business this quarter.*”

*“Looking ahead for this year, there will be greater contributions from our non-ETP market making activities. Globally, we have more than 25% of our colleagues working on new initiatives as we drive forward and further accelerate our growth agenda.”*

**Preliminary Financial Calendar**

5 March 2021	Release 2020 Annual Report
31 March 2021	Start Silent Period ahead of Q121 trading update
20 April 2021	Release Q121 trading update (no analyst conference call)
23 April 2021	AGM
27 April 2021	FY20 final dividend proposed ex-dividend date
28 April 2021	FY20 final dividend proposed record date
30 April 2021	FY20 final dividend proposed payment date
30 June 2021	Start Silent Period ahead of H121 results
23 July 2021	H121 results release (incl. analyst conference call)

**Analyst Conference Call and Webcast**

The FY20 results analyst conference call will be held at 10:00 am CET on Friday 12 February 2021. The presentation will also be accessible via [www.flowtraders.com/investors](http://www.flowtraders.com/investors), where the presentation can be downloaded and the conference call can be followed via a listen-only audio webcast. A replay of the conference call will be available on the company website for at least 90 days.

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**About Flow Traders**

Flow Traders is a leading global financial technology-enabled liquidity provider in financial products, historically specialized in Exchange Traded Products (ETPs), now expanding into other asset classes. Flow Traders ensures the provision of liquidity to support the uninterrupted functioning of financial markets. This allows investors to continue to buy or sell ETPs or other financial instruments under all market circumstances. We continuously grow our organization, ensuring that our trading desks in Europe, the Americas and Asia can provide liquidity across all major exchanges, globally, 24 hours a day. Founded in 2004, we continue to cultivate the entrepreneurial, innovative and team-oriented culture that has been with us since the beginning.

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