

**FLOW TRADERS Q122 TRADING UPDATE**

Amsterdam, the Netherlands – Flow Traders N.V. (Euronext: FLOW) announces its unaudited Q122 trading update.

**Highlights**

- Market ETP Value Traded increased by 41% quarter-on-quarter and by 62% vs Q121
- Flow Traders ETP Value Traded increased by 27% quarter-on-quarter and by 26% vs Q121
- Flow Traders NTI increased to €148.0m in Q122 reflecting a more active market environment and strong trading performance. This compares to NTI of €80.3m in Q421 and €142.2m in Q121
- Normalized operating expenses of €75.8m incurred in Q122. Employee expenses reflect increased variable remuneration due to an improved operating result, impact of strategic headcount growth and the implementation of targeted base compensation increases. Other expenses include non-recurring advisory costs relating to the firm's recent corporate strategy and group legal structure review and the implementation of a corporate venture capital unit
- 624 FTEs as at 31 March 2022 compared to 613 FTEs as at 31 December 2021
- Normalized EBITDA in Q122 reached €72.2m representing a margin of 49% compared to Normalized EBITDA in Q421 of €32.6m with a margin of 41%
- Q122 Normalized net profit amounted to €54.0m with Normalized basic EPS of €1.24
- Regulatory Own Funds Requirement (OFR) as at 31 March 2022 was €365m, resulting in excess capital of €175m as at 31 March 2022. Trading capital stood at €607m at the end of the first quarter

**Normalized Financial Overview**

€million	Q122	Q421	Change	Q122	Q121	Change
<b>Net trading income</b>	<b>148.0</b>	<b>80.3</b>	<b>84%</b>	<b>148.0</b>	<b>142.2</b>	<b>4%</b>
EMEA (Europe)	108.2	59.8	81%	108.2	81.4	33%
Americas	21.5	8.1	165%	21.5	38.8	(45%)
APAC	18.3	12.4	48%	18.3	22.1	(17%)
<b>Net trading income</b>	<b>148.0</b>	<b>80.3</b>	<b>84%</b>	<b>148.0</b>	<b>142.2</b>	<b>4%</b>
Normalized employee expenses <sup>1</sup>	52.8	29.3	80%	52.8	51.3	3%
Technology expenses	13.8	13.2	4%	13.8	11.9	16%
Other expenses	9.2	4.6	98%	9.2	3.4	168%
One-off expenses	-	0.6	-	-	0.7	-
<b>Normalized operating expenses</b>	<b>75.8</b>	<b>47.7</b>	<b>59%</b>	<b>75.8</b>	<b>67.3</b>	<b>13%</b>
<b>Normalized EBITDA<sup>1</sup></b>	<b>72.2</b>	<b>32.6</b>	<b>122%</b>	<b>72.2</b>	<b>74.9</b>	<b>(4%)</b>
Depreciation / amortisation	3.8	3.9		3.8	3.7	
Write off of (in) tangible assets	0.2	-		0.2	-	
Results of equity-accounted investments	0.1	(0.5)		0.1	-	
<b>Normalized profit before tax</b>	<b>68.2</b>	<b>29.3</b>	<b>133%</b>	<b>68.2</b>	<b>71.2</b>	<b>(4%)</b>
Tax	14.2	7.5		14.2	13.2	
<b>Normalized net profit</b>	<b>54.0</b>	<b>21.7</b>	<b>148%</b>	<b>54.0</b>	<b>58.0</b>	<b>(7%)</b>
Normalized basic EPS <sup>2</sup> (€)	1.24	0.50		1.24	1.31	
Normalized EBITDA margin	49%	41%		49%	53%	

**Value Traded Overview**

€billion	Q122	Q421	Change	Q122	Q121	Change
<b>Flow Traders ETP Value Traded</b>	<b>521.9</b>	<b>410.2</b>	<b>27%</b>	<b>521.9</b>	<b>414.4</b>	<b>26%</b>
EMEA (Europe)	238.2	181.5	31%	238.2	199.4	19%
Americas	255.2	202.3	26%	255.2	189.6	35%
APAC ex China	28.5	26.4	8%	28.5	25.5	12%
<b>Flow Traders' non-ETP Value Traded</b>	<b>1,434</b>	<b>1,231</b>	<b>16%</b>	<b>1,434</b>	<b>915</b>	<b>57%</b>
<b>Market ETP Value Traded<sup>4</sup></b>	<b>15,085</b>	<b>10,666</b>	<b>41%</b>	<b>15,084</b>	<b>9,313</b>	<b>62%</b>
EMEA (Europe)	767	532	44%	767	590	30%
Americas	13,305	9,103	46%	13,305	7,780	71%
APAC	1,013	1,032	(2%)	1,012	944	7%
APAC ex China	392	344	14%	392	415	(5%)

**Regional Highlights****EMEA:**

- Standout trading performance across the region as Flow Traders maintained its position as the leading liquidity provider in ETPs, both on- and off-exchange – #1 position in fixed income, equity and commodity ETFs
- Further increases in Flow Traders' market share in European single bond corporate credit across all the major RfQ platforms. This again highlights the continued traction of this business with counterparties
- Continued to support new crypto ETP listings in EMEA as well furthering the development of the broader digital asset ecosystem through participation, amongst other strategic investments, in BloXroute's Series B funding round. BloXroute is the first and fastest blockchain distribution network

**AMERICAS:**

- Improved trading performance quarter-on-quarter, particularly in equity-related ETPs. Pro-actively repositioning certain trading strategies
- Further momentum in ETF Lead Market Maker activities– acted as Lead Market Maker in all seven debut high yield bond ETFs from new issuer BondBloxx
- Continued strategic focus on the fixed income business with increased volumes becoming evident on the major platforms including TradeWeb, MarketAxess, Bloomberg, ICE and MTS. Additional progress made in converting existing counterparties to transact in corporate credit

**APAC:**

- Strong trading performance in equity ETPs throughout the region
- Awarded *Best ETF Market Maker* by the Tokyo Stock Exchange and received the *Top Market Maker – ETP Coverage* award from the HKEX for Flow Traders' contribution to the ETF market in 2021. Flow Traders is currently a market maker in more than 200 ETPs on HKEX
- Expansion of Flow Traders' global ETP trading footprint by becoming an official market maker on ASX and CBOE Australia in 55 tickers

**Corporate Venture Capital Unit**

- During 2021, Flow Traders designed and implemented a strategic ecosystem approach to accelerate the execution of its strategy and as well as capturing more of the overall value chain. This is a natural evolution given Flow Traders' core capabilities as well as position within the financial markets ecosystem. The emphasis is on three key themes of platforms, data, and connectivity across the three strategic focus areas of equities, fixed income and digital assets
- Recent strategic activities made in line with these key themes include ErisX, MEMX, Shape Q, LedgerEdge, D2X, Pyth and BloXroute
- Significant work has been undertaken during the first quarter to formalize this strategic ecosystem approach into a dedicated corporate venture capital unit as the pace of investments continues to accelerate. The set-up of this unit is expected to be finalized by the end of the second quarter

## **Outlook**

- To maintain Flow Traders' status as an employer of choice and to remain competitive in the global employment market, it has been necessary to shift the total compensation mix of certain employee groups towards a greater fixed component. Accordingly, targeted base compensation increases have been implemented. These actions will ensure Flow Traders continues to attract the talent necessary to execute its strategic growth agenda
- The first quarter did see certain one-off strategy related costs being incurred, which are expected to deliver meaningful benefits going forward. In addition, COVID business continuity plan-related expenses were reclassified into operational expenses from the start of 2022. Nonetheless, Flow Traders continues to be focused on cost discipline particularly with reference to the maximum growth in fixed operating expenses of c. 15% for this year

## **Management Board Comments**

### **Dennis Dijkstra, CEO, stated:**

*"The successes in Q1 once again confirmed the numerous strengths of our business. This includes our pricing and hedging excellence, a robust risk management framework and a truly global trading footprint. A stronger operational focus has been required so far in 2022 but this has not been to the detriment of progressing and driving forward our strategic growth agenda across our three key growth areas of equities, fixed income and digital assets. We continue to quote more products as well as support new introductions as the trading footprint continues to grow. Once again, we confirmed our ability to deploy into new markets by becoming an official market maker in Australia on the ASX and CBOE.*

*"Lastly, while this has been a successful quarter for Flow Traders, we are mindful that this has been an extremely challenging and distressing time for those affected by the conflict in Ukraine. Accordingly, we have made an initial donation of €500,000 to the Red Cross, UNHCR and several local initiatives nominated by colleagues and partners. We are also proud of the individual efforts from colleagues who directly raised more than €40,000 through various activities and conducted a successful donation drive in the Amsterdam office. This continues our longstanding tradition of charitable giving."*

### **Folkert Joling, Chief Trading Officer, added:**

*"We saw a strong trading performance across the board with all desks and regions responding to a more active and volatile market environment. In particular, ETP flows and volumes were focused in the European time zone during the quarter. We continued to expand and deepen our ETP trading footprint during the quarter as evidenced by our new market making activities in Australia and expanded Lead Market Maker activities in the US. Encouragingly, our market share in corporate credit single bond market making continues to increase both in Europe and in the US as the buy-side engages further with our proposition. From a trading and operational standpoint, we were successfully able to navigate the various market issues that arose upon the start of the Ukraine conflict."*

### **Mike Kuehnel, Chief Financial Officer, added:**

*"We have made substantial progress in the review of our strategic roadmap with tangible ideas now ready for the team to action. We look forward to sharing these outputs at a capital markets day to be held in June. In parallel, we completed an investment in BloXroute as we further intensify our strategic ecosystem approach to drive change and innovation in global financial markets. Our increased pace of strategic investments has created a desire to formalise these activities within a dedicated corporate venture capital unit that will help us to accelerate our ecosystem strategy even further. From a cost perspective, we have commenced the process of systematically adjusting the base compensation for certain targeted employee groups. There were also one-off expenses incurred this quarter relating to the recent corporate strategy and group legal structure review. Notwithstanding these cost dynamics, the operational leverage within the business was still very much evident with significantly improved margins quarter on quarter, indicating that our operational leverage and underlying cost efficiency remain key priorities."*

### **Preliminary Financial Calendar**

29 April 2022	AGM
3 May 2022	FY21 final dividend proposed ex-dividend date
4 May 2022	FY21 final dividend proposed record date
6 May 2022	FY21 final dividend proposed payment date
TBD June 2022	Capital markets day
30 June 2022	Start silent period ahead of H122 results
22 July 2022	Release H122 results (inc. analyst conference call)
16 August 2022	Proposed FY22 interim dividend ex-dividend date
17 August 2022	Proposed FY22 interim dividend record date
19 August 2022	Proposed FY22 interim dividend payment date
30 September 2022	Start silent period ahead of Q322 trading update
27 October 2022	Release Q322 trading update (no analyst conference call)

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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. Please visit [www.flowtraders.com](http://www.flowtraders.com) for more information.

**IFRS Financial Overview**

€million	Q122	Q421	Change	Q122	Q121	Change
<b>Net trading income</b>	<b>148.0</b>	<b>80.3</b>	<b>84%</b>	<b>148.0</b>	<b>142.2</b>	<b>4%</b>
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Americas	21.5	8.1	165%	21.5	38.8	(45%)
APAC	18.3	12.4	48%	18.3	22.1	(17%)
<b>Net trading income</b>	<b>148.0</b>	<b>80.3</b>	<b>84%</b>	<b>148.0</b>	<b>142.2</b>	<b>4%</b>
Employee expenses <sup>1</sup>	54.9	37.0	49%	54.9	47.0	17%
Technology expenses	13.8	13.2	4%	13.8	11.9	16%
Other expenses	9.2	4.6	98%	9.2	3.4	168%
One-off expenses	-	0.6	-	-	0.7	-
<b>Total operating expenses</b>	<b>77.9</b>	<b>55.4</b>	<b>41%</b>	<b>77.9</b>	<b>63.0</b>	<b>24%</b>
<b>EBITDA</b>	<b>70.1</b>	<b>24.9</b>	<b>182%</b>	<b>70.1</b>	<b>79.3</b>	<b>(12%)</b>
Depreciation / amortisation	3.8	3.9		3.8	3.7	
Write off of (in) tangible assets	0.2	-		0.2	-	
Results of equity-accounted investments	0.1	(0.5)		0.1	-	
<b>Profit before tax</b>	<b>66.1</b>	<b>21.6</b>	<b>207%</b>	<b>66.1</b>	<b>75.5</b>	<b>(13%)</b>
Tax	13.7	5.5		13.7	14.0	
<b>Net profit</b>	<b>52.3</b>	<b>16.0</b>	<b>227%</b>	<b>52.3</b>	<b>61.6</b>	<b>(15%)</b>
Basic EPS <sup>2</sup> (€)	1.20	0.37		1.20	1.39	
Fully diluted EPS <sup>3</sup> (€)	1.17	0.35		1.17	1.35	
EBITDA margin	47%	31%		47%	56%	

**Normalized to IFRS reconciliation**

- Normalized EBITDA and margin are based on the standard 35% profit share of operating result across the various financial periods without any IFRS 2 adjustments for share-based payments
- Tax based on estimated expected effective tax rate for the relevant financial period: Q122 – 20.8%; Q421 – 25.7%; Q121 – 18.5%
- A reconciliation of Normalized to IFRS is presented below:

€million	Q122	Q421	Q121
<b>Normalized EBITDA</b>	<b>72.2</b>	<b>32.6</b>	<b>74.9</b>
Prior year share plans	7.9	8.6	4.5
Current year share plan deferral	(5.8)	(0.9)	(8.9)
<b>IFRS EBITDA</b>	<b>70.1</b>	<b>24.9</b>	<b>79.3</b>

€million	Q122	Q421	Q121
<b>Normalized net profit</b>	<b>54.0</b>	<b>21.7</b>	<b>58.0</b>
EBITDA adjustments	2.1	7.7	(4.3)
Tax difference	(0.4)	(2.0)	0.8
<b>IFRS net profit</b>	<b>52.3</b>	<b>16.0</b>	<b>61.6</b>

**Notes**

- Fixed employee expenses: Q122 – €16.1m; Q421 – €13.5m; Q121 – €13.0m
- Weighted average shares outstanding: Q122 – 43,514,470; Q421 – 43,177,846; Q121 – 44,348,083. 43,683,405 shares outstanding as at 31 March 2022
- Determined by adjusting the basic EPS for the effects of all dilutive share-based payments to employees
- Source – Flow Traders analysis

### **Important Legal Information**

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