

FLOW ■ TRADERS

FlowTraders Q2 and HY 2022 Results

Friday 22 July 2022

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Jonathan Berger: Thank you. Good morning, and thank you all for joining Flow Traders' Second Quarter and Half Year 2022 Results Call. As you have no doubt already seen, we released our results first thing this morning. I'm joined here on the call by Flow Traders' CEO, Dennis Dijkstra; Chief Financial Officer, Mike Kuehnel; and Chief Trading Officer, Folkert Joling, who will run through the results presentation. Afterwards, they'll be happy to take any questions you may have.

Before we begin, let me draw your attention to disclaimer on page two. Please be advised that if you continue to listen to this presentation, you are bound by this disclaimer. Also, please note the results we will discuss in this presentation are unaudited.

With the formalities out of the way, I would now like to hand over to Dennis for his opening remarks.

Dennis Dijkstra: Thank you, Jonathan. Good morning, and thank you all for joining this call where we will provide additional colour on our second quarter and first half year 2022 results. The first half of 2022 overall saw increased levels of market activity when compared to the same period in 2021.

Accordingly, Market ETP Value Traded increased by 66% year-on-year. The second quarter of 2022 was more normalised than the first, which show the onset of the Ukraine-Russia conflict being absorbed by the market. This was reflected in ETP Market Value Traded, which decreased 9% quarter-on-quarter.

Our own ETP Value Traded broadly tracks the broader market in the second quarter decreasing by 14%. From a year-on-year perspective, Flow Traders increased by 26%. Consequently, this market environment, along with Flow Traders' own pricing and hedging capabilities, translated into a total income of €86.2 million for the quarter. This comprises net trading income of €83.7 million and other income of €2.5 million.

We are presenting this other income line for the first time given the growth of our strategic investments portfolio. The first half of 2022, as a whole, saw a normalised total income of €234.5 million.

We demonstrated yet again strong margins with a normalised EBITDA margin of 42% in the second quarter of 2022 with normalised EBITDA of €36.5 million. Overall, in the first half of 2022, normalised EBITDA was €111.1 million with an EBITDA margin of 47%.

As a reminder, our normalised income statement presentation removes the distorting impact of IFRS 2 in relation to share-based payments and excludes one-off non-recurring advisory costs in order to provide an underlying performance view across the financial periods.

The second quarter 2022 normalised net profit amounted to €26.1 million with a normalised basic EPS of €0.60. Ultimately, we recorded normalised net profit for the first half of €82.1 million with a normalised basic earnings per share of €1.88. Taking all of this into account, Flow Traders proposes an interim dividend for 2022 of €0.70 with an interim pay-out ratio in line with prior years of 50%.

We once again retained a strong focus on implementing our strategic growth agenda during the second quarter, which saw further confirmation of our structural growth. Accordingly, we have

worked to enlarge our equity ETP footprint and have taken further steps in enhancing coverage of fixed income crypto, currency and commodity markets. These investments are positively contributing to the top line, and we expect even greater contributions going forward.

Now let's take a closer look at the market developments as well as a deeper dive into Flow Traders' performance and accomplishments. Firstly, we will review the recent ETP market dynamics on the next slide.

As shown at the top left-hand side of this slide, ETP market value traded declined 9% in the second quarter of 2022 compared to the first quarter, as markets normalised. By contrast, market volumes for the first half 2022 were 66% higher compared to the same period in 2021.

Implied volatility during the course of the second quarter remained broadly around the same levels as seen in the first quarter. Accordingly, this led to an uptick in market velocity in the second quarter driven by the Americas and EMEA. ETP assets under management reduced by 9% since the start of 2022, predominantly due to the broader market backdrop.

In summary, it is fair to say that momentum and the outlook across the ETP universe remains very strong.

I will now move into the dynamics within the fixed income and crypto markets, which are becoming increasingly important for Flow Traders as we continue to expand our trading activities in these areas. As shown on the top left of the slide, it is evident that the investment grade and high-yield bond markets have recovered when compared to the levels seen in the second half of last year.

Given the US is the largest fixed income market in the world, we have used TRACE volumes as compiled by FINRA as the proxy for the dynamics within this section of the fixed income markets. We can also see that the credit spreads have widened in 2022 when compared to 2021. Moreover, fixed income ETF spreads in EMEA have also widened in the same period, and this was particularly evident in June.

From a crypto market perspective, I am sure everyone is aware of the developments here with Bitcoin amongst others experiencing a sharp price decline during the second quarter. This has naturally impacted crypto ETP Value Traded, which also declined sharply during Q2.

Now I will hand over to Folkert, who will review Flow Traders' regional performance in greater detail.

Folkert Joling: Thank you, Dennis, and good morning. On this slide, we present an overview of some of the key performance indicators for the second quarter and the half year 2022 from a regional basis.

As Dennis mentioned earlier, Q2 was less active generally than Q1 from a market activity standpoint, and that is very much reflected in the performance by region. In Europe, we maintained our position as the leading liquidity provider in ETPs both on and off-exchange. The region delivered a robust trading performance in Q2.

Once again, Europe remained the largest NTI contributor and Flow Traders' most important market. There was also a further build-out of our corporate credit trading business with improved hit rates, spot rates and response times in the universe of ISINs covered with a focus on automated trading.

We also retained our top five Bloomberg dealer rankings for executed tickets and volume. We continued to provide liquidity across the crypto markets through the market backdrop. Despite the current short-term market sentiment, we remain convinced of the long-term potential of digital assets and accordingly maintain support for new listings. From a technological standpoint, we successfully transferred to Euronext's new data centre in Bergamo.

Moving to the Americas. Again, the trading performance reflects lower levels of overall market activity. Encouragingly, there was improved trading performance in fixed income ETPs given increased volatility in rates and inflation. The Americas remain a growth region, and accordingly, we continue to expand our Lead Market Maker activities with ETP issuers. Our single bond trading business also made further progress as Flow Traders commenced trading of Trumid, the third most active institutional bond trading platform in the US.

Lastly, in APAC, we have submitted an application to open a representative office in Shanghai, which is part of our long-term strategy to enter the Mainland China market. We deepened our relationship with the Hong Kong Exchange by being reappointed as Lead Market Maker for their MSCI suite.

From an institutional relationship perspective, we have stepped up our efforts in the region to grow and deepen our counterparty base.

I will now hand over to Mike for the next slide, where we will cover the cost base in greater detail.

Mike Kuehnel: Thank you very much, Folkert. As you can see, we have seen 28% year-on-year and 10% quarter-on-quarter increase in fixed expenses, a major impact as related to the US dollar strengthening against the euro. This has affected all the fixed operating cost categories. In addition, new higher base compensation increases implemented in H1 and technology investments have also been contributing factors.

I will discuss this on the next slide in greater detail, but it's important to note that we have adjusted the profit sharing percentage to 32.5% to take into account the shift in total compensation mix.

We have also incurred €8.5 million of non-recurring strategic advisory costs relating to an optimisation of our Group legal entity and regulatory structure and further balance sheet review efforts, which are expected to deliver meaningful benefits going forward. These are excluded from normalised operating expenses.

Our headcount did experience a small quarter-over-quarter decline, but we remain committed to grow our FTE base to support our various growth initiatives. The business overall continues to demonstrate healthy normalised EBITDA margin.

Now I will discuss the profit sharing adjustment in greater detail on the next slide.

During H1, we undertook a systematic base compensation review, which shifted the total compensation mix for certain employees. Accordingly, we have decided to adjust the variable remuneration pool to 32.5% of operating result to ensure that this shift in compensation mix is income statement neutral. As you can see in the chart on the slide, we have prepared a bridge to explain the movements in fixed employee expenses half-over-half, as well as the FX impact of strengthening US dollar, the base compensation increase has driven a €3.2 million increase in headcount growth accounts for a further €4.2 million.

Offsetting the fixed salary increases is a €3.7 million impact from the adjustment of profit-sharing percentage. The €0.5 million difference is due to the lower profit share being applied to the entirety of H1 '22, whereas the salary increases were phased in at various times over the course of H1 '22.

Now I'll take a closer look at Flow Traders' capital position. We show our required CET1 capital levels on the top left-hand part of the slide. After accounting for the interim dividend and newly announced share buyback, Flow Traders' capital buffers have remained strong and remain comfortably above our requirements under IFR/IFD. Our own funds requirements decreased to €312 million at the end of June from €365 million at the end of March. This reflects the nature of the trading book at that point in time. We had total CET1 of €515 million at the end of June '22 and €203 million of excess regulatory capital.

On the top right-hand side of the slide, you can see our trading capital position. As we have spoken about it before, trading capital has the ability to generate attractive returns, as shown on the chart. Our trading capital increased to €611 million at the end of the first half year and includes the proposed dividend as well as deferred variable remuneration. It is also worth noting that given our expanded trading activities, there remains an increased demand for trading capital across the firm.

Considering all these developments, Flow Traders has set the full year '22 interim dividend at €0.7 per share. We've also announced the share buyback of up to €25 million to further return capital to shareholders.

I will now hand over back to Folkert to discuss our strategic progress so far in 2022.

Folkert Joling: Thank you, Mike. As Dennis mentioned earlier in the presentation, we once again retained strong focus on our strategic goals and objectives, which are centred around three key areas: equities, fixed income and CCC, being crypto currencies and commodities.

We made significant achievements in 2022 already and have clear focus areas for 2022. These are all entirely consistent with our long-term strategic outlook.

From an equity standpoint, Flow Traders continue to build out our leading global ETP liquidity provider position through the course of the first half. We have further expanded our counterparty base to more than 2,000 and grown our Lead Market Maker position in US. From a technology standpoint, we seamlessly transferred to Euronext's new data centre in Bergamo. The focus for the remainder of the year centres around index products in the US with international underlying as well as enhancing the sector for China and Korea.

We have further enhanced coverage of fixed income by growing our corporate credits and emerging market sovereign bond market making business, both in Europe and US. In the US, we connected to another RQ platform. We will seek to grow our single bond capabilities even further in the second half with a focus on high-grade, investment-grade and EM debt. Tied to this is onboarding more counterparties with respect to our fixed income proposition.

In terms of the third strategic growth area of CCC, we have continued to grow our presence in the global crypto ecosystem and have supported new listings. Work will continue in 2022 on accelerating our footprint in ETP, spot and derivative products and expanding bilateral counterparty business across the CCC space.

Lastly, we have expanded and formulised our strategic ecosystem approach into a dedicated corporate venture capital unit, Flow Traders Capital. We have made eight strategic investments in the first half of the year of around €8.7 million. The focus for the rest of the year is on supporting these investments and assessing new relevant opportunities.

I will now hand back the call to Jonathan.

Jonathan Berger: Thank you, Folkert. This now concludes the formal part of our presentation. I would now like to open up the floor to any questions you may have. Operator?

Questions and Answers

Operator: As a reminder, if you'd like to ask a question on today's call, please press star one on your telephone keypad. To withdraw your question, please press star two. The first question comes from the line of Michael Werner from UBS. Please go ahead.

Michael Werner (UBS): Thank you very much for the presentation. I guess two questions for me, if you will. I guess looking at the revenue capture, you saw a decline during the quarter, probably one of the lowest revenue captures in several quarters. I was just wondering – I know you don't disclose how much you generate from crypto per se. But I was just wondering how much the decline in volume of crypto ETFs impacted the revenue capture in Q2 in Europe, in particular?

And then second, just with regard to headcounts, you noted that your headcounts fell 2% quarter-on-quarter. I was just wondering if that was normal attrition or is that something – if there's anything going on there? Thank you.

Dennis Dijkstra: Thanks, Michael, for questions. You want to take the first one, Folkert, on the crypto?

Folkert Joling: Yes. So the crypto ETP activities have dropped a bit compared to before the downticks in the market for sure. So we are still profitable there. But if you would compare to the expectations, this is definitely a bit lower than what we had anticipated. So comparing it to the quarters of last year, this has an impact for sure, because also the euro value is a bit lower at the moment. The market shares are still very stable. So this is not something that we worry about. But indeed, the markets are obviously less active than five months ago.

Dennis Dijkstra: Yeah. Coming back to your questions on headcount. So year-over-year, there is a significant increase. But there is some seasonality during the year, where we see it slowing down in Q2, but especially Q3 and Q4 after holiday season and after the universities and colleges graduates starting in all the traineeships after the summer, there is a big uptick again. So there's nothing to read into the slow decrease in the headcount.

Michael Werner: Thank you very much. Appreciate it.

Operator: The next question comes from the line of Michael Roeg from Degroof Petercam. Please go ahead.

Michael Roeg (Degroof Petercam): EMEA has already been answered, so that only leaves two questions for me. The first one is on the Shanghai office. Could you give a rough indication

when this could be opened if you have all the permits? And a follow-up on that is, will this be addressing the entire Chinese ETP market or only part of it?

And the second question is on Flow Traders Capital. In the press release, it says that the initial investment there is €50 million or what you intend to invest. So does that suggest that could be another round of investments in due time? Could this grow to, say, €100 million in a couple of years? That's it.

Dennis Dijkstra: On the Shanghai office – Michael, thanks for the questions. So we have rented an office. So we have the first people on the ground. We are, in parallel, investing in the infrastructure to make sure that we have the ability to trade certain markets, and that will expand going forward. So indeed, in the end, that will grow and hopefully will give us access to China Mainland as a whole. So that will go in a phased approach, but we will start on a couple of markets first and then we will grow with that.

And then on the corporate venture funds, you want to add to that, Mike?

Mike Kuehnel: Yeah, very happy. So the €50 million in our perspective is a very solid foundation to initiate the idea and to properly integrate it. I think it's important to highlight, it's fully part of our core business. So clearly, we are seeking financial returns. But there are also returns being generated through investments as far as we can deploy our core business. So it's very interwoven and interlinked. I think that's a very strong message to make or important message to make.

And recapping over the last few months has been very active and see a variety of opportunities. So no decision has yet been taken to increase it. But our expectation in global financial market ecosystem evolution, I think it's a very fair statement to make that part of the value creation will be carried out of the core of Flow Traders into ecosystem opportunities. And if this arises, we want to be ready and ready also being financially ready at one point in time to increase the size of the fund.

And on top of it, I think, needless to say, we've build a full infrastructure around it. We have a dedicated team on the ground. We are making sure that we have internal processes to exchange information and really access an aligned institution globally. So with all that together, I think there is clearly appetite to further thrive on that point.

Michael Roeg: Okay. That's quite interesting and helpful. Thank you. A follow-up on the Shanghai office. So it's – there's already an office, infrastructure is built, etc. So I – probably no trading yet. So this is causing a little bit of money. What is typically the timeframe for such a new office in a new country to become breakeven? Is that one year or two years of trading?

Dennis Dijkstra: The build-out of the product coverage will go gradually. I would expect it to be profitable within the end of the year. That's said, regulatory approvals and the accessing the markets, that will take some time. So that's difficult to predict. But it won't be long because most of the building blocks, we already have announced.

Folkert Joling: Yeah, if I can add, so it is very similar to any other country we will enter. So it's – part of it is kind of a data centre, connectivity to the data centre, trading strategies, all the trading applications are already built and I think can also be done remotely. So specifically for China, that's where the – there is a requirement to have specific local presence. That's

slightly different. But if we enter, I don't know, any other country like Brazil, Israel, Australia or Korea or what have you, it's at a relatively low cost.

Michael Roeg: Okay. Well, that sounds as if it's more waiting for the final approval then to become breakeven, as that is apparently going?

Dennis Dijkstra: Yeah, that's probably one of the things – yeah, I agree. And this is probably one of the things that got postponed due to COVID. Also, travel has slowed down, well, our road map, unfortunately. So happy there that we finally have somebody on the ground ability to kind of also start building the physical presence, which is needed for the – or at least for us to get going on the kind of the China Mainland markets.

Michael Roeg: Okay. Good. That's it. Thanks. And see you this afternoon.

Dennis Dijkstra: Yeah, looking forward.

Operator: The next question comes from the line of Julian Dobrovolschi from ODDO BHF. Please go ahead.

Julian Dobrovolschi (ODDO BHF): Hi. Good morning, gentlemen. Can you hear me, by the way?

Dennis Dijkstra: Yes, perfect. Thanks.

Julian Dobrovolschi: Yes. Great. Thanks for the presentation. I have two questions on my side. I was hoping to dig a bit deeper into the statement made on the corporate credit trading business. You mentioned in the press release that the hit rates are improving, the cost rates are improving but also the response time. Could you please provide some more colour what does it actually really means. So I don't know, perhaps try to quantify the statement of improving hit rate but also cost rates.

And the second one is also on the VC fund. I think it's a great idea. It looks interesting I think something like €50 million were already deployed, out of which 8-point something this year. And the already deployed amount of close to €50 million. Is that part of the €50 million, the full €50 million? Or it's just, let's say, just part of that? And also, if you could speak a bit more about the investment strategy such as investment horizon, returns expectations and targets and so on and so forth. Thank you.

Dennis Dijkstra: Folkert, do you want to start on the credit trading?

Folkert Joling: So the – answering the question on the specific technical KPIs that are improving, we are building a setup with the goal to do as much automated trading as possible. So obviously, in the bond business, automating the smaller tickets is easier than the larger tickets. So while building up this whole technical framework with the pricing in there and getting more access to liquidity pools, this is a gradual process, where we continuously make improvements on the level of automation. And this will lead to a response time getting lower, hit rates getting higher, spreads getting better, position management improving. And this is something that we've built out over the last two years, and we see the result in KPIs.

Julian Dobrovolschi: Great. And maybe just to drill a bit deeper into that. You obviously moved to the Bergamo data centre in Milan. Are you also, by the way, connected to the MTS platform?

Folkert Joling: Yeah. We are connected to a various range of platforms. So both from anonymous pools and also bilateral setups.

Julian Dobrovolschi: Okay. Got it. Thanks.

Dennis Dijkstra: Mike, you want to touch on the funds?

Mike Kuehnel: Yeah. On the CVC side, so the existing investments are indeed already part of the €50 million. And going forward, we will provide updates on where we stand and also the nature of the underlying investments. As far as the deployment period is concerned for the €50 million, we're looking into probably two, two-plus years. So there is clearly appetite on finding the right investments and having some flexibility there, but we want to also move fast.

In terms of the investment rising itself, so I would say that it's mid to long-term-oriented. There are sometimes more short-term-oriented opportunities, which we are not shy of looking into. But this is very much related – and just let me spend a minute on it – very much related on understanding how the global financial sector changes around us. And related to that, how Flow Traders can have a part of it and help to scale and try to develop the ecosystem.

And to give you a very tangible example, investing in digital asset platform, for instance, it's not just us being the minority passive investor, we seek a voice in the room and also acquire access in deploying our capabilities. So we have scaled the business. Since the inception of the firm, we are able to deploy technological ideas and capabilities. So we are actively seeking relationships in order to bring out the best of Flow Traders tool to help them to scale and accelerate their scalability game in these markets.

And with that in mind, just reflecting on the existing investments we have so far, we are very excited about it because the confirmation in our minds is already there that the market seeks such an impetus, if you will, and such an active player being able to deploy experience and capabilities in order to help them further driving. That makes the CVC angle also very special for us to compare to, let's say, ordinary profit venture investment arm of a conglomerate or industrial firm, right, that's significantly different on the outset of how we want to basically use that channel in order to further build scale in the market.

Julian Dobrovolschi: Yeah. Got it. I think we can have a broader discussion about this today in the afternoon. And maybe one more question on the impact on NTI due to the strong dollar. Is it possible to quantify it more or less?

Folkert Joling: On the direct trading side is quite a lot of underlying are in dollars as well. So I don't think that's a major impact on the strategy itself. Basically, if we look at the Bitcoin strategies, they are the underlying base is Bitcoin. If that drops massively, that will lead to a different result in the hedged euro profit, for instance. But for the rest, I mean, most of these are dollar-based. There is a lot of US markets, dollar-based. So that's not, per se, impacting the results there.

Julian Dobrovolschi: Yeah. Got it. Perfect. Well, thanks for taking my questions. I'll see you all today in the afternoon.

Dennis Dijkstra: Looking forward. Thanks.

Operator: We have no further questions in the queue. As a final reminder, if you would like to ask a question, please press star one on your keypad now. The next question comes from the line of Gregory Simpson. Please go ahead.

Gregory Simpson (Exane BNP Paribas): Hi. Morning guys. Just a few quick questions. The strategic advisory costs that relate to the legal entity optimisation, what is the kind of timeline and expectations in terms of output from this? Is it something that improves your capital efficiency? Is it something that maybe drives down the tax rate. Is that like – I think it's something that drives down the cost. Just thinking about the kind of rationale for sort of the legal reviews.

And then the second question would just be, there's been quite a lot of stories about firms, particularly in the crypto arena, getting impacted by the sell-off this year, if you're filing for bankruptcies like some Celsius. Has your investment portfolio being kind of impacted by that kind of disruption and dislocation in the kind of crypto arena? And has it kind of impacted your thinking about deployment? Thank you.

Mike Kuehnel: Yeah, I can take the first one. So as part of our strategy review and ongoing work on building out our strategy, we felt it's incredibly important to also have a recent perspective on our legal entity set up, our regulatory capital situation. And so that we did an in-depth review, looking also into the level playing field vis-à-vis competition and taking our expected growth into account.

So in terms of your specific question, what's the impact in terms of timeline? So that's, I would say, on the midterm horizon. So we announced a quite bit of clarity on different options and also want to take that then a step further as part of our ongoing strategy work, so that's by default, not long-term. And when I relate to midterm, it means that we are now at the point we are looking into different scenarios and options to find, if you will, the peripheral optimal path in order to make sure – and I think that's an important message, to find the best, most optimal setup for us to further accelerate our growth.

So the proximity to the biggest liquidity pool we want to be active in, the way how we want to basically penetrate the different parts of the market, the networks and all that came together in our review.

So also, we have been noted in our press release that we're expecting meaningful benefits that relates to all that because we feel that there are opportunities for us to further accelerate our growth. That's not just our ambition. That's also now well grounded. And you can expect that we are building up on that over the next, let's say, 12 months.

Dennis Dijkstra: Yeah. Coming back to your second question. So we did not have any exposure to any of the fallouts in the crypto ecosystem to-date. So like anything else, we're very diligent. We have a strong, well-diversified portfolio in infrastructure investments in the ecosystem there, but also in kind of the more traditional credit and equity markets. So the biggest impact probably has been on the volumes that have been traded in the digital asset markets, actually.

Folkert Joling: On the trading side, we don't run an investment portfolio. I mean, we have a high turnover market making model, which is completely different than the funds being structured.

Dennis Dijkstra: Exactly. Market neutral.

Folkert Joling: I mean the VC part is completely different than the Market Maker activities.

Dennis Dijkstra: So that approach is exactly the same like for other asset classes.

Folkert Joling: Yeah. High turnovers, try to get the inventory as low as possible. And obviously, you do need some minor long positions in ETFs to be able to do the market making, which require a hedge as well. So there are some minor impact there, but it's the same as the equity markets.

Dennis Dijkstra: Yeah, it's actually a great confirmation of our strong risk appetite and framework.

Gregory Simpson: Yeah, makes sense. Thank you.

Operator: We have another question from Julian Dobrovolschi. Please go ahead.

Julian Dobrovolschi: Yeah. Thanks for taking my question. Yes, again, I have few follow-ups on the revenue capture in Europe. And maybe to start with, is it fair to assume that this quarter, we haven't really seen big dislocations despite the whole market going down? And if that's the case, maybe what should you hope in terms of, let's say, in future market environment in the future? Because obviously, I think we've seen that the model for the Flow works really well when we see kind of big market locations. Therefore, quite a bit of spreads and therefore can basically capture a lot of the revenue from that?

I think most of the people are kind of expecting this to be the case this quarter, which obviously, it's not. But also if you just compare now the revenue capture in Europe with the revenue capture from Q2 2021, so basically, one year ago, I think back then you also cited kind of normalised market environment, let's say, trading volumes, so on and so forth. While the revenue capture was 8.721%. So basically, it was literally 1 basis point and something above what came in Q2 2022.

So I was just trying to understand maybe more the, let's say, the underlying reason why the revenue capture dropped so much. Obviously, we don't have crypto, so that's understandable. Maybe this also why the drop from basically Q1 2022. But if you just compare it – if you look into the volumes and then basically volatility as well, this quarter versus Q2 2021, then I think this one looks to be way better than one year ago. Could you please, let's say, provide more explanation and why that happened?

Folkert Joling: Well, if we would, for instance, compare Q2 to Q1, in Q1, we were affected by the Russia and Ukraine situation, which obviously in Europe has a huge impact on the way the trading commenced, especially in the emerging equity space. And thus, things you cannot always see reflected in the volatility or the volumes on itself because it also impacts the spread of the products, the way that the dynamics of the flows are going. So there's a lot of noise in those statistics. So if you would just look at the VIX, which is the US based, it doesn't fully correlate always to the European activities. And so every quarter, we have specific noise or reasons that these are different. So we also look at other KPIs.

So for instance, the market shares in the ETPs, which are stable, we look at our competitive position. So with that, the revenue capture, if you look on the entire whole level, which is, if

you adjust in the P&L, all the instruments we have and then look at the ETP volumes, that doesn't always reflect the true quarter.

Julian Dobrovolschi: Yeah. So is that then more or less fair to assume that literally the spreads are significantly thinner this quarter versus, let's say, even one year ago? Is it kind of one reason to assume why the revenue capture dropped so much?

Folkert Joling: Well, definitely not everywhere. In some place, it was. But to answer the original first question, no, there have not been any outliers in this location. It's not, per se, that we need those outliers, to be clear. We are exposed to a wide range of different markets and different activities, which is, also, if something happens somewhere, we will have trading activities, which will do well for those situations. So it's also about the number of difference as well as minor dislocations or events happening all over the globe. So that is also the reason that we diversified. It is a mix of all kinds of events happening.

Julian Dobrovolschi: Yeah, perfect. Well, thank you. Thank you again.

Operator: There are no further questions. I will hand back to your host to conclude today's conference.

Jonathan Berger: Thank you, operator. I'd like to thank all the analysts participating in today's call. Please note we host our next analyst call when we release our fourth quarter and full year 2022 results early next year. Details of this call and the timing will follow in Q4.

Our third quarter trading update is scheduled to release on 27th October. And lastly, we look forward to meeting with many of you at this afternoon's Capital Markets update. This now ends the call. Thanks again, and have a good day.

Operator: Thank you for joining today's call. You may now disconnect.

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