

**FLOW TRADERS Q4 2023 RESULTS**

Amsterdam, the Netherlands – Flow Traders Ltd. (Euronext: FLOW) announces its unaudited Q4 2023 results.

**Highlights**

- Flow Traders recorded Normalized Net Trading Income of €72.8m and Normalized Total Income of €72.9m in Q423. For FY23, Normalized Total Income was €299.8m compared to €460.6m in FY22 given the overall decline in market activity over the year.
- Flow Traders' Value Traded declined 5% y/y in Q423 and declined by 16% y/y in 2023 given the subdued market environment.
- Normalized Operating Expenses were €49.4m in Q423, with Normalized Fixed Operating Expenses of €40.4m. For FY23, Normalized Operating Expenses came in at €207.6m, down from €252.4m in FY22. Normalized Fixed Operating Expenses were €174.1m, up from €161.6m in 2022, and compared to the guidance of €175–185m.
- Normalized EBITDA was €23.4m in Q423, generating a Normalized EBITDA margin of 31%. For FY23, Normalized EBITDA totaled €92.2m, with a margin of 31%, down from €208.2m and 45% in FY22.
- Normalized Net Profit was €15.3m in Q423, yielding a Normalized basic EPS of €0.35. For FY23, Normalized Net Profit totaled €59.5m with a Normalized basic EPS of €1.38, compared to €150.2m and €3.45 in FY22.
- Trading capital stood at €584m at the end of Q423, compared to €585m at the end of Q323, and generated a 51% return on trading capital<sup>1</sup>.
- Shareholders' equity was €586m at the end of Q423, compared to €590m at the end of Q323.
- Flow Traders employed 646 FTEs at the end of Q423, compared to 658 at the end of Q323 and 660 at the end of FY22, which is slightly below the guidance of broadly flat headcount for the year.
- Flow Traders proposes a final FY23 dividend of €0.15, resulting in total dividends of €0.45 for FY23 and a 54% payout ratio.

**Financial Overview**

€million	Q423	Q422	Change	FY23	FY22	Change
<b>Normalized total income</b>	<b>72.9</b>	<b>113.9</b>	<b>(36%)</b>	<b>299.8</b>	<b>460.6</b>	<b>(35%)</b>
<b>Normalized net trading income<sup>2</sup></b>	<b>72.8</b>	<b>115.6</b>	<b>(37%)</b>	<b>300.3</b>	<b>459.5</b>	<b>(35%)</b>
EMEA	40.5	66.2	(39%)	162.2	312.5	(49%)
Americas	18.4	37.1	(50%)	83.2	91.7	(9%)
APAC	13.9	12.3	13%	54.9	55.2	(1%)
<b>Normalized other income<sup>2</sup></b>	<b>0.1</b>	<b>(1.7)</b>	<b>-</b>	<b>(0.5)</b>	<b>1.1</b>	<b>-</b>
Fixed employee expenses	17.5	19.9	(12%)	76.0	73.2	4%
Technology expenses	15.3	16.4	(6%)	64.4	61.2	5%
Other expenses	7.6	7.9	(4%)	33.7	27.3	23%
<b>Normalized fixed operating expenses</b>	<b>40.4</b>	<b>44.2</b>	<b>(9%)</b>	<b>174.1</b>	<b>161.6</b>	<b>8%</b>
Normalized employee expenses <sup>3</sup>	26.5	41.4	(36%)	109.5	164.0	(33%)
<b>Normalized operating expenses</b>	<b>49.4</b>	<b>65.7</b>	<b>(25%)</b>	<b>207.6</b>	<b>252.4</b>	<b>(18%)</b>
<b>Normalized EBITDA</b>	<b>23.4</b>	<b>48.2</b>	<b>(51%)</b>	<b>92.2</b>	<b>208.2</b>	<b>(56%)</b>
Depreciation / amortisation	4.2	4.7	(11%)	18.3	16.8	9%
Write off of (in) tangible assets	0.0	-	-	0.1	0.2	(53%)
<b>Normalized profit before tax</b>	<b>19.2</b>	<b>43.5</b>	<b>(56%)</b>	<b>73.8</b>	<b>191.2</b>	<b>(61%)</b>
Normalized tax	3.9	10.0	(61%)	14.4	41.0	(65%)
<b>Normalized net profit</b>	<b>15.3</b>	<b>33.6</b>	<b>(54%)</b>	<b>59.5</b>	<b>150.2</b>	<b>(60%)</b>
Normalized basic EPS <sup>4</sup> (€)	0.35	0.78	(55%)	1.38	3.45	(60%)
Normalized EBITDA margin	32%	42%	(24%)	31%	45%	(32%)

**Value Traded Overview**

€billion	Q423	Q422	Change	FY23	FY22	Change
<b>Flow Traders ETP Value Traded</b>	<b>375</b>	<b>396</b>	<b>(5%)</b>	<b>1,464</b>	<b>1,775</b>	<b>(18%)</b>
Europe	151	179	(16%)	617	787	(22%)
Americas	203	195	4%	753	892	(16%)
Asia	22	22	(1%)	93	96	(3%)
<b>Flow Traders non-ETP Value Traded</b>	<b>1,144</b>	<b>1,209</b>	<b>(5%)</b>	<b>4,185</b>	<b>4,989</b>	<b>(16%)</b>
<b>Flow Traders Value Traded</b>	<b>1,518</b>	<b>1,605</b>	<b>(5%)</b>	<b>5,648</b>	<b>6,765</b>	<b>(16%)</b>
Equity	762	780	(2%)	3,009	3,349	(10%)
Fixed income	289	363	(20%)	1,154	1,323	(13%)
Currency, Crypto, Commodity	422	451	(6%)	1,312	1,940	(32%)
Other	45	11	309%	173	152	14%
<b>Market ETP Value Traded<sup>5</sup></b>	<b>11,714</b>	<b>11,640</b>	<b>1%</b>	<b>43,081</b>	<b>51,811</b>	<b>(17%)</b>
Europe	557	506	10%	2,039	2,371	(14%)
Americas	9,877	9,781	1%	35,874	44,675	(20%)
Asia	1,280	1,353	(5%)	5,168	4,764	8%
Asia ex China	383	403	(5%)	1,578	1,591	(1%)

**Market Environment**

- Equity trading volumes and volatility in Europe remained muted in Q4. While trading volumes improved compared to Q3, they remained down meaningfully compared to the same period a year ago. Market volatility, on the other hand, was down in the period vs. both the last quarter and the same period last year despite a temporary increase in October and reached the lowest point of the year in December.
- The Americas saw a rebound in trading volumes in the quarter, both compared to last quarter and the same period a year ago. However, volatility was roughly flat quarter-on-quarter and down significantly year-on-year.
- Asia saw volumes decline in the quarter compared to last quarter, driven in part by declines in Hong Kong and China, and was flat compared to the same period a year ago.
- Volumes and volatility from an asset class perspective followed the same pattern, improving on a quarter-on-quarter basis, but saw a meaningful decline vs. the same period a year ago. The exception was cryptocurrencies, which saw a strong improvement compared to last quarter given the resurgence in interest in the quarter.

**Share Buyback**

- €3.2m worth of shares were repurchased in Q423 as part of the €15m share buyback program announced in October 2022. A portion of the shares to be repurchased under this program could be allocated to employee incentive plans as needed.

**Outlook**

- Normalized Fixed Operating Expenses for FY23 came in at €174m vs. the €175-185m guidance. The firm remains fully focused on operational and cost efficiencies across the business while implementing its growth and diversification strategies. For FY24, Normalized Fixed Operating Expenses are expected to be in the same range as FY23 for the full year as headcount is expected to be flat to down for the year, offset by continued technology investments and inflationary pressures.

### **CEO statement**

#### **Mike Kuehnel, CEO**

“We saw a slightly improved trading environment in the fourth quarter when compared to the third quarter, though volumes and volatility were still down compared to the same period last year. The brief increase in volatility in October was met with the lowest levels of volatility for the year in November and December. For full year 2023, we are pleased to see our diversification strategy yielded solid results despite the slowdown in market activity as we were able to benefit from the recent increase in activity within the CCC segment, which somewhat offset the lower market activity in equity and fixed income when compared to a year ago.

In Europe, given the continued increase of institutional and retail interest in digital assets, we announced the formation of AllUnity, a Euro-stablecoin partnership with DWS Asset Management and Galaxy Digital. AllUnity furthers aligns with Flow Traders’ focus on contributing to the development of innovation within the digital asset space. We also spearheaded a concerted effort and leveraged our expertise to act as lead market maker and liquidity provider for our partners during the recent spot Bitcoin ETF launches in the U.S.. We are pleased to see significant developments within the digital asset space as we strongly believe it brings increased maturity and adoption.

In the Americas, we continued to expand our regional presence in Chicago, our second location in the U.S., as well as growing our product coverage by providing liquidity in ADRs. In Asia, we are encouraged by the already positive contribution from our nascent operation in China in the first year after receipt of our QFII license and look forward to further building relationships with the issuers, counterparties and other stakeholders to support the growth of the ETP ecosystem.

Looking at our operations, we continue to focus on cost and operational efficiencies while balancing our key growth initiatives. In 2023, our Fixed Operating Expenses came in slightly below our guidance and we expect a similar projection in 2024 but remain vigilant, given continued investments in technology and inflationary pressures.

In 2024, we will continue to focus on executing our strategy to strengthen and diversify our business and contribute to driving transparency and efficiency across global financial markets in collaboration with our partners. As we come up on the 20<sup>th</sup> anniversary of Flow Traders this year, we continue to pride ourselves on fostering our talent, which underpins the success of the company and remains as important as ever as we execute our strategy across our regions and asset classes.”

**Normalized Performance**

- Flow Traders makes certain adjustments to various IFRS expense and profit measures in order to derive Alternative Performance Measures (APM). The policy is to exclude or adjust items that are considered to be significant in both nature or size and where the treatment as an adjusted item provides stakeholders with useful information to assess the year-on-year or quarter-on-quarter underlying performance. On this basis, the following items were adjusted or excluded for the Q423 results:
  - Removal of IFRS 2 treatment of share-based payments which include the deferral of a portion of the current year share plans as well as recognition of prior years' share plans. This adjustment provides insights into the relationship between the current year variable employee expenses and current year trading performance.
  - Other income line includes all the realized and unrealized results on Flow Traders' long-term equity investments whether accounted for as Fair Value Other Comprehensive Income (FV OCI), Fair Value Profit and Loss (FVPL) or Results of Equity Accounted Investments.
  - Exclusion of one-off expenses related to the completed corporate holding structure update and balance sheet review work. These are not considered to be part of the underlying operating expenses of the business.
  - Tax expenses are adjusted based upon the pre-tax adjustments and/or excluded items above.

**IFRS Financial Overview**

€million	Q423	Q422	Change	FY23	FY22	Change
<b>Total income</b>	<b>74.3</b>	<b>115.5</b>	<b>(36%)</b>	<b>303.9</b>	<b>458.7</b>	<b>(34%)</b>
<b>Net trading income</b>	<b>72.7</b>	<b>115.7</b>	<b>(37%)</b>	<b>300.3</b>	<b>460.2</b>	<b>(35%)</b>
<b>Other income</b>	<b>1.6</b>	<b>(0.2)</b>	<b>-</b>	<b>3.6</b>	<b>(1.5)</b>	<b>-</b>
Employee expenses <sup>3</sup>	39.6	46.6	(15%)	134.0	176.8	(24%)
Technology expenses	15.3	16.4	(6%)	64.4	61.2	5%
Other expenses	7.6	7.9	(4%)	33.7	27.3	23%
One-off expenses <sup>6</sup>	-	1.5	-	4.3	14.1	-
<b>Adjusted total operating expenses<sup>8</sup></b>	<b>62.5</b>	<b>72.4</b>	<b>(14%)</b>	<b>236.3</b>	<b>279.3</b>	<b>(15%)</b>
<b>EBITDA</b>	<b>11.8</b>	<b>43.2</b>	<b>(73%)</b>	<b>67.5</b>	<b>179.3</b>	<b>(62%)</b>
<b>Profit before tax</b>	<b>7.4</b>	<b>38.0</b>	<b>(80%)</b>	<b>44.7</b>	<b>161.7</b>	<b>(72%)</b>
<b>Net profit</b>	<b>6.4</b>	<b>29.5</b>	<b>(78%)</b>	<b>36.2</b>	<b>126.8</b>	<b>(72%)</b>
Basic EPS <sup>4</sup> (€)	0.15	0.68	(78%)	0.84	2.92	(71%)
Fully diluted EPS <sup>7</sup> (€)	0.14	0.65	(78%)	0.81	2.76	(71%)
EBITDA margin	16%	37%	(58%)	22%	39%	(43%)

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

### Normalized to IFRS Reconciliation

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

### Notes

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

### **Preliminary Financial Calendar**

1 March 2024	Release 2023 Annual Report
31 March 2024	Start silent period ahead of Q124 trading update
25 April 2024	Release Q124 trading update (no analyst conference call)
13 June 2024	AGM
17 June 2024	FY23 final dividend proposed ex-dividend date
18 June 2024	FY23 final dividend proposed record date
20 June 2024	FY23 final dividend proposed payment date
30 June 2024	Start of silent period ahead of H124 results
25 July 2024	Release of H124 results (inc. analyst conference call)

### **Contact Details**

#### **Flow Traders Ltd.**

##### *Investors*

Eric Pan

Phone: +31 20 7996180

Email: [investor.relations@flowtraders.com](mailto:investor.relations@flowtraders.com)

##### *Media*

Laura Peijs

Phone: +31 20 7996125

Email: [press@flowtraders.com](mailto:press@flowtraders.com)

### **About Flow Traders**

Flow Traders is a leading trading firm providing liquidity in multiple asset classes, covering all major exchanges. Founded in 2004, Flow Traders is a leading global ETP market maker and has leveraged its expertise in trading ETPs to expand into fixed income, commodities, digital assets and FX. Flow Traders' role in financial markets is to ensure the availability of liquidity and enabling investors to continue to buy or sell financial instruments under all market circumstances, thereby ensuring markets remain resilient and continue to function in an orderly manner. In addition to its trading activities, Flow Traders has established a strategic investment unit focused on fostering market innovation and aligned with our mission to bring greater transparency and efficiency to the financial ecosystem. With nearly two decades of experience, we have built a team of over 600 talented professionals, located globally, contributing to the firm's entrepreneurial culture and delivering the company's mission.

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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.

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