

Flow Traders 4Q and FY 2024 Results

Amsterdam, the Netherlands - Flow Traders Ltd. (Euronext: FLOW) announces its unaudited 4Q and FY 2024 results.

Flow Traders posts record fourth quarter results and the second-best fiscal year results in its 20-year history with €159.0m and €479.3m in Total Income, respectively. The company also ends 2024 with record levels of Trading Capital and Shareholders' Equity at €775m and €766m, respectively.

Financial Highlights

4Q 2024

- Flow Traders recorded Net Trading Income of €153.8m and Total Income of €159.0m in 4Q24, increases of 112% and 114% when compared to the €72.7m and €74.3m in 4Q23, respectively.
- Flow Traders' ETP Value Traded increased by 13% in 4Q24 to €424m from €376m in 4Q23.
- Fixed Operating Expenses were €45.3m in the quarter, an increase of 12% when compared to the €40.4m in 4Q23, due mostly to increased employee and technology expenses and an abnormally low 4Q23 given timing of expenses.
- Total Operating Expenses were €76.8m in 4Q24, an increase of 23% when compared to the €62.5m in 4Q23, due mostly to higher variable employee compensation expenses.
- EBITDA was €82.1m in the quarter, an almost seven-fold increase when compared to the €11.8m in 4Q23. EBITDA margin was 52% in 4Q24 vs. 16% in 4Q23.
- Net Profit came in at €63.2m in 4Q24, yielding a basic EPS of €1.47 and diluted EPS of €1.42, an almost ten-fold increase compared to a Net Profit of €6.4m, basic EPS of €0.15, and diluted EPS of €0.14 in 4Q23.
- Flow Traders employed 609 FTEs at the end of 4Q24, compared to 605 at the end of 3Q24 and 613 at the end of 4Q23 (see note 1).

FY 2024

- For full year 2024, Net Trading Income totaled €467.8m and Total Income was €479.3m, increases of 56% and 58% when compared to €300.3m and €303.9m in FY 2023, respectively.
- Flow Traders' ETP Value Traded increased by 5% in FY 2024 to €1,545b from €1,465b in FY 2023.
- Fixed Operating Expenses for the year totaled €179.1m, an increase of 3% from €174.1m in FY 2023, which is in-line with guidance.
- Total Operating Expenses for the year was €264.4m, an increase of 12% from €236.3m in FY 2023, due mostly to higher variable employee compensation expenses.
- EBITDA for the year was €214.9m, up 218% compared to €67.5m in FY2023. EBITDA margin was 45% in FY 2024 vs. 22% in FY 2023.
- Total Net Profit for the year totaled €159.5m with basic EPS of €3.69 and diluted EPS of €3.56, a more than four-fold increase compared to €36.2m, €0.84 and €0.81 in FY 2023, respectively.

Trading Capital and Shareholders' Equity

- Trading capital stood at €775m at the end of 4Q24 and FY 2024, an increase of 16% compared to €668m at the end of 3Q24 and 33% compared to €584m at the end of 4Q23 and FY 2023.
- Return on average trading capital² was 69% in 4Q24 and FY 2024, compared to 49% in 4Q23 and FY 2023. With the accelerating growth of trading capital following the Capital Expansion Plan announced in July 2024, trading returns will be calculated as LTM NTI / Average Trading Capital going forward.
- Shareholders' equity was €766m at the end of 4Q24 and FY 2024, an increase of 15% compared to €666m at the end of 3Q24 and 31% compared to €586m at the end of 4Q23 and FY 2023.
- Flow Traders generated a Return on Equity of 24% in FY 2024, compared to 6% in FY 2023.

Financial Overview

€million	4Q24	4Q23	Change	FY2024	FY2023	Change
Net trading income	153.8	72.7	112%	467.8	300.3	56%
Other income	5.1	1.6		11.5	3.6	
Total income	159.0	74.3	114%	479.3	303.9	58%
Revenue by region³						
Europe	86.9	42.6	104%	274.1	167.8	63%
Americas	18.2	18.1	1%	93.6	82.1	14%
Asia	53.8	13.6	295%	111.5	53.9	107%
Employee expenses						
Fixed employee expenses	20.2	17.5	15%	81.6	76.0	7%
Variable employee expenses	31.5	22.1	43%	85.3	57.9	47%
Technology expenses	16.9	15.3	10%	66.6	64.4	3%
Other expenses	8.2	7.6	8%	30.9	33.7	(8%)
One-off expenses ⁴	-	-		0.0	4.3	(100%)
Total operating expenses	76.8	62.5	23%	264.4	236.3	12%
EBITDA	82.1	11.8	597%	214.9	67.5	218%
Interest Expense	0.5	-		1.1	0.0	
Depreciation & amortisation	4.6	4.2	9%	17.4	18.4	(5%)
Profit/(loss) on equity-accounted investments	(0.1)	(0.1)	5%	(2.0)	(4.5)	(55%)
Profit before tax	76.9	7.4	935%	194.4	44.7	335%
Tax expense	13.7	1.0	1230%	34.8	8.5	310%
Net profit	63.2	6.4	888%	159.5	36.2	341%
Basic EPS ⁵ (€)	1.47	0.15		3.69	0.84	
Fully diluted EPS ⁶ (€)	1.42	0.14		3.56	0.81	
EBITDA margin	52%	16%		45%	22%	

Revenue by Region

€million	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Europe	58.5	33.1	33.6	42.6	68.4	48.6	70.2	86.9
Americas	32.8	9.3	22.0	18.1	41.3	13.4	20.8	18.2
Asia	19.2	9.0	12.1	13.6	19.9	14.2	23.6	53.8

Value Traded Overview

€billion	4Q24	4Q23	Change	FY2024	FY2023	Change
Flow Traders ETP Value Traded	424	376	13%	1,545	1,465	5%
Europe	195	151	29%	655	619	6%
Americas	193	203	(5%)	776	754	3%
Asia	36	22	65%	114	93	22%
Flow Traders non-ETP Value Traded	1,233	1,074	15%	4,703	4,115	14%
Flow Traders Value Traded	1,657	1,450	14%	6,248	5,580	12%
Equity	809	762	6%	3,217	3,009	7%
FICC	783	641	22%	2,817	2,396	18%
Other	64	48	33%	214	176	22%
Market ETP Value Traded⁷	13,192	11,714	13%	47,933	43,081	11%
Europe	728	557	31%	2,518	2,039	24%
Americas	9,954	9,877	1%	38,545	35,874	7%
Asia	2,510	1,280	96%	6,871	5,168	33%
Asia ex China	582	383	52%	2,020	1,578	28%

Trading Capital

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Trading Capital (€m)	647	574	585	584	609	624	668	775
Return on Avg Trading Capital ²	67%	65%	56%	49%	50%	58%	62%	69%
Average VIX ⁸	21.0	16.7	15.1	15.4	13.9	14.2	17.1	17.3

Market Environment

Europe

Equity trading volumes in the quarter across major exchanges saw double-digit percentage point improvements when compared to the same period a year ago and single-digit improvements when compared to last quarter. Market volatility increased by single-digits compared to both the same period a year ago and last quarter.

Fixed Income trading volumes on MTFs saw low double-digit percentage point improvements compared to the same period a year ago and single-digit improvements compared to last quarter.

Americas

Equity trading volumes in the U.S. saw single-digit percentage point improvements when compared to both the same period a year ago and last quarter. Market volatility increased slightly when compared to the same period a year ago and was flat compared to last quarter.

Fixed Income trading volumes in the U.S. were mixed across the various trading venues but were in general better when compared to the same period a year ago but weaker compared to last quarter. Volatility declined when compared to the same period a year ago and was relatively flat when compared to last quarter.

Asia

Equity trading volumes in Asia were mixed as Hong Kong and China saw significant increases while Japan experienced declines both when compared to the same period a year ago as well as last quarter. Market volatility, for the most part, increased across all the regions both year-on-year and quarter-on-quarter, with the exception being Japan, where it declined compared to last quarter.

Digital Assets

Within Digital Assets, which trades across regions on a 24/7 basis, trading volumes increased significantly both compared to the same period a year ago and last quarter. Volatility increased slightly both year-on-year and quarter-on-quarter.

Trading Capital Expansion Plan

In recent years, Flow Traders has successfully diversified its core trading model across different asset classes and geographies, which resulted in increased optionality for the business. The company sees a range of emerging opportunities to accelerate growth by systematically expanding its trading capital base.

With the 2Q 2024 results, the company announced the suspension of the dividend and bank term loan as the initial steps in boosting the firm's trading capital. The bank loan and strong net profit generation boosted trading capital by €191m over the course of the year and immediately helped increase the capacity of the firm to capture more of the opportunities that arose during the year given the increased volatility and dislocations across different asset classes and regions around the world. Given the success of the Trading Capital Expansion Plan thus far, the firm will continue to pursue the most strategic debt financing options to further support its growth.

Treasury Shares

As a result of the second-best year in company history, portions of the previously repurchased shares from the €25m share buyback program conducted in July 2022 will be reallocated to employee incentive plans.

Outlook

Fixed operating expenses for FY 2025 are expected to be in the range of €190-210m given additional technology investments and targeted additions of subject matter experts in growth areas, partially offset by expected operational efficiency gains.

CEO Statement

Mike Kuehnel, CEO

“Flow Traders closed out 2024 with a record fourth quarter and the second-best year in the company’s 20-year history. Following the strategic decision to accelerate the expansion of our trading capital base last July, the additional capital has enabled us to capture additional opportunities and leverage dislocations in the market during a period of heightened volatility across different regions and asset classes. Following one of the calmest markets in recent memory in 2023, we were able to achieve a 69% return on average trading capital in 2024. This demonstrates the robustness and coverage of our trading strategies and is a result of the company’s growth and diversification strategy.

In the fourth quarter, market trading volumes and volatility increased meaningfully across Europe and Asia, and within equity and digital assets. We were able to capitalize on this increased activity given the significant multi-year investments in talent and technology that we made in Asia and digital assets. Additionally, our partnerships with emerging financial infrastructure providers, such as the Börse Stuttgart Digital and Wormhole partnerships in the digital assets space and OpenYield in the fixed income space, will allow the company to further participate in and shape the future of financial markets.

As digital assets continue to gain acceptance by governments and institutions around the world, we believe Flow Traders has a pivotal role to play given our strong capabilities in both traditional finance and digital assets ecosystems. With our unique distribution network, technology and pricing capabilities, we aim to be an important bridge by connecting various stakeholders to bring the 24/7 trading currently available in digital assets to the traditional financial landscape. Our partnership with DWS and Galaxy in AllUnity is one example of a platform which we believe could be pivotal in achieving this transition.

Looking forward to 2025, we will continue to invest in the expansion of our trading capabilities and increasing sophistication, with tailored investments in technology and additional talent given the attractive opportunities in front of us. Opportunities which would otherwise not be possible without the accelerated growth of our trading capital base as a result of our trading capital expansion plan. To offset some of the additional investments, we stay fully committed to the streamlining and automation work to systematically improve efficiency and strengthen our core operations as the firm continues to grow and scale.”

Preliminary Financial Calendar

24 April 2025

1Q25 Trading Update

Analyst Conference Call and Webcast

The 4Q24 results analyst conference call will be held at 10:00 am CET on Thursday 13 February 2025. The presentation can be downloaded at <https://www.flowtraders.com/investors/results-centre> 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.

Contact Details

Flow Traders Ltd.

Investors

Eric Pan

Phone: +31 20 7996799

Email: investor.relations@flowtraders.com

Media

Laura Peijs

Phone: +31 20 7996799

Email: 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.

Notes

1. Figures restated to include only active employees and exclude those on garden leave per CSRD definition.
2. Return on trading capital defined as LTM NTI divided by the average of the prior and current end of period trading capital.
3. Revenue by region includes NTI, Other Income, and inter-company revenue.
4. One-off expenses related to the completed corporate holding structure update and capital structure review work.
5. Weighted average shares outstanding: 4Q24 - 43,066,302; 3Q24 - 43,095,744; 4Q23 - 43,166,257.
6. Determined by adjusting the basic EPS for the effects of all dilutive share-based payments to employees.
7. Source - Flow Traders analysis.
8. Starting in 3Q24, average VIX is calculated as the average of VIX daily closing prices.

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