



FLOW ■ **TRADERS**

Flow Traders Ltd.

2Q and 1H 2024 Results Presentation

26 July 2024

Disclaimer

This presentation is prepared by Flow Traders Ltd. and is for information purposes only and the material contained in this document is provided 'as is'. It is not a recommendation to engage in investment activities and you must not rely on the content of this document when making any investment decisions. The information in this document does not constitute legal, tax, or investment advice and is not to be regarded as investor marketing or marketing of any security or financial instrument, or as an offer to buy or sell, or as a solicitation of any offer to buy or sell, securities or financial instruments.

The information and materials contained in this presentation are provided 'as is' and Flow Traders Ltd. or any of its affiliates ("Flow Traders") do not warrant the accuracy, adequacy or completeness of the information and materials and expressly disclaim liability for any errors or omissions. This presentation is not intended to be and shall not constitute in any way a binding or legal agreement or impose any legal obligation on Flow Traders. All intellectual property rights, including trademarks, are those of their respective owners. All rights reserved. All proprietary rights and interest in or connected with this publication shall vest in Flow Traders. No part of it may be redistributed or reproduced without the prior written permission of Flow Traders.

This presentation may include forward-looking statements, which are based on Flow Traders' current expectations and projections about future events and are not guarantees of future performance. Forward looking statements are statements that are not historical facts, including statements about our beliefs and expectations. Words such as "may", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "project", "believe", "could", "hope", "seek", "plan", "foresee", "aim", "objective", "potential", "goal", "strategy", "target", "continue" and similar expressions or their negatives are used to identify these forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of Flow Traders. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no undue reliance should be placed on any forward-looking statements.

Forward-looking statements speak only as at the date at which they are made. Flow Traders expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statements contained in this presentation to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law.

Financial objectives are internal objectives of Flow Traders to measure its operational performance and should not be read as indicating that Flow Traders is targeting such metrics for any particular fiscal year.

Flow Traders' ability to achieve these financial objectives is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond Flow Traders' control, and upon assumptions with respect to future business decisions that are subject to change. As a result, Flow Traders' actual results may vary from these financial objectives, and those variations may be material.

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.

By accepting this document you agree to the terms set out above.

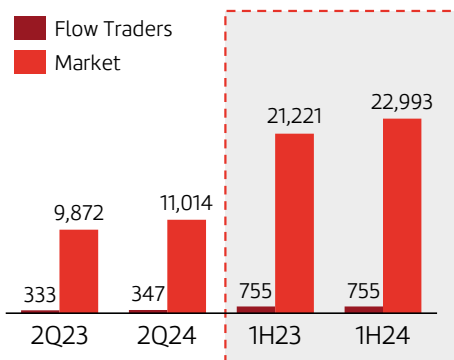
If you do not agree with the terms set out above please notify legal.amsterdam@nl.flowtraders.com immediately and delete or destroy this document.

All results published in this presentation are unaudited.

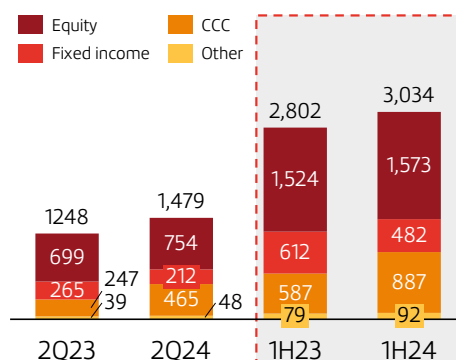
2Q24 and 1H24 Snapshot

2Q24 saw improvements in market trading volumes but volatility remained subdued.

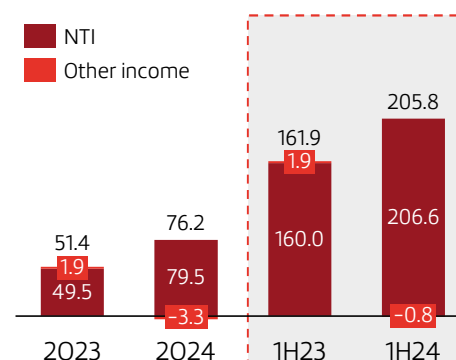
ETP Value Traded (€bn)



Total Value Traded (€bn)



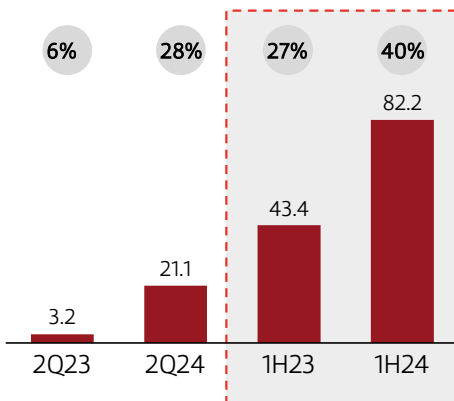
Total Income (€m)



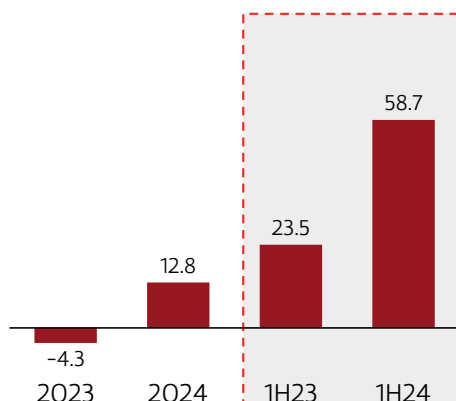
Summary

- Market trading volumes improved in the quarter both q/q and y/y, however, volatility remained subdued.
- Flow Traders' ETP Value Traded increased by 4% y/y in the quarter.
- Fixed Operating Expenses were €44.9m for the quarter, in-line with the full-year guidance.
- Total Operating Expenses were €55.2m in the quarter vs. €48.2m in 2Q23 due mainly to higher variable employee expenses.
- Net Profit was €12.8m in the quarter compared to a €4.3m loss in 2Q23.
- 635 FTEs at the end of the quarter vs. 646 at the end of 2023, compared to guidance of flat to down for the year.
- €5.3m worth of shares were repurchased in the quarter as part of the €15m share buyback program, with €2.2m of the program remaining.

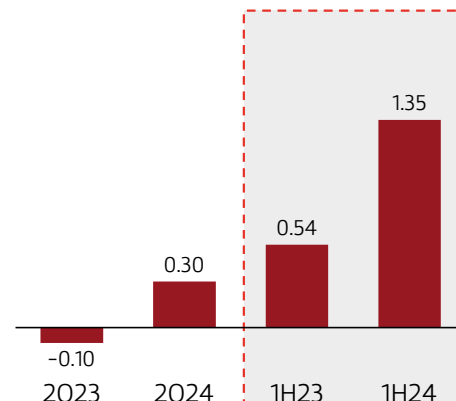
EBITDA (€m) and margin



Net Profit (€m)

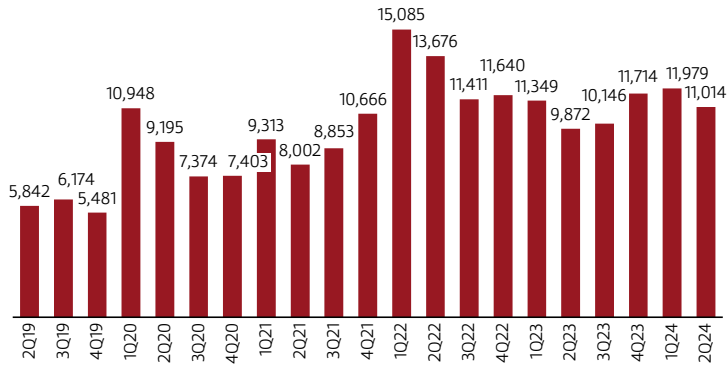


EPS (€)



Global ETP Market Continues to Grow in 2Q24

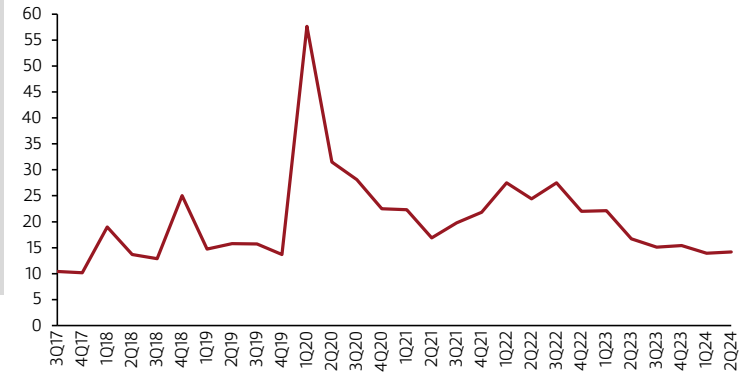
ETP Value Traded (€bn) *



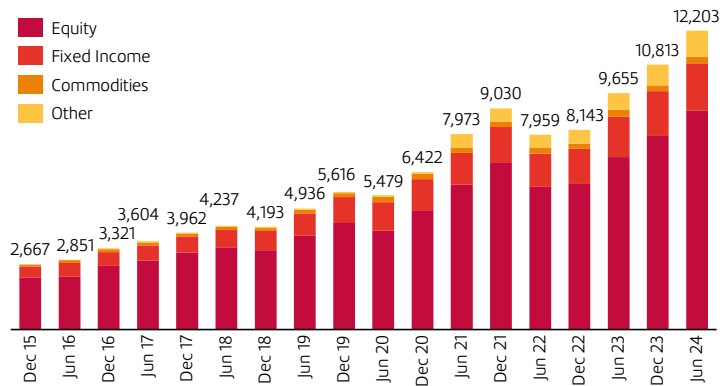
GENERAL MARKET DEVELOPMENTS

- Market ETP Valued Traded increased by 12% y/y in 2Q24 vs. 2Q23.
- Subdued levels of implied volatility (VIX) continued in 2Q24 and was 15% below the levels seen in 2Q23.

Average Implied Volatility (VIX)



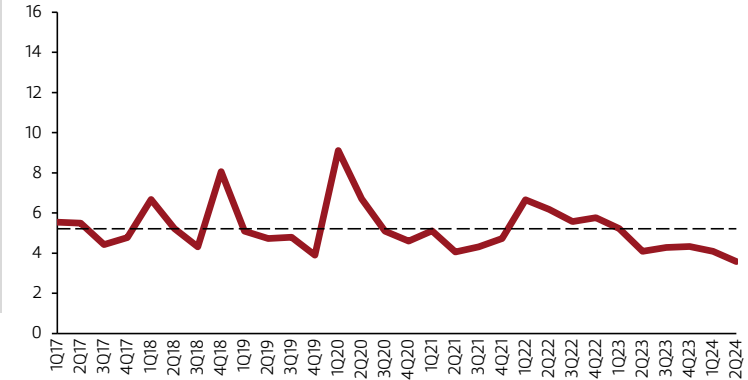
ETP AuM (€bn) **



ETP MARKET DEVELOPMENTS

- 13% increase in ETP AuM in the first half of 2024 to €12,203bn due to the strength in the market and continued fund inflows into ETPs.
- ETP velocity declined in the quarter.
- Strong growth outlook remains intact for the global ETP market.

ETP Velocity



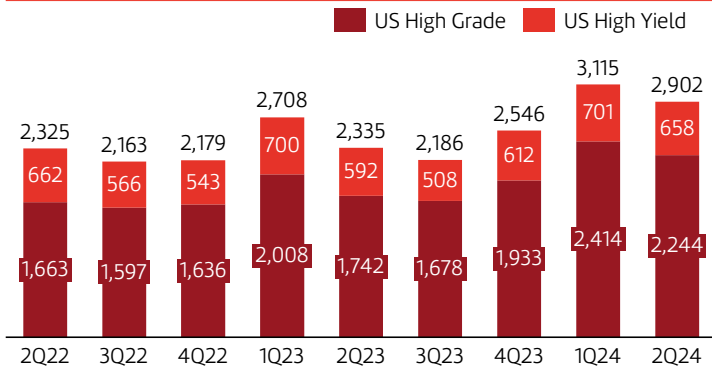
Note: ETP Velocity is calculated as ETP Value Traded divided by ETP AUM on an annualized basis.

* Source: Bloomberg, iShares, Tradeweb, Bloomberg RFQ, Flow Traders. See appendix

** Source: BlackRock ETP Landscape until December 2020. ETFGI from 2021 onwards

Fixed Income and Crypto Market Dynamics

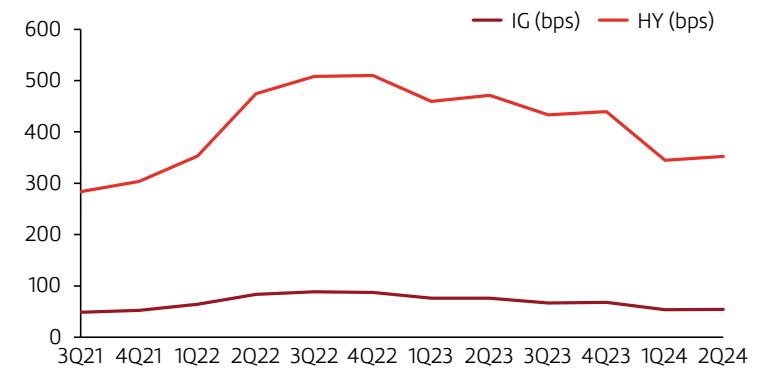
TRACE Volumes (\$bn)



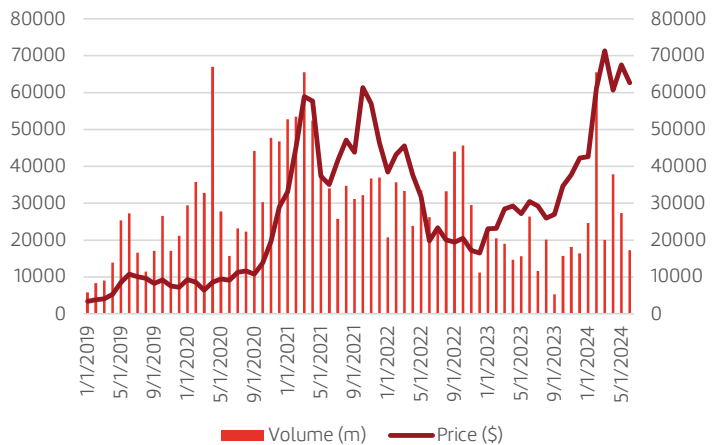
BOND MARKET DEVELOPMENTS

- U.S. Investment Grade and High Yield bond volumes increased in 2Q24 on y/y basis but decreased q/q. However, volatility levels were down on both a q/q and y/y basis.
- U.S. CDX spreads narrowed by close to 20% y/y given the decline in volatility.

US CDX Index



Bitcoin Volume and Price

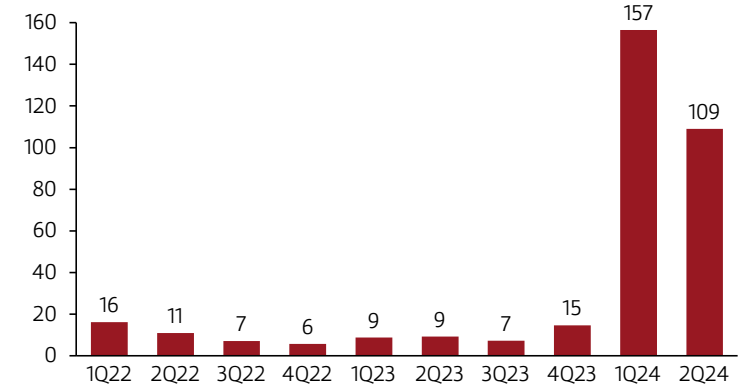


Source: Bloomberg, TradeWeb, CoinGecko, Flow Traders analysis

CRYPTO MARKET DEVELOPMENTS

- Trading volume and volatility in digital assets declined by double-digits in the quarter compared the first quarter but remain up significantly compared to the same period a year ago.
- Global crypto ETP value traded in 2Q24 declined by more than 30% q/q post the initial strong fund flows into the U.S. spot Bitcoin ETFs.

Global Crypto ETP Value Traded (€bn)



Note: Data for prior periods restated to include close-end funds that has been converted to ETFs.

2Q24 & 1H24 Regional Performance Overview

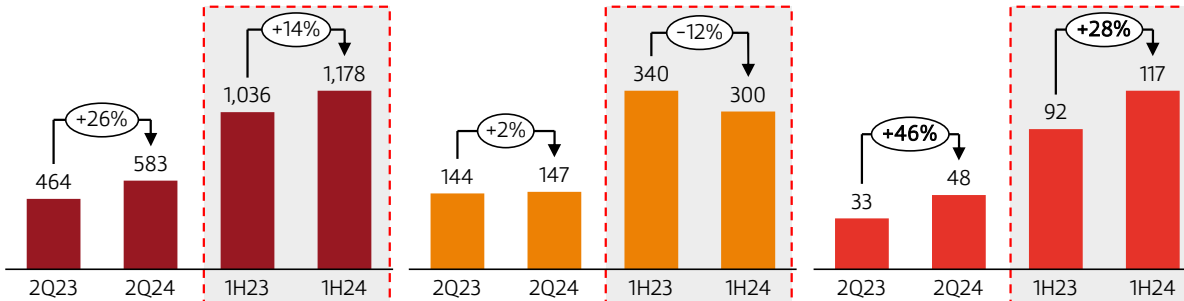
Market ETP Value Traded (€bn)

Flow ETP Value Traded (€bn)

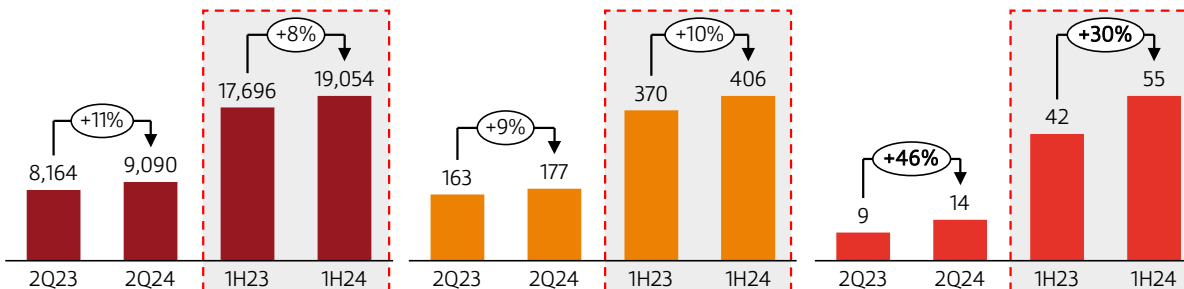
Revenue (€m)

2Q24 and 1H24 Highlights

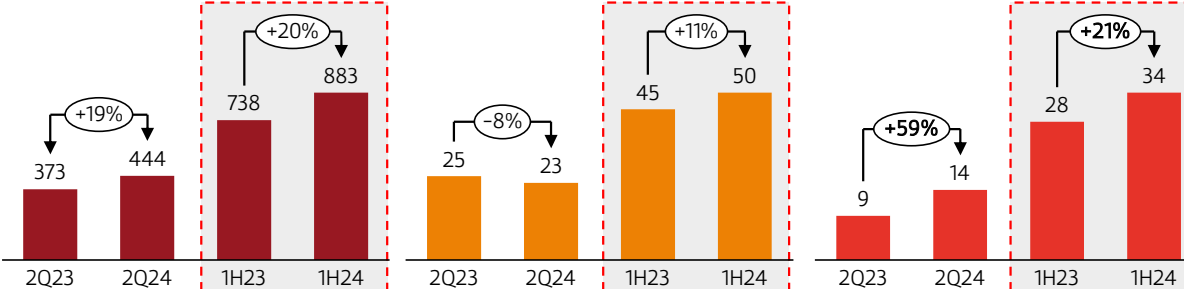
Europe



Americas



Asia



- Maintained position as a leading liquidity provider in ETPs amidst muted market activity and decreased volatility
- Investments in digital asset capability over the past 7 years and the ability to rapidly shift capital allowed the firm to capture opportunities in the asset class during the period.

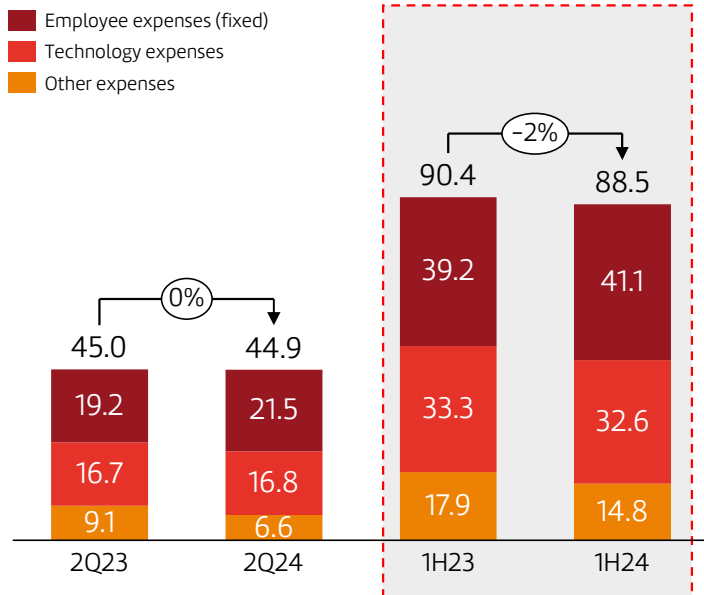
- Assisted partners in the U.S. spot Bitcoin ETF launches as a lead market maker, reflecting the long-term commitment to supporting the continued evolution of crypto and digital assets.
- Improved regulatory sentiment and increased institutional adoption of digital assets in the U.S. confirms our long-term investment strategy in the asset class.

- Increased contribution and market share from our China operations in the second year following the receipt of QFII license (back in November 2022).
- Received market access to begin commodities futures trading in China.

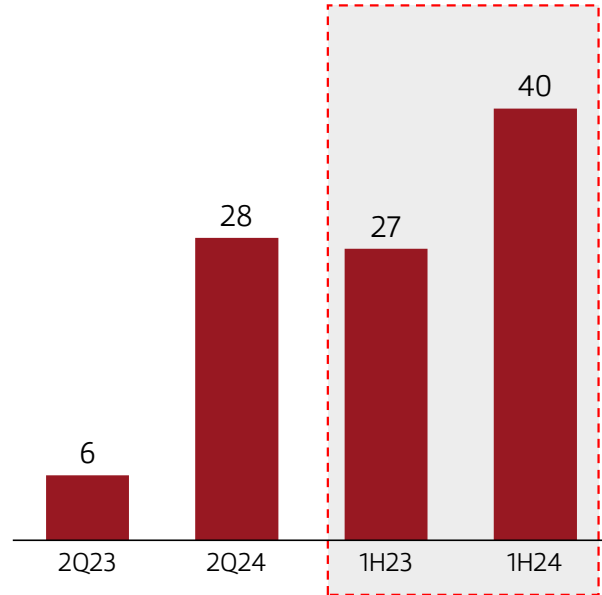
Note: APAC market ETP value traded excludes China

Continued Investment to Drive Strategic Growth while Focusing on Operational and Cost Efficiencies

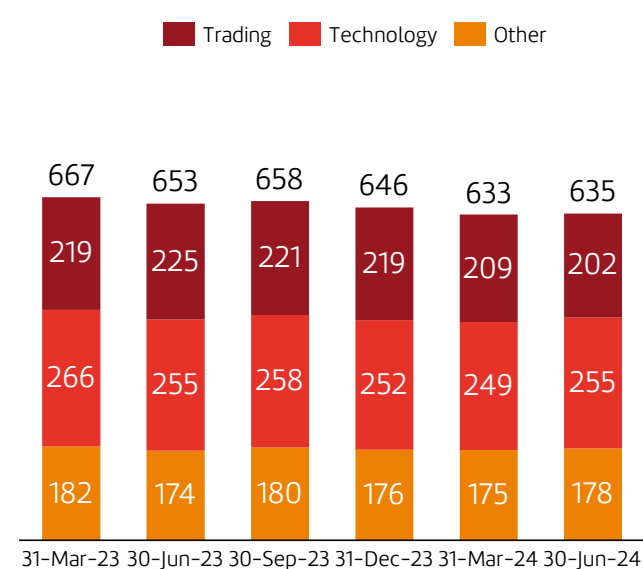
Fixed operating expenses (€m)*



EBITDA margin (%)



FTEs

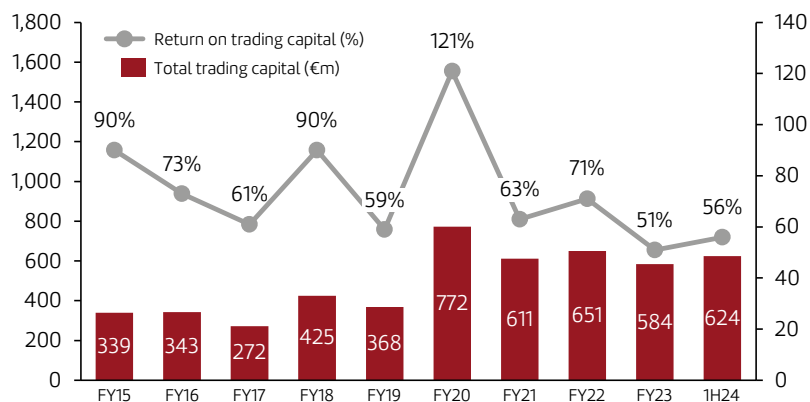


- Fixed operating expenses of €44.9m in 2Q24 were flat compared to 2Q23 as the decrease in FTE was offset mostly by salary increases.
- The firm remains fully focused on operational and cost efficiencies across the business while implementing its growth and diversification strategies. Fixed Operating Expenses for the year are expected to be in the same range as FY23 as headcount is expected to be flat to down for the year, offset by continued technology investments and inflationary pressures.

* Excludes one-off expenses

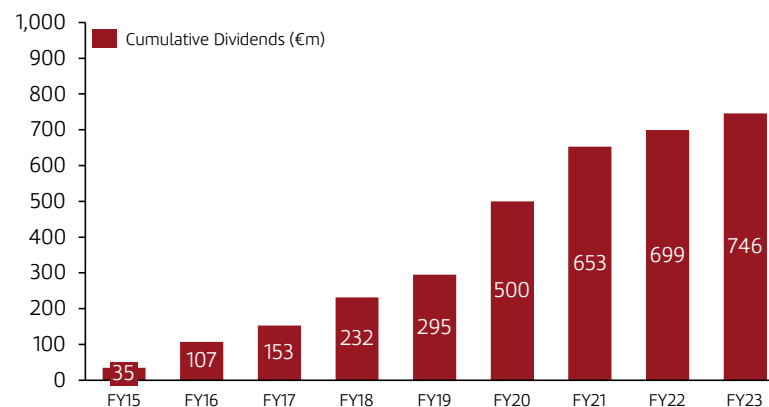
Initiation of Multi-Layered Trading Capital Expansion Plan to Increase Trading Capital

Trading Capital and Return on Trading Capital



Note: Return on trading capital defined as LTM NTI divided by end of period trading capital.

Cumulative Dividends Paid Since IPO



Trading capital is the life blood of a trading firm

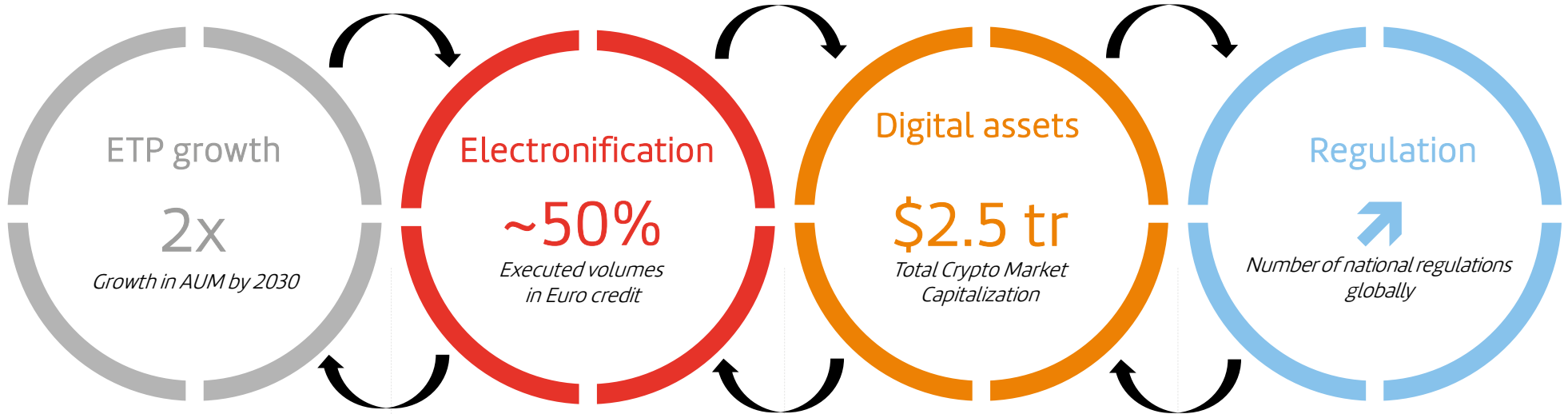
- Trading capital is the life blood of any trading firm and bolstering the firm's trading capital is therefore a strategic priority for the Board.
- The current trading capital base of €624m at the end of 1H24 is overshadowed by over €700m of dividends distributed to shareholders since the IPO.
- The company generated 75% average return on trading capital since the IPO.

Multi-layered trading capital expansion plan to increase trading capital given the myriad opportunities ahead of the company

- The Board has determined that the amendment of the firm's dividend policy to suspend regular dividend payments is the most cost-effective way to boost the trading capital base and generate long-term value for shareholders.
- The firm has secured a €25m bank term loan as an initial foray into the debt capital markets and will look to grow this amount in the coming years.
- Management is also exploring other potential debt funding options.

Supportive Mega Trends Remain Intact As Growth Catalysts

Four key trends continue to shape Flow Traders' market environment, largely offering an increased market opportunity set



- Industry ETF AUM projected to **more than double** from \$12 trillion as of the end of 1H 2024 to \$25 trillion in 2030
- ETFs remain a small % of global capital markets with <2% of fixed income and <7% of equities in 2023

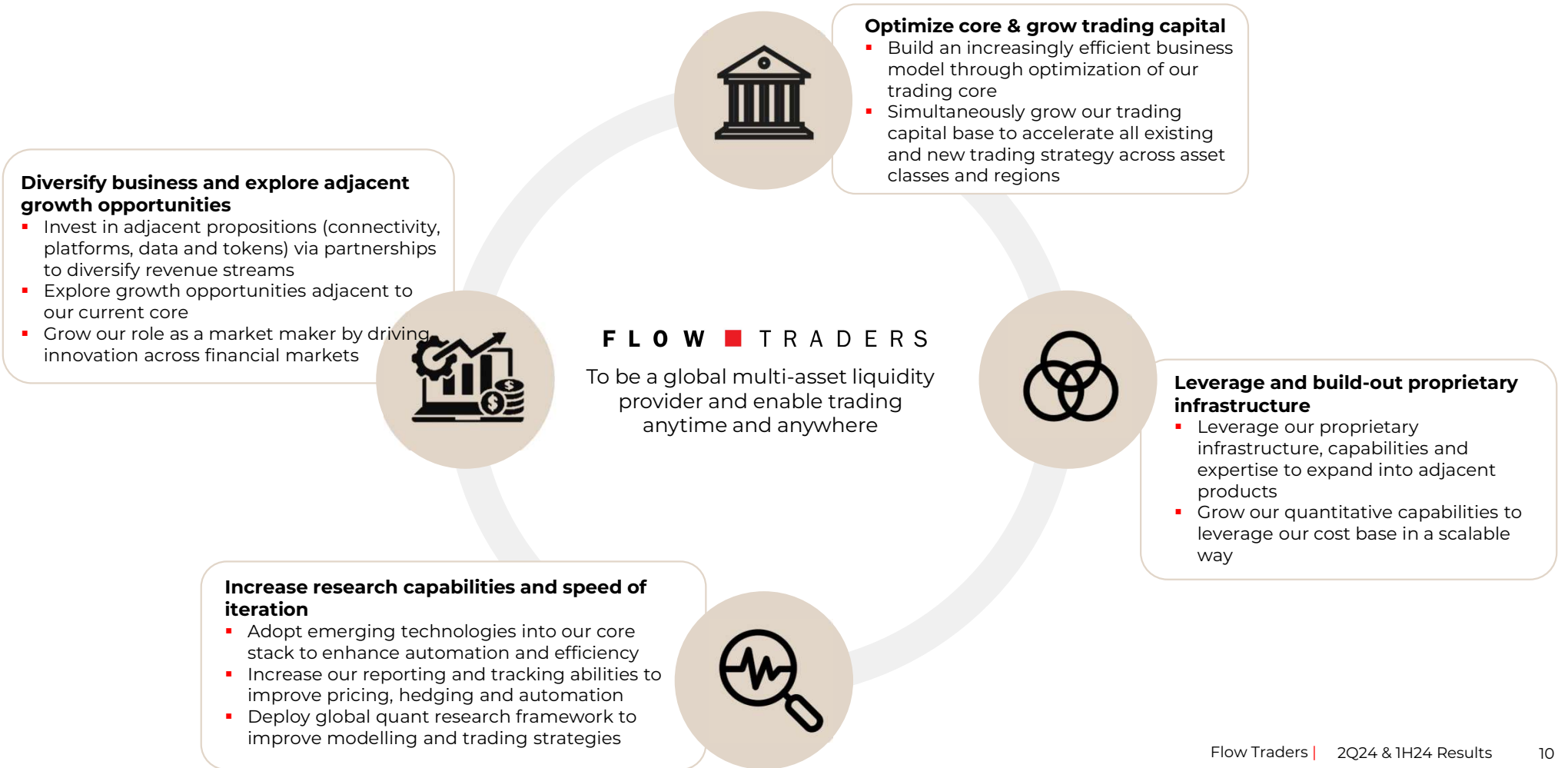
- Credit algos have comprised ~50% of executed volumes in Euro credit in the last 2-3 years, particularly in the sub 1m ticket sizes
- Fixed income ETF AUM projected to **triple** from \$2 trillion in 2023 to \$6 trillion in 2030

- Long-term **growth opportunity** after the recent rebound in interest
- First spot Bitcoin ETFs launched in the U.S., with Ether ETF approvals expected imminently
- First European exchange listed Bitcoin futures launched on Eurex

- Increasing standards for **trade execution, reporting, and settlement** harmonization, e.g. proposed EU consolidated tape
- Accelerating **regulatory dialogue around digital asset**, e.g. Bitcoin and Ether ETF approvals, MiCA

Sources: Company analysis, Blackrock, Coinmarketcap

Focus on 4 Key Strategic Pillars to Grow, Strengthen and Accelerate the Business



Q&A

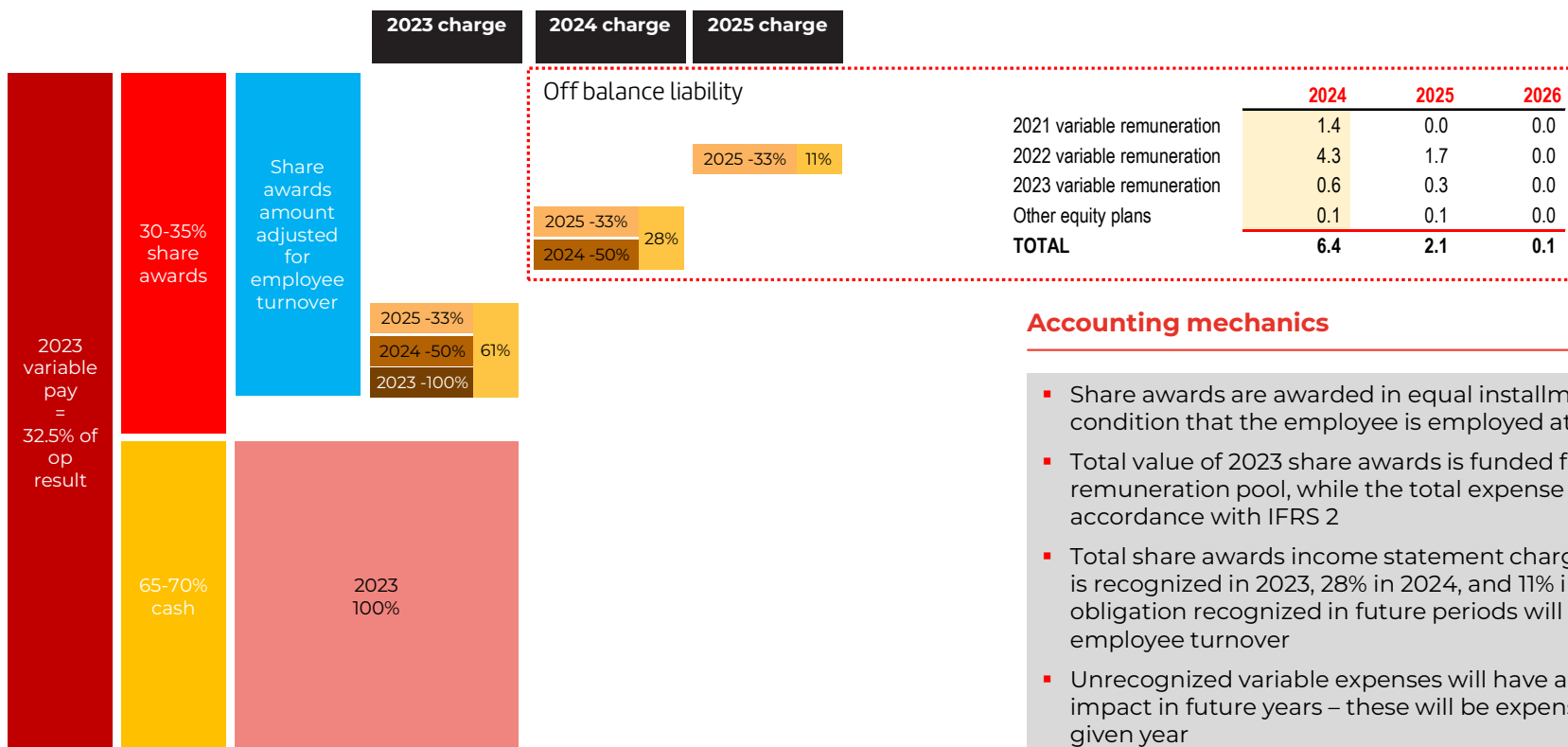
Thank you!

Appendix



Unrecognized Variable Expenses Schedule

Share plan has a different accounting treatment to the previous FCIP which creates an unrecognized variable expenses schedule



Accounting mechanics

- Share awards are awarded in equal installments over 3 years on the condition that the employee is employed at Flow Traders
- Total value of 2023 share awards is funded from FY23 variable remuneration pool, while the total expense is recognized over 3 years in accordance with IFRS 2
- Total share awards income statement charge is frontloaded, whereby 61% is recognized in 2023, 28% in 2024, and 11% in 2025. Share award obligation recognized in future periods will be adjusted for expected employee turnover
- Unrecognized variable expenses will have a negative income statement impact in future years – these will be expensed evenly per quarter in a given year

Recent Monthly Market Updates

	2024						2023						
	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun
On & Off Exchange* Value Traded - Global (€bn)	3,139	3,479	4,397	3,971	3,834	4,174	3,802	3,678	4,234	3,257	3,709	3,180	3,546
On & Off Exchange* Value Traded - EMEA (€bn)	186	184	213	198	197	200	189	189	179	148	148	150	168
On & Off Exchange Value Traded - Americas (€bn)	2,526	2,858	3,706	3,290	3,202	3,472	3,133	3,049	3,694	2,696	3,024	2,581	2,940
On & Off Exchange Value Traded - APAC (€bn)	427	437	478	483	434	502	479	439	361	413	537	449	438
<i>EMEA - Off Exchange Market Value Traded on MTF** (€bn)</i>	114	115	130	126	126	126	122	118	111	93	90	91	107
<i>EMEA - Off Orderbook* Market Value Traded (€bn)</i>	22	22	28	23	23	24	21	26	20	17	20	22	18
<i>Americas - Off Exchange Market Value Traded (€bn)</i>	1,122	1,140	1,388	1,291	1,265	1,396	1,284	1,179	1,369	1,060	1,197	1,037	1,188
<i>APAC - On & Off Exchange Market Value Traded in China (€ bn)</i>	290	291	316	327	302	351	350	301	246	282	375	286	291
Assets under Management*** - Global (€bn)	12,203	n/a	n/a	11,708	n/a	n/a	10,812	n/a	n/a	9,476	n/a	n/a	9,656
Assets under Management - EMEA (€bn)	1,944			1,850			1,732			1,525			1,528
Assets under Management - Americas (€bn)	8,879			8,507			7,854			6,857			7,009
Assets under Management - APAC (€bn)	1,379			1,350			1,226			1,095			1,119
# of ETP listings - Global	15,755	15,623	15,483	15,381	15,307	15,251	15,159	15,058	14,951	14,804	15,195	15,024	15,058
# of ETP listings - EMEA	5,193	5,174	5,137	5,141	5,123	5,129	5,121	5,106	5,093	5,099	5,315	5,299	5,319
# of ETP listings - Americas	6,735	6,665	6,609	6,572	6,551	6,532	6,452	6,413	6,373	6,275	6,409	6,310	6,341
# of ETP listings - APAC	3,827	3,784	3,737	3,668	3,633	3,590	3,586	3,539	3,485	3,430	3,471	3,415	3,398
Average VIX per month	12.88	13.25	16.34	13.94	14.10	13.58	12.84	14.25	19.10	15.20	16.03	14.08	14.18
VIX high per month	13.66	15.35	19.77	15.59	15.69	14.89	13.92	17.53	21.28	18.87	18.01	15.94	16.59
VIX low per month	12.28	12.20	13.85	12.74	12.85	12.78	12.14	12.79	16.76	13.13	13.72	13.37	13.28

Notes:

*: Off Exchange flow EMEA includes Off Orderbook flow printed on exchange and flows via MTFs. This is still excluding flows via SI

** : Publicly available data about market flows traded on MTFs, representing Tradeweb and Bloomberg RfQ. Last month number is preliminary and may be subject to change

***: ETFGI

Sources: Tradeweb, Bloomberg, Flow Traders analysis, ETFGI