FLOW TRADERS

Half Year Report 2023

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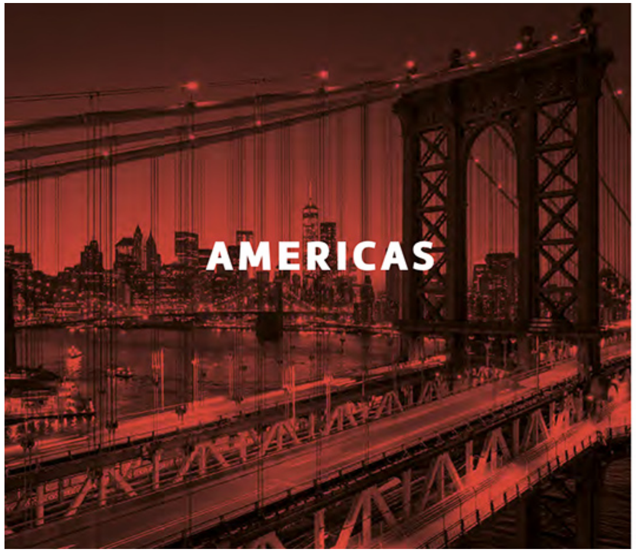


Highlights

Global ETP Market Value Traded (€bn)
First six months 2023
21,221.1
First six months 2022: 28,760.3

Flow Traders ETP Value Traded (€bn)
First six months 2023
754.9
First six months 2022: 970.8

Flow Traders Total Value Traded (€bn)
First six months 2023
2,802.2
First six months 2022: 3,569.4

Normalized Total Income (€m)
First six months 2023
158.9
First six months 2022: 234.5

Normalized EBITDA (€m)
First six months 2023
52.9
First six months 2022: 111.1

IFRS Total Income (€m)
First six months 2023
161.9
First six months 2022: 231.4

IFRS EBITDA (€m)
First six months 2023
43.4
First six months 2022: 88.4

Normalized Net Profit (€m)
First six months 2023
34.7
First six months 2022: 82.1

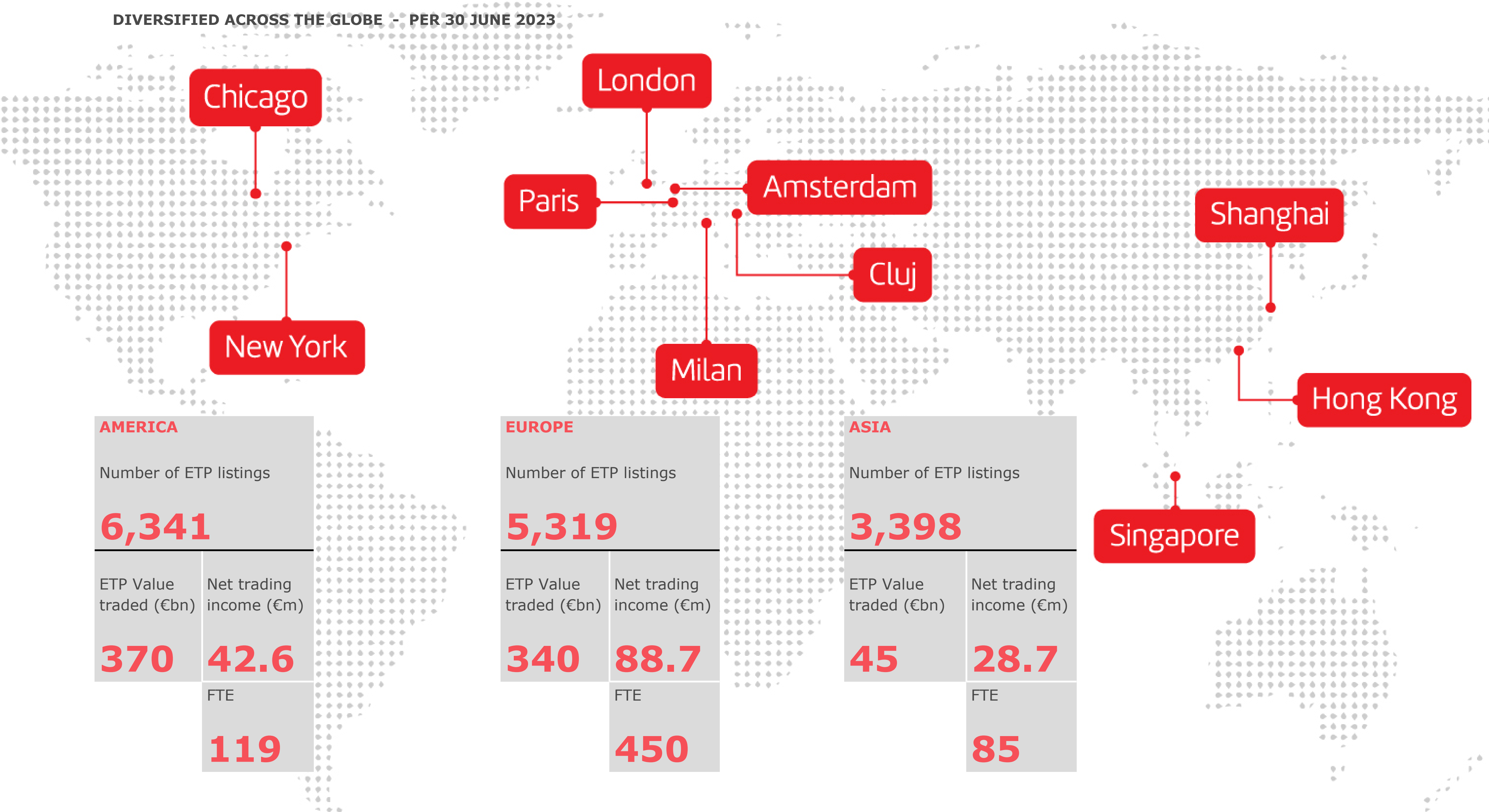
Net Profit (€m)
First six months 2023
23.5
First six months 2022: 63.5

Normalized basic EPS (€)
Fist six months 2023
0.80
First six months 2022: 1.89

Basic EPS (€)
First six months 2023
0.54
First six months 2022: 1.46

2023 at a glance

DIVERSIFIED ACROSS THE GLOBE - PER 30 JUNE 2023



AMERICA

Number of ETP listings	
6,341	
ETP Value traded (€bn)	Net trading income (€m)
370	42.6
	FTE
	119

EUROPE

Number of ETP listings	
5,319	
ETP Value traded (€bn)	Net trading income (€m)
340	88.7
	FTE
	450

ASIA

Number of ETP listings	
3,398	
ETP Value traded (€bn)	Net trading income (€m)
45	28.7
	FTE
	85

2023 at a glance

Normalized Performance Overview

In thousands of euro	*For the six months ended 30 June*	
	2023	**2022**
Normalized net trading income	**159,929**	**232,101**
Normalized other income	(993)	2,391
Normalized total income	**158,936**	**234,492**
Normalized employee expenses	58,267	82,430
Technology expenses	33,280	28,732
Other expenses	14,537	12,226
Normalized operating expenses	**106,084**	**123,388**
Normalized EBITDA	**52,852**	**111,104**
Depreciation / amortization	9,631	7,727
Write of (in) tangible assets	26	155
Normalized profit before tax	**43,195**	**103,222**
Normalized tax expense	8,461	21,108
Normalized net profit	**34,734**	**82,114**
KPIs		
Normalized EBITDA margin	33%	47%
Normalized basic earnings per share	€0.80	€1.89

	30 June 2023	**31 December 2022**
Shareholders equity	590,048	582,134
Trading capital	574,445	610,662

Our business

We create value in a number of financial and non-financial ways for a variety of stakeholders. Supported by our proprietary technology platform, we provide liquidity in financial products that helps contribute to more efficient markets by lowering overall trading costs, delivering greater execution quality and market transparency. For our employees, we provide a compelling and constantly evolving work environment that enables them to develop to their full potential. We take an active interest in the societies in which we operate, contributing to local learning initiatives and charities through the Flow Traders Foundation. And we care for our investors by focusing on growing profitably and providing dividend returns. Our value creation model shows how we create value and the impact our business has on our stakeholders.

Markets and trends

Our business

During the first half of 2023, we had access to more than 180 trading venues in 40 countries around the world. We provide liquidity in over 8,000 ETP listings on- and off-exchange, which is over 60 percent of all ETPs globally.

Off-exchange, we provide liquidity in ETPs on a request-for-quote basis to nearly 2,400 institutional counterparties across the globe, including banks, asset managers, pension funds, insurance companies, family offices, hedge funds and others, and this number is increasing on an almost daily basis.

In addition to ETPs, we provide liquidity in similar instruments whose value is correspondingly affected by a change in the value of underlying or related assets, such as futures or bonds. During 2023, we continued to implement our diversification initiatives across other asset classes and provided liquidity as a market maker in FX, fixed income, commodities and cryptocurrency.

Irrespective of what we trade, as a liquidity provider we generally do not have a directional opinion on the market. In other words, our results do not depend on the direction of market prices. Our NTI is realized through the small price differences that are realized between buying and selling related or correlating assets. Whether that is between the ETPs we buy or sell, and the prices we pay or receive for the underlying or related financial instruments to mitigate our risk, or trading FX pairs.

We are not a bank, broker or investment manager and do not have our own Assets under Management (AuM). We also do not develop or make products, do not provide any services and do not have (consumer) clients. Our value chain comprises, among others, of our institutional counterparties, prime brokers and regulators.

The ETP Market

In recent years, the ETP ecosystem has continued to mature and experience significant growth in both AuM and number of products. Global ETP AuM increased from €8,143 billion at the end of 2022 to €9,655 billion at the end of June 2023 (EFTGI). This a reflection of the market recovery combined with the continued growth of the ETP industry. We believe there are a number of reasons for this trend, including beyond 2023: one is that investors are attracted to the transparent nature of ETPs, which enables them to follow clearly how the underlying securities are performing. Another reason is that ETPs are liquid and available at low-cost and can be bought and sold easily during market hours. A third reason is that ETPs can be composed of financial instruments from almost any asset class, sector or location, providing investors access to markets that would normally be difficult to reach.

Market environment

Global ETP Assets under Management rebounded in the first half of 2023, driven predominantly by a rebound in the underlying asset prices combined with continued asset inflows. Global inflows of ETP AuM were €346 billion in the first half of 2023, compared to €446 billion in the same period last year, according to ETFGI.

The ETP market environment during the first half of 2023 was characterized by lower levels of market activity compared to the first half of 2022. Trading volumes across most regions and asset classes declined significantly year-over-year as markets absorbed the headline news from the conflict in Eastern Europe, tensions in Southeast Asia, and the significant increases in inflation and central bank interest rates over the past year. Volatility, as measured by the VIX index, in the first half of 2023 (19, on average) was also much lower than seen in the first half of 2022 (27, on average), reaching levels in June not seen since before COVID.

The Americas remains the largest ETP market globally, where total ETP market value traded was €17.7 trillion in the first half of 2023 (vs. €25.3 trillion in H1 2022). Flow Traders' own total ETP value traded in the Americas was €370 billion in the first half of 2023 (vs. €486 billion in H1 2022). Despite the lower market turnover, Flow Traders US continued to grow and deepen its overall presence in this important market, as exemplified by our expanded counterparties and new ETFs in which we make markets.

In EMEA, total ETP market value traded was €1.0 trillion in the first half of 2023 (vs.€1.3 trillion in H1 2022). Flow Traders' total ETP value traded in EMEA was €340 billion in the first half of 2023 (vs. €431 billion in H1 2022). We remained a top liquidity provider in ETPs in EMEA and managed to grow our on- and off-exchange presence further.

In APAC, the ETP market remained fragmented, with large differences in trading volumes, trading costs, regulation and maturity across different markets. Total ETP market value traded was €2.5 trillion in the first half of 2023 (vs. €2.2 trillion in H1 2022). Our total ETP value traded in Asia was €45 billion in the first half of 2023 (vs. €54 billion in H1 2022). Flow Traders recently expanded its ETP trading footprint in APAC after the receipt of a QFII licence in China and opening of the Shanghai office.

Financial overview

Flow Traders recorded Normalized Net Trading Income (NTI) of €159.9 million in the first half of 2023 (vs. €232.1 million in H1 2022) reflecting the overall market and trading environment. Normalized Other income of €(1.0) million was derived from the strategic investments portfolio (vs. €2.4 million in H1 2022). Europe, our home market, contributed the most to our NTI which reflects that region's high level of flow visibility and counterparty and product coverage as well as the fact that the growth business activities are typically located at our head office in Amsterdam. There were also significant contributions from the US and APAC. The disciplined execution of our strategic growth agenda meant that investments we have made are yielding meaningful returns.

On the cost side, Normalized fixed operating expenses increased to €87.0 million in the period (vs. €75.2 million in H1 2022). The main drivers of the increase in fixed expenses are base compensation increases, technology investments to support diversification initiatives as well as new hires. FTEs increased by 7% percent to 654. Normalized variable employee expenses decreased to €20.4 million (vs. €48.1 million in H1 2022) which reflects the decreased financial performance of the business during the period.

Given these income and cost dynamics, Flow Traders continued to demonstrate solid operational leverage with a Normalized EBITDA margin of 33% in the first half of 2023 (vs. 47% in H1 2022) with Normalized EBITDA of €52.9 million (vs. €111.1 million in H1 2022), despite the significant decline in market trading volumes and volatility. Normalized Net Profit for the half was €34.7 million (vs. €82.1 million in H1 2022), with Normalized basic EPS of €0.80 (vs. €1.88 in H1 2022). The interim FY23 dividend has been set at €0.30 per share (vs. the interim FY22 dividend of €0.70 per share).

Normalized Performance: IFRS Reconciliation

Flow Traders makes certain adjustments to various IFRS expense and profit measures to derive an 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 2023 results reporting:

- 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, by including results on investments accounted for as Fair Value Other Comprehensive Income (FVOCI), and results of Equity-accounted Investments in addition to the result of investment accounted for as Fair Value Profit and Loss (FVPL) included in IFRS total income.
- One-off expenses of €1.9m predominantly related to previously capitalized expenses incurred as part of the balance sheet review work.
- Net trading income is normalized by reclassifying income related to long-term investments to other income.
- Tax expenses are adjusted based upon the pre-tax adjustments and/or excluded items above.

See normalized to IFRS reconciliation:

In thousands of euro	***For the six months ended 30 June***	
	2023	**2022**
Normalized total income	**158,936**	**234,492**
Fair value OCI investments adjustment from equity to profit or loss	(1,712)	(3,241)
Results of equity - accounted investments	4,634	189
IFRS total income	**161,858**	**231,440**
Normalized EBITDA	**52,852**	**111,104**
Fair value OCI investments adjustment from equity to profit or loss	(1,712)	(3,241)
Results of equity - accounted investments	4,634	189
One-off expenses	(3,342)	(11,763)
Prior year share plans	(10,036)	(14,099)
Current year share plan deferral	1,003	6,202
Total IFRS EBITDA	**43,399**	**88,392**
Normalized net profit	**34,734**	**82,114**
Profit before tax IFRS adjustments	(14,087)	(22,901)
Tax difference	2,836	4,302
IFRS net profit	**23,483**	**63,515**
Normalized net trading income	**159,928**	**232,101**
Reclassification of income related to long-term investments	37	599
IFRS net trading income	**159,965**	**232,700**

ESG

Shared value

Flow Traders was founded almost 20 years ago and in that time we have developed an innovative and entrepreneurial spirit that enables us to grow and explore new markets. We recognize that with this growth come responsibilities that go beyond our core business, and that our activities influence the society in which we live and operate.

At the same time, society has a very real impact on our business and operations. Both the Executive Committee and the Board pay close attention to a wide variety of developments and trends that could pose either a risk or an opportunity. An example would be the opportunity that comes with the shift to digitalization, which is helping make financial products and services more widely available to investors across society.

For us Environmental, Social, and Governance (ESG) is about creating shared value. To better help manage our impact and our need to create shared value, we have divided our ESG focus across nine main focus areas. We have also connected these nine ESG focus areas with three corresponding United Nations Sustainable Development Goals (SDGs) that we believe are particularly relevant for Flow Traders.

Flow Traders ESG mission and ambition

The world is facing significant challenges in ensuring a sustainable future for our people and our planet. Many national and international initiatives are addressing these challenges. Every organization will have to play its own role in the transition to a sustainable society, depending on its impact and its opportunities.

The finance sector can be an important contributor to the global sustainability agenda and can promote sustainable finance, by incorporating environmental, social and governance (ESG) factors into investment decision-making, and by supporting the allocation of capital to sustainable initiatives.

Flow Traders has a critical and important role to play in the global financial ecosystem and ensures that financial markets function in an orderly manner. We serve the real economy by allowing investors, including pension funds and retail investors, to manage their risks by being able to trade at all times. Moreover, market makers such as ourselves, have made it much cheaper and more efficient to trade than in previous decades, which benefits everyone. In this key role Flow Traders has a responsibility to contribute to the financial stability and the sustainable agenda in the countries in which we operates (see Flow Traders' value creation model). As a key market participant, at the core of the financial ecosystem, Flow Traders will support the acceleration of the transition towards sustainable growth and finance, notably by providing liquidity in the ever growing suite of ESG ETFs.

Flow Traders ESG ambition is to ensure to smooth functioning of markets which will assist in financing the transition towards a sustainable society by:

- Investing in our trading capabilities to ensure that sustainable investment products can be traded easily and efficiently;
- Promoting the drive for fair and transparent markets, in continuous collaboration with the financial and investment community;
- Operating with high ethical standards at all times and compliance with laws and regulations and respecting human rights;
- Promoting sustainable tangible practices within our company and towards our communities, by respecting and developing our people and by supporting our ecosystem.

Stakeholder expectations and materiality analysis

As a first step towards the creation of our ESG strategy, we performed a materiality analysis to identify the ESG related issues that should be our main areas of focus. Based on internal and external developments we determined a shortlist of relevant topics. To determine the priority of the relevant topics we first launched a stakeholder consultation process to identify the ESG related issues that various stakeholders believe should be our main areas of focus, through a survey. Flow Traders has had the feedback from a wide selection of stakeholders, including shareholders, counterparties and issuers and employees. These stakeholders were selected because Flow Traders directly influences their interests. These Flow Traders' stakeholders recognize that we play a role in ESG from numerous standpoints: Flow Traders as a participant in the financial markets ecosystem, Flow Traders as a business providing services and as a corporate actor. In each of these roles, Flow Traders has different responsibilities. A consultation was held with internal management to prioritize the issues with which Flow Traders can have the most economic, environmental and societal impact and our ESG reporting and KPIs reflect this.

The outcomes of the stakeholder and management prioritization is presented in the materiality matrix below which was validated by both the Board, helped us determine our ESG priorities. The x-axis represents the prioritization by internal management and the y-axis the prioritization by stakeholders. On the basis of the materiality matrix Flow Traders has identified 9 key issues, of which five are considered highly material.

Materiality matrix (equal weight for each stakeholder group)

Culture & values

We constantly evolve and enhance our culture to make Flow Traders the best place to work for our colleagues in a fair and ethical environment for all stakeholders

Our Cultural manifest

"We're passionate about creating an international, diverse and empowering culture, which is focused on teamwork, collaboration and fostering talent. We're proud of our roots and 20 years' heritage, starting in Amsterdam, evolving into a global trading firm on a mission to bring greater transparency to markets. Through this entrepreneurial spirit the firm has grown and so have the people that work here. This results in a truly unique culture, where colleagues make connections and work together across function and geographies. We engage together on not only work but also on a passion for sports, get togethers and events. We're also incredibly proud of the diversity we foster, making sure colleagues can be themselves. With 50+ nationalities this is a truly unique Company to be part of. Colleagues join the Company at different stages in their career, from graduates to professionals, making Flow Traders a place for colleagues to develop personally, professionally and grow your career. Our culture is underpinned with a strong set of values that we thrive across our firm."

Our Values

Our culture is underpinned with a strong set of values that we live by across our firm:

- **We are one team:** We have shared incentives and values. Our dialogues are honest and open. .
- **We are entrepreneurial:** We thrive on a challenge and are critical thinkers. We pursue new ideas and innovations to strengthen and grow Flow Traders.
- **We are driven:** We are driven to excel and continuously improve. We are confident and rely on our strengths.

Our culture is not set in stone. Flow Traders grew significantly in headcount over the years (since 2018 our Company grew more than 50% in headcount). And within this growth the functional focus of workforce also widened. Next to the Trading division we widened our focus on Technological and Business Support functions as well in the last years. This means our culture constantly evolves accordingly.

Therefore, we find it very important to regularly monitor our culture and see where we can, or need to enhance. In doing so, we constantly remain honest and critical to ourselves by taking into account inside out, and also outside in signals about our Company culture. We periodically look how we can use those inputs to enhance and evolve our culture.

We see it of the utmost importance that we keep nurturing and sharing our culture both internally as well as externally.

Flow Traders has a clear mission statement explaining "the reason for our existence." From the mission the vision and multiple years Company strategy is built. However, all of the above leans on the foundation of our cultural values. Without the base of our values, what we also like to see as our Identity ("Who we are") it is impossible to achieve our strategy, vision and mission. In the words, the house cannot stand stable without our cultural values.

Truly realizing the above means that all Flow Traders employees understand, believe in, and live up to our values. Not only because it is asked from them, but it is the only way to achieve our goals and mission we all stand for and believe in.

We have a lot in place to foster our culture and values

Maintaining, preserving and nurturing our culture is extremely important to everyone across the organization. This is done by:

- **Flow Traders Leadership** - through the organization of firm-wide events and Company outings as well as regular all-staff updates. In addition, a bi yearly engagement survey is offered to ensure open communication and enable employees to raise their voice. Next to this all leadership is always approachable, e.g., everyone can step into boardroom (open door culture)
- **Business departments** - providing specific trainings or learning sessions towards our people through which we actively stimulate their personal and career development
- **Colleagues themselves** - reinforcing the strength of our culture by organizing their own events, competitions, and charitable endeavors
- **Societal commitments and charities** – Supporting multiple charities, also through our own Flow Traders Foundation, not only financially but also by offering access to our knowledge and experience.

To guarantee a safe and inclusive environment, Flow Traders emphasizes on several strong enablers to make all employees feel included and safe; we offer:

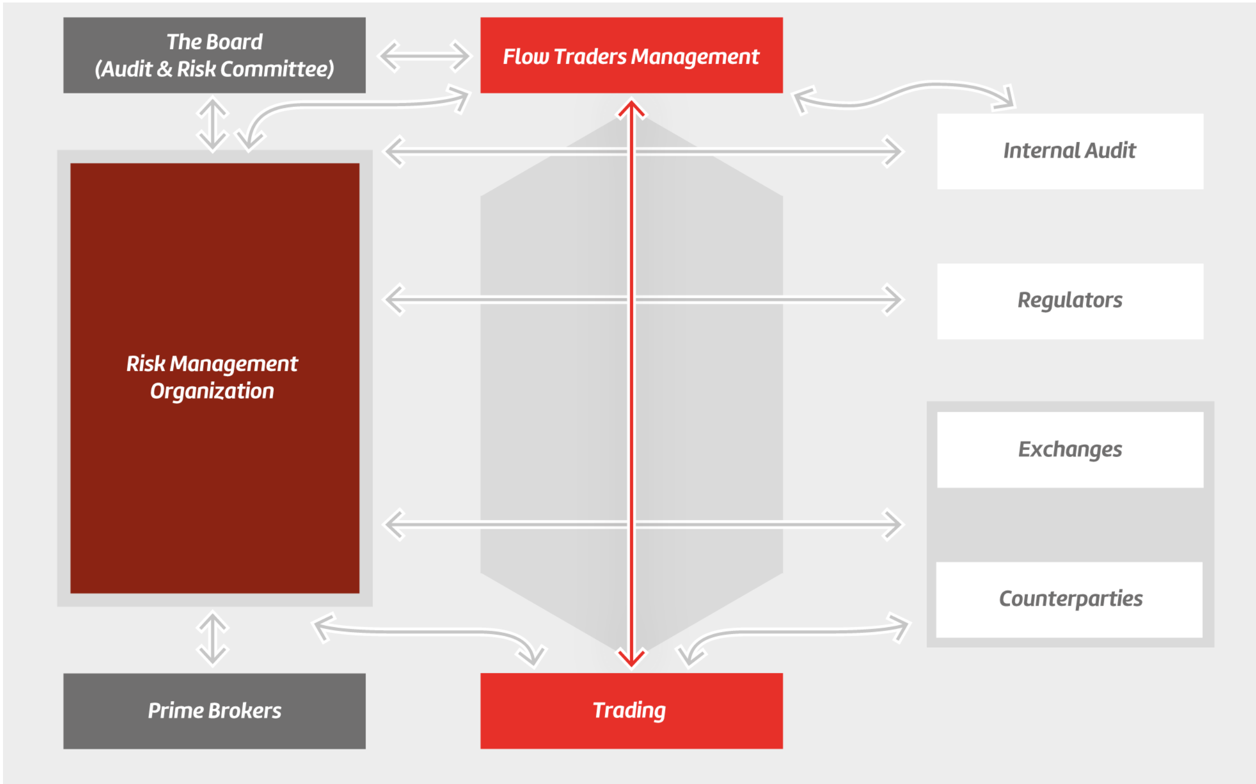
- A group of internal and external 'trusted persons' to discuss challenges and difficulties in private in case desirable.
- A zero-tolerance policy in case of unacceptable behaviour in any form whatsoever and clear follow up procedures towards all stakeholders
- A clear DE&I policy including targets
- A yearly global employee satisfaction survey which is conducted by HR and of which results are shared transparently with all employees including next steps
- Ability to always work in the office to connect and thrive together
- Ability to work from home at dedicated moments per week to maintain the flexibility to perform in the best way possible if that means working from a remote location.
- Ability to rotate between different offices to grow and develop and carry out your work to the best of your ability with the right group of colleagues
- A wide range of Company and individual training opportunities offered to all colleagues, tailored to the needs and tenure of the participants to make sure everyone is able to develop and grow themselves at the pace they prefer
- A non-hierarchical working culture in which all employees can easily contact each other without any hierarchical boundaries (e.g., Board members and senior leadership are always approachable (no separate offices or closed doors), instilling ownership and accountability).
- A wide range of global and local company events in which all employees from all backgrounds can participate if they like to.
- A focus on healthy lifestyle for employees to participate in voluntarily (gym with personal programs, hairdresser, massages, healthy kitchen meals and nutrition advise, etc.

Our risk management

Flow Traders' Enterprise Risk Management Framework (ERMF) forms the foundation of our approach to managing risks. The ERMF is documented in Flow Traders' Enterprise Risk Management Policy and is reviewed annually by our Executive Directors of The Board.

Where possible, we identify, assess, monitor, quantify and document potential risks which are inherent to trading in an automated market-making firm. In the fast and dynamic environment of automated trading we designed our ERMF in such a way that it is robust, efficient and transparent. In the figure below, we present the stakeholders that have an interest and place value in how our framework operates.

Our ERMF helps us to ensure that we have adequate systems and controls including the management of our liquidity and capital. This is delivered through a consistent, continuous and careful method for addressing, managing and prioritising our key risks in the context of our Group's strategic objectives.



Enterprise Risk Management

We aim for a good balance between our business activities, return on capital and related risks taken. Flow Traders' Enterprise Risk Management (ERM) approach to ensure that our risk appetite and profile are integrated in our day-to-day operations and strategic decision-making. Every year, our Executive Directors of The Board derive its business targets after determining its strategic goals. Based on these targets and objectives, the Executive Directors of The Board formulate its risk appetite. The targets, objectives and risk appetite give direction to the various departments within the Company and are used to derive our strategic risks. We deliver on the risk activities set out in our annual Risk Management cycle to ensure that the residual risk profile is (and remains) in line with our set risk appetite. In order to achieve this, we perform risk control self-assessments (RCSAs) to assess current risks and identify risks that have newly arisen. Following the RCSAs, the Executive Directors of The Board decide on the appropriate risk response.

Risk categories Our risk taxonomy is split into five broad risk categories - Business and strategic, Compliance and ethical, Financial, Operational and Technology - each with their own specific sub-risks:

Risk	Description
BUSINESS AND STRATEGIC	
Strategic	Risk that may arise from the pursuit of Flow Traders's business plan, from strategic changes in the business environment, and/or from adverse strategic business decisions. Market activity risk is part of this risk as our NTI and profitability are primarily a function of the level of trading activity, or trading volumes, in the financial instruments in which we trade.
Concentration	Probability of loss arising from heavily lopsided exposure to a particular group of counterparties or products. Concentration risk also includes supplier dependency risks.
Project management	The risk of inaccurate project management leading to inadequate realization of project objectives.
Sustainability & Environment	The risk that an environment, social or governance (related) issue or event will impact the entity financial, non-financial and/or in the realization of strategic objectives of the entity.
COMPLIANCE AND ETHICAL	
External fraud	Acts intended to defraud, misappropriate assets, deceive or circumvent regulations or the law, attempted or perpetrated against the entity by a party without a direct relationship to the entity, without the involvement of an employee or affiliate of the entity.
Internal fraud	Acts intended to defraud, misappropriate assets, deceive or circumvent regulations, the law or company policies, attempted or perpetrated against the entity by an internal party, including instances where an employee or affiliate is acting in collusion with external parties.
Conduct	Failure to act in accordance with internal and external stakeholders' and society's best interests, fair market practices, and codes of conduct.
Financial crime	The risk of money laundering, sanctions violations, bribery and corruption, and Know Your Customer (KYC) failure.
Regulatory compliance	Failure to comply with any legal or regulatory obligations that are not captured through other risks.
Reputation	The reputation risk is the risk of loss resulting from negative exposure to stakeholders.
FINANCIAL	
Capital & Liquidity	The risk the entity is not able to cover the cumulative net cash outflow or available capital (e.g. needed trading capital or regulatory capital) over a certain period.
Market	Market risk is the risk to an institution resulting from movements in market prices; in particular, changes in interest rates, foreign exchange rates, and equity- and commodity prices.
Credit	Credit risk is the risk of a counterparty and/or issuing institution involved in trading in or issuing a financial instrument defaulting on an obligation.

OPERATIONAL	
Business continuity	The risk of failure to provide and maintain appropriate business continuity management (BCM), including inadequate business continuity plans.
Trading execution	The risk of losses due to errors in the execution.
People	The risk that the entity is not able to develop, retain and attract the necessary skills and diverse capabilities in our workforce to realise strategic objectives.
Model	The risk of incorrect model design, improper implementation of a correct model, or inappropriate application of a correct model.
Legal	Risk regarding applicability, enforceability and interpretation of contracts, laws and regulations as well as uncertainty about the outcome of legal actions against or initiated by the entity.
Reporting	The risk of not being able to report adequately to stakeholders (e.g. annual financial report, regulatory reporting).
Taxation	The risk of unexpected tax charges, including interest and penalties including tax related events resulting in for example a damaged reputation with the tax authorities, investors, employees and the public at large.
Third-party	The risk of failing to manage third-party relationships and related risks appropriately.
Trade settlement	The risk of ineffective trading leading to financial performance variability and non-compliance with internal and external regulation.
Physical security	The risk of damage to the organisation's physical assets or harming of employees at the workplace.

TECHNOLOGY RISKS	
Technology strategy	The risk that the IT strategy is not described, unclear or incomplete and thereby not sufficient contributes to IT and business objectives. This includes the risk of the strategy not being properly executed.
Technology system	Risk of loss of information caused by failure, loss of confidentiality, integrity and/or availability of information and/or systems.
Data management	The risk of failing to appropriately manage and maintain data, including all types of data, for example, counter party data, employee data, and the organisation’s proprietary data.
Project delivery	The risk of inaccurate project management leading to inadequate realization of project objectives.

Enterprise Risk Management (cont'd)

Risk categories

	Category Definition	Risk Appetite
Business and strategic risk	Risk that may arise from the pursuit of Flow Trader's business plan, from strategic changes in the business environment, and/or from adverse strategic business decisions.	Flow Traders is prepared to take risk in a responsible way which: (i) takes our stakeholders' interests into account and (ii) is consistent with our business objectives.
Compliance and ethics risk	Compliance risk would crystalise in Flow Traders's potential exposure to legal fines, financial penalties and substantial loss, resulting from its failure to act according to industry laws and regulations, internal policies or industry best practices. Ethical risk refers to dealing with the negative consequences of acting unethically.	Considering the advance notice regulated firms get from their regulators about new regulations, Flow Traders has a low risk appetite for this risk as it directly impacts our reputation. It is mitigated by our Compliance department, who tracks new regulations, and supports adherence on "Day 1" when they come into force. Furthermore, we hold ourselves responsible for acting with honesty, integrity and respect, that is a part our Code of Conduct; in addition to adhering to applicable laws and regulations in the jurisdictions that we operate.
Financial risk	Risk relating to positions in our Trading Book, including risks primarily related to Market Risk, Liquidity Risk and Credit Risk.	We manages our financial risk carefully by applying a strict set of criterion in our interactions with counterparties, issuers and other relevant financial institutions. In addition, we manage our financial positions through sound risk management principles as set out in our risk management policies.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.	Flow Traders is naturally exposed to operational risk, as a result of conducting its business operations. Any firm can not completely eliminate this risk as this would not allow a firm to achieve its business objectives. These risks have to be mitigated, accepted or deferred.
Technology risk	Risk to technology or data or applications that negatively impact Flow Traders' operations.	About 40% of our employees work in our Technology Department. Technology is the backbone of Flow Traders and lies in one of its main competitive advantages. As a result, our risk appetite is moderate due to the complexity and intricacies of the trading venues we trade at. As part of our active risk mitigation, Flow Traders spend significant effort to maintain our residual technology risk at a low level.

Risk Management Governance

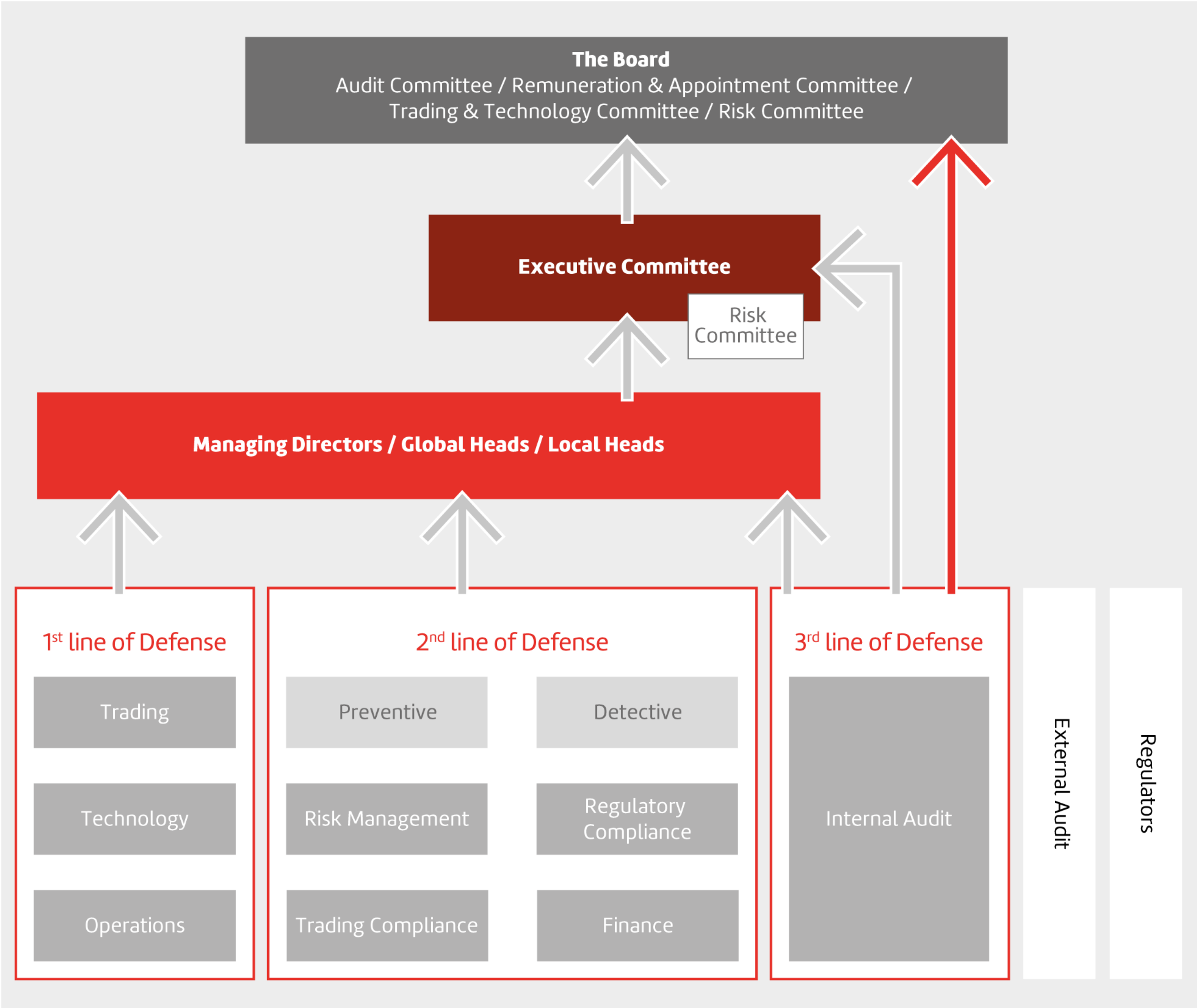
The effectiveness of risk management is linked to commitment and integrity. It is therefore crucial that the Board, the global and local department heads, and all employees are aware of the risks that the Company faces and their responsibilities in managing it efficiently.

Our risk management is organised along three lines of defence.

The first line of defence is comprised of Trading, Technology and Operations. These departments are critical for managing the core processes within Flow Traders and are responsible for incorporating preventive and detective controls in the day-to-day trading and IT processes and for the continuous monitoring of Flow Traders' systems and trading controls.

The second line of defence is responsible for oversight and monitoring of risks, rules and requirements. Risk Management, Compliance and Finance manage risks through a combination of preventive and detective controls. Together they are responsible for the continuous risk management of Flow Traders.

The third line of defence is formed by Flow Traders' Internal Audit function (IA). They provide independent and objective assurance and advice on the adequacy and effectiveness of governance, risk management and control systems. It achieves this through the competent application of systematic and disciplined processes, expertise, and insight. It reports its findings to management and the governing body to promote and facilitate continuous improvement. The IA carries out its audit work in accordance with the approved and implemented Group Internal Audit Charter.



Enterprise Risk Management roles and responsibilities

The role of the Risk Committee of the Board is to:

- Supervise the Executive Directors and Executive Committee with respect to:
- Identifying and analysing the risks associated with the strategy and activities of the Company and its affiliated enterprise;
- Establishing the risk appetite, and putting in place the measures in order to counter the risks being taken;
- Designing, implementing and maintaining adequate internal risk management and control systems;
- Monitoring the operation of the internal risk management and control systems and carrying out a systematic assessment of their design and effectiveness at least once a year. Where necessary, improvements should be made to internal risk management and control systems;
- Accounting for the effectiveness of the design and the operation of the internal risk management and control systems together with the Audit Committee.
- Advise, and where applicable supervise, the Executive Directors and Executive Committee with respect to:
- the Company's overall risk appetite, tolerance and strategy;
- the current risk exposures and future risk strategy;
- the intended appointment and/or removal of the Chief Risk Officer.
- Review, in relation to the Company's internal risk management and control systems:
- the Company's overall risk assessment processes that inform the Executive Committee's decision making, ensuring both qualitative and quantitative metrics are used;
- on an annual basis, the parameters used for these processes and the methodology adopted;
- the accurate and timely monitoring of certain risk types of high importance;
- the Company's capability to identify and manage new risk types;
- reports on any material breaches of risk limits and the adequacy of proposed action.
- Monitor the manner in which the Company's risk management function is provided with adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Risk Committee shall also keep under review that the function has the adequate independence and is free from management and other restrictions;
- Prepare reports, recommendations and deliberations on its findings regarding the Company's internal risk management for purposes of the meetings of the Board or the Audit Committee;
- Review, and where applicable monitor, the Executive Committee´s responsiveness to the reports, findings and recommendations of the Chief Risk Officer.

The role of the Audit Committee of the Board is to:

- Supervise the Executive Committee with respect to discussing the effectiveness of the design and operation of the internal risk management and control systems.

The Executive Directors and Executive Committee are responsible for:

- Setting Company-wide objectives;
- Setting boundaries for risk taking by communicating our risk appetite;
- Successfully promoting, sponsoring and coordinating the development of a risk management culture throughout the Company;
- Guiding the inclusion of risk management practices in all strategic and operational decision making;
- Maintaining and monitoring the effectiveness of the framework to manage, monitor and report risk;
- Identifying and evaluating the significant risks related to Flow Traders' strategy;
- Discussing current risk developments with the standing risk committee of the Executive Committee. The Executive Committee invites stakeholders within the firm to report on new and existing risk exposures;
- Reporting on the outcomes of the risk management activities to the Risk Committee of the Board.

Flow Traders' Managing Directors are responsible for:

- Setting local department targets and objectives in line with Company-wide objectives together with the Global Heads;
- Supporting the Company in the identification, handling, monitoring of risks related to its objectives;
- Identifying and evaluating the significant risks related to our objectives and operations;
- Managing the risk self-assessment cycle (non-trading Managing Directors);
- Monitoring of risks related to our objectives;
- Providing advice and follow-up on risk mitigating measures;
- Reporting on risks and risk management towards the Executive Committee.

Flow Traders' Global/Local Heads are responsible for:

- Setting global/local department targets and objectives in line with Company-wide objectives;

- Performing annual risk self-assessments to identify assess and document existing and new risks and their impact on proposed plans;
- The adoption of risk management practices;
- Awareness and training on risk management;
- The results of risk management activities, relevant to their area of responsibility;
- Reporting on risks and risk management towards the Risk Department, the local Managing Directors and/or (Global) Head.

Flow Traders' Risk Department is responsible for:

- Monitoring, improving and developing the ERM;
- Triggering risk self-assessments for all departments;
- Gathering the necessary information and creating risk reports for internal stakeholders and the Executive Committee.

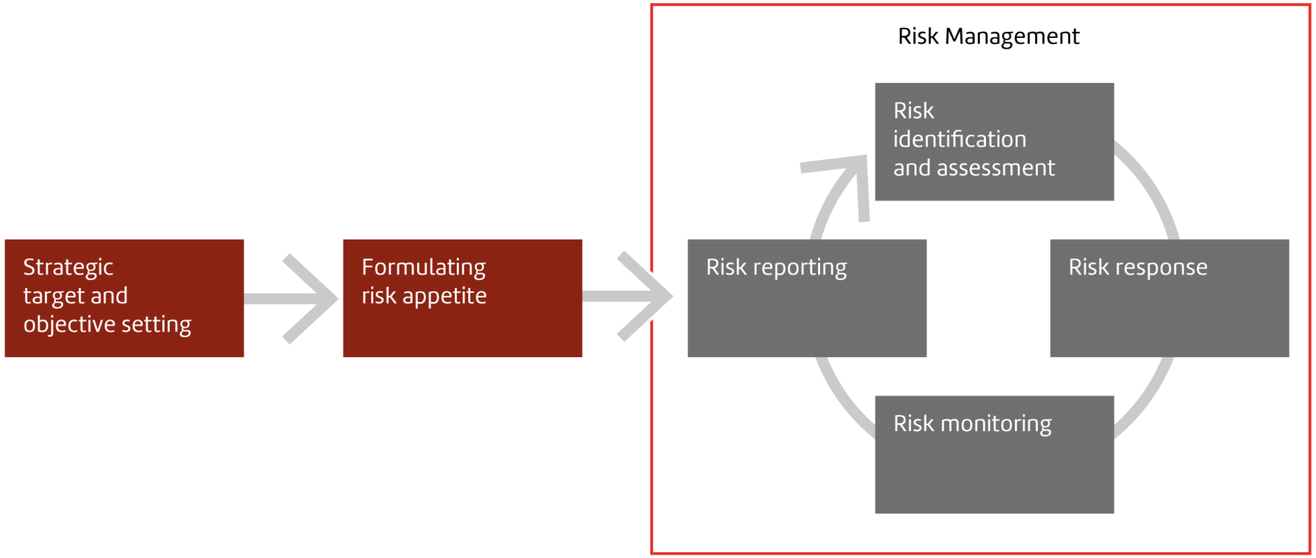
Flow Traders' Internal Audit Function is responsible for:

- Evaluating risk exposure relating to achievement of the organization's strategic objectives;
- Monitoring and evaluating the effectiveness of Flow Traders Group's risk management processes.

Flow Traders' employees are responsible for:

- Giving input to annual risk self-assessments to identify, asses and document existing and new risks and their impact on proposed plans;
- Identifying areas where risk management practices should be adopted and are to advise their supervisors accordingly.

The below figure shows the ERM cycle of Flow Traders:



The annual risk management cycle follows the below risk management framework:

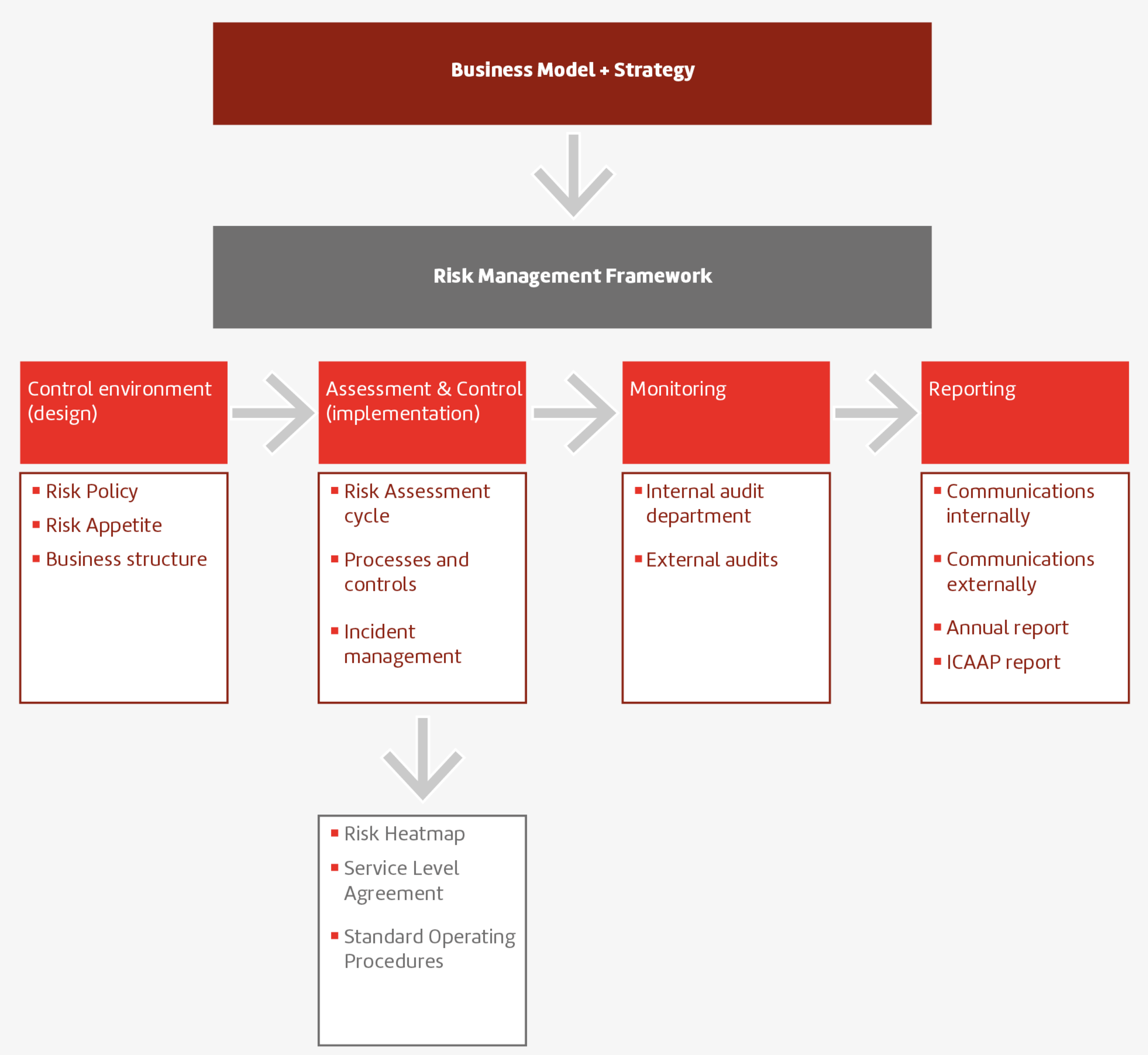


Figure 4.

Every year the Executive Committee sets its business targets following the strategic goals. The strategic goals are generally formulated in November/December. The Board approves the strategic goals and business targets.

Additionally, the Board is involved in the strategy setting exercise. Based on these long-term goals, short-term targets are determined. These targets are then translated into annual Company-wide, departmental and individual goals and discussed in an annual meeting with the Executive Committee and all relevant Managing Directors.

Based on the targets and objectives, the Executive Committee formulates the risk appetite of the Company. The targets, objectives and risk appetite give direction to the various departments within Flow Traders and are used to derive the Company's strategic risks.

Flow Traders' Risk Management cycle is implemented to manage our residual risk profile to remain in line with our risk appetite. To help achieve this, we perform Risk Self Assessments to identify and assess current or emerging risks. Following the Risk Self Assessments, department heads in cooperation with the Executive Committee will decide on the appropriate risk response. The effects of the chosen risk responses will be monitored and the actual residual risk profile will be mapped versus the appetite annually.

Risk reporting

Flow Traders have a standing Risk Committee that continuously assesses the risks we face in our business, and is comprised our Global Head of Risk and certain members of the Executive Committee.

Aside from regular ongoing communication, there is a formal monthly meeting in which we discuss all risk assessments and risk proposals related to position limits, strategies, procedures, liquidity and capital requirements and other requests from prime brokers and due to market developments. Any material change to our risk profile, systems, strategies and limits must subsequently be approved by the Executive Committee.

In addition to this standing Risk Committee, we have a Risk Committee of the Board. All members of the Board are members of this Risk Committee. The Executive Committee informs the Risk Committee of the Board about the effectiveness of the internal risk management and control systems. This includes the reasonable assurance that the aforementioned systems do not contain any material inaccuracies.

The tasks of the Risk Committee of the Board includes supervision and monitoring, as well as advising the Executive Committee on the operation of the Company's internal risk management and control systems. The Risk Committee is also responsible for providing advice to the Executive Committee on the Company's development, performance, and sustainability of its trading strategies, as well as reviewing the risk of the Company.

It also maintains regular contact with the Company's Trading and Risk and Operations departments.

For more information on the responsibilities of our Risk Committee, please see the chapter "Our governance".

The monitoring of the Company's internal risk management and control systems was previously identified as a priority. This is a joint responsibility of the Board and its committees. Good progress has been made and the Board continue to oversee progress on this matter.

All risks relevant to each of the committees of the Board are monitored in the Risk Committee of the Board. This means that the relevant items set out in best practice provision 1.4.1 of the Corporate Governance Code have been discussed by the Board in 2022, as all members of the Board are members of the Risk Committee.

Key risks

Market risk

Market risk is the risk of loss resulting from unfavourable market movements in various drivers of a security's price that may result in a financial loss for its holder.

For illustration, the value of a financial instrument may fluctuate because of changes in factors such as equity prices, currency rates, future dividend expectations, interest rates and volatilities.

Our hedging strategies (typically implemented by a combination of underlying securities and vanilla derivatives) along with our continuous monitoring of our positions aim to minimise this risk.

Our trading philosophy is that we hedge our positions as perfectly as possible to minimise our market risk exposures.

Market activity risk (business risk)

Our NTI and profitability are primarily a function of the level of trading activity, or trading volumes, in the financial instruments in which we trade, and the bid-ask spreads (which largely determine the profit on the trade, or margins, we capture).

Trading volumes in securities, derivatives, currencies, commodities, digital assets and other financial instruments on exchanges and in other trading venues worldwide are directly affected by factors beyond our control, including economic and political conditions, broad trends in business and finance, regulatory requirements, actions by central banks, and changes in the markets in which such transactions occur.

To cope with periods of low market activity, we have diversified our trading into different products and across multiple markets. This is to safeguard that we are not overly dependent on market activity in one particular asset class or product type.

Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people, systems or external events. Operational risk management is an integral part of Flow Traders' risk and control systems. Our operational risk is dominated by technology-related events at our exchanges and clearing members. Therefore, the level of our investment in technology is important to mitigate those associated risks as well as having resilient and robust internal systems and controls.

We operate an integrated, in-house developed, high-performance and customised technology platform with frequent and controlled deployments of new hardware and software.

Our infrastructure has a modular design which allows us to rapidly test and implement improvements in both hardware and software on an ongoing basis. Controlled releases of hardware and software enhancements provide for minimal disruption to our business.

The environment in which our trading software (or updates of our trading software) is being developed is strictly separated from the environment in which such trading software operates in production. Access to the source code is strictly controlled and limited.

Prior to any releases relating to our trading software, or an update into our production environment, any element of our trading software is subjected to a review of its code, testing in a development environment that is separate from our production environment, validation in limited production (processing a strictly limited number of trades) on one trading desk in respect of trading a single financial instrument, followed by more extensive testing across multiple desks and/or trading multiple financial instruments. Each step must be completed before the next and also appropriately documented.

We have a monitoring system in place to control undisrupted trading activities in real time. Multilayer monitoring is employed to avoid errors. When an error does occur, the relevant teams are immediately notified via multiple different channels. We rely on multiple third party service providers for business and market data, which is a key part of what is monitored.

Our risk management system is fully integrated with our proprietary technology platform, analysing real-time pricing data, and is designed to ensure that our order activity is conducted within strict pre-determined trading and position limits.

For example, our pre-trade [risk] controls are designed to prevent the trading engines from sending quotes that deviate from our pre-defined risk parameters. These include price and volume limits, which are set by our Risk Management department. This keeps our ordering, trading and positions well within our preset tolerance levels. Our post-trade monitoring tools include trade-level reconciliation of prices and positions against those of our exchanges and prime brokers.

Our IT systems are regularly subjected to penetration tests by external experts. We have a comprehensive IT security system that is designed to protect us from attacks both from internally and externally.

Where we have a technical interface with institutions such as our prime brokers and exchanges, the integrity of the connection between the systems and the data that is being exchanged is subject to prior conformance testing and continuous monitoring.

Unexpected deviations are flagged and investigated. We also have a disaster recovery plan in place which, we continuously review to ensure it adequately captures relevant scenarios. For the lessons that we have learnt from the COVID-19 global pandemic, we have already made substantial changes to our global approach to our site management.

We use risk-based onboarding procedures before we start trading on any new platforms, including platforms designated for trading digital assets. While many of these platforms remain unregulated, many have strongly improved their own onboarding procedures and counterparty identification procedures. While we believe our own procedures are strong, the unregulated status of these platforms and their location in emerging economies makes them inherently less institutionalized and supervised than regulated platforms in developed economies.

Regulatory risk

We only serve institutional counterparties and do not provide investment services or ancillary services to third parties, our markets and nearly all aspects of our business are highly regulated. Where applicable, entities forming part of our Group have obtained the regulatory licenses and approvals needed to operate their regulated businesses.

Flow Traders’ trading operations are established in three international jurisdictions with branch offices established in London, Milan, Paris, Chicago, Shanghai and Korea. As a Group, we currently trade on more than 180 venues worldwide as well as operating on numerous other venues through our brokers. Our regulatory landscape is broad as we have to comply not only with our local regulations, but also the trading rules of all venues on which we trade.

Legislators and regulators worldwide continue to closely supervise the world financial markets in which we operate. This places significant demand on Flow Traders to maintain a professional, well-structured and compliant organisation.

Our Compliance department supports management and operations at Group and local level by identifying, advising on, reviewing and reporting on regulations. It also seeks to maintain a compliant business environment through staff training and monitoring in order to manage the Group’s conformance with its regulatory obligations.

Compliance together with Public Affairs monitors and assesses any forthcoming regulations that may impact us. During 2022 this included amongst others matters:

- The EC review of the European Central Securities Depositories Regulation that was adopted on 16 March 2022 . Amendments on the mandatory buy-in regime in the Settled Discipline Regime (SDR) by proposing a "two-step approach". We will continue to monitor the future impact of mandatory buy-ins and to manage the two-way flow of cash penalties for failed transactions.

- The official response from the EP to the MiFID/ MiFIR review that was announced by ESMA in 2021 has been published. This review aims to further improve the framework introduced by MiFID II. One of the key components is the post-trade consolidated tape that should be real-time and not include any deferrals. We are and have engaged with regulators and various stakeholders to continue our push for transparency in all markets we are active in.

- Digital Assets and related forthcoming regulations such as the prudential BIS paper, MiCA and DORA remain a topic that garners significant attention. There is still a spread of approaches taken by various governments and regulators from around the globe for this developing asset class. As a world-class liquidity provider we continue to following these developments closely and remain an active contributor to key regulatory consultations. We anticipate the regulatory uncertainty will continue for into 2023 and beyond. We are engaging with regulators on a global and local level to push for a clear and fair regulatory framework as that should lead to a mature ecosystem with sustainable growth for this asset class.

The Compliance, Risk and Operations departments have promulgated and implemented controls, internal rules and processes that have been pragmatically developed following applicable regulatory requirements, guidelines from market authorities, and industry best practices. Nevertheless, it is worth remembering that laws and regulations are subject to change and will be interpreted differently in practice over time.

Actual or alleged non-compliance with applicable laws or regulatory requirements could adversely affect our reputation and in turn our long-term profitability and future business prospects. This may also be the case to a lesser degree for differences in interpretation or lack of timely or complete implementation of regulatory requirements.

Sanctions could include fines, penalties, disgorgement and censures, suspension or expulsion from trading venues or the revocation or limitation of licenses.

We aim to minimise such risks by focusing considerable management attention to choose the most appropriate strategic approach, employing ;highly-qualified compliance and risk professionals to allow the deployment of staff training; to efficiently update of our monitoring and reporting systems; and to be able to continuously evaluate the impact of current and upcoming regulations on our operations to find the optimal path to evolve our processes.

Notwithstanding such efforts and given the highly regulated nature of our business, we remain subject to routine (and more targeted) inquiries and audits from our global regulators and our trading venues. The outcome of such inquiries are difficult to predict and manage, however we aim to be as transparent as possible in the spirit of cooperation to facilitate a better understanding of how we manage risk.

Information on the remuneration of the Board members can be found in the chapter "Remuneration".

Environmental risk

While Flow Traders considers its overall impact on the environment to be low due to the office-oriented nature of our business, we have nonetheless identified certain environmental risks:

- Physical environmental risks such as earthquakes, forest fires and floods could negatively impact our physical infrastructure. This is particularly relevant to our server locations, which are distributed globally. Climate change will likely lead an increase in extreme weather events in the future. We have and will mitigate this risk by having a widely distributed server infrastructure with a high degree of system redundancy.
- Future regulation may also affect Flow Traders financially by putting a price on CO2 and other greenhouse gas emissions, In addition, CO2 pricing may have an impact on how seek to offset our carbon footprint in the coming years.

External risk

Given the highly interconnected nature of the financial markets ecosystem we are a part of, we recognise that should any of the risks referenced within this section materialise, there could be a negative impact on various external third parties.

Specifically, market and operational risk events could negatively impact key parties within our value chain; namely our counterparties and our prime brokers. There could limit our counterparties' ability to trade with us or settlement trades effectively on a timely basis. Moreover, the various prime brokers we work closely with could also be exposed to similar risks.

Compliance and transparency

Focus on anti-bribery, anti-corruption and anti-money laundering

Flow Traders continues to be a strong proponent of effective, efficient and equal regulation and we contribute to the regulatory dialogue in our key jurisdictions to campaign for markets to be fair, transparent and functioning in an orderly fashion.

We commit to complying with all relevant laws and regulations that apply to us, wherever we operate. Especially important are the rules around anti-corruption, anti-bribery and anti-money laundering.

Integrity and transparency is central to the way we run our business regardless of ones seniority or role. The Company encourages everyone, from our Board to all our staff, to speak up and participate in our firm's open culture. This inclusive culture supports our employees in complying with the applicable laws, regulations and our internal policies.

We believe that each employee of Flow Traders has an individual as well as collective responsibility for ensuring an honest and ethical conduct of business within the Company. Our Code of Conduct, which forms part of our employment documentation, is the formalisation of our behavioural values.

Ensuring adherence with our Code of Conduct is the responsibility of the Executive Committee. Any reported potential breaches are investigated fully by the Executive Committee and other members of our senior management team in accordance with existing clearly laid out procedures and policies. Our Code of Conduct can be found on our website www.flowtraders.com.

We also have anti-bribery, anti-corruption and anti-money laundering (AML) policies in place that apply to all our staff. We expect our counterparties, business partners, intermediaries, contractors and subcontractors to adhere to the same standards. We believe that the risk of bribery or corruption is very limited as we do not hold or manage client money or assets. We trade financial instruments for our own account and own risk only. We do not maintain production facilities or source raw materials.

Nevertheless, our staff receives training in anti-bribery, anti-corruption and AML practices, as the Board would like to reinforce the importance of these policies.

Key to our anti-bribery and anti-corruption policy is that officials or counterparties that we work with may never be placed in an uncomfortable position.

Therefore, no gifts nor favours that may lead (or have the appearance to lead) to obligations or embarrass any recipient, and no gifts nor favours of any substantial value may be given to any authorities or counterparties that we interact with. Any form of facilitation payments are strictly not permitted under any circumstances. We provide clear and recurring guidance on a regular basis in that respect.

As part of our constant monitoring, all expenses and gifts relating to external parties are checked by senior managers and employees must state the purpose and recipient of an expense.

We have zero tolerance approach towards bribery and corruption and we actively ensure that no such behaviour occurs. No cases of bribery or corruption were reported in 2023.

Whistleblowers

In addition to our culture of openness, transparency and participation, we also have a mature and detailed Whistleblower Policy in place for all staff and relevant contractors, approved by the Executive Directors of the Board.

Employees are free to raise issues and have the responsibility to report misconduct and incidents, or any reasonable suspicions.

All employees are required to participate in an online course on the Whistleblower Policy, as part of the Flow Academy, to create awareness and guidance on how to deal with misconducts and incidents described in Flow Traders whistleblower policy.

Circumstances may arise that cause an employee to feel insecure or unsafe to the extent that they may not want to use their usual reporting lines. We also provide employees with a safe way of reporting any suspected misconduct within our organisation and offers robust protection to them.

The Whistleblower Policy has wide applications, including in respect of topics such as fraud, market abuse, corruption, anti-money laundering, theft, bribery, dishonouring the organisation, global tax policy and any other structural misconduct that threatens the integrity and proper business conduct.

The Whistleblower Policy also provides any whistleblower with anonymity, confidentiality, and the Company will not impose sanctions on disclosure (or affect an employee’s legal position) when the employee reports a suspected misconduct in good faith, unless the employee is involved in the issue that is being reported. We respect a non-retaliation policy when a suspected misconduct is reported.

Our Whistleblower Policy can be found on our website www.flowtraders.com.

Internal audit

The Internal Audit (IA) Function seeks to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. An efficient and effective IA contributes to strong internal controls and to a robust governance structure, which can address key structural risks.

The scope of IA's work includes the examination and evaluation of the adequacy and effectiveness of our' risk management, control and governance processes. It also includes quality assurance work reviewing our performance in carrying out assigned responsibilities to achieve our stated goals and objectives.

Our Group Internal Audit Charter defines the IA's purpose, authority, responsibility and position within the organisation. This charter is aligned with the Corporate Governance Code and with guidance provided by the Institute of Internal Auditors.

The IA function is an integral part of our reporting cycle. The Internal Audit Function reports to the Audit Committee and to the CEO. It aligns its efforts with our external auditor and reports its audit results to the Board, the Audit Committee and informs the external auditor.

The Board assesses the way in which the IA function fulfils its responsibility annually and takes the opinion of the Audit Committee into account.

Flow Traders Internal Audit Function conforms to the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA) and was externally certified in 2022.

Statement by the Executive Directors of the Board

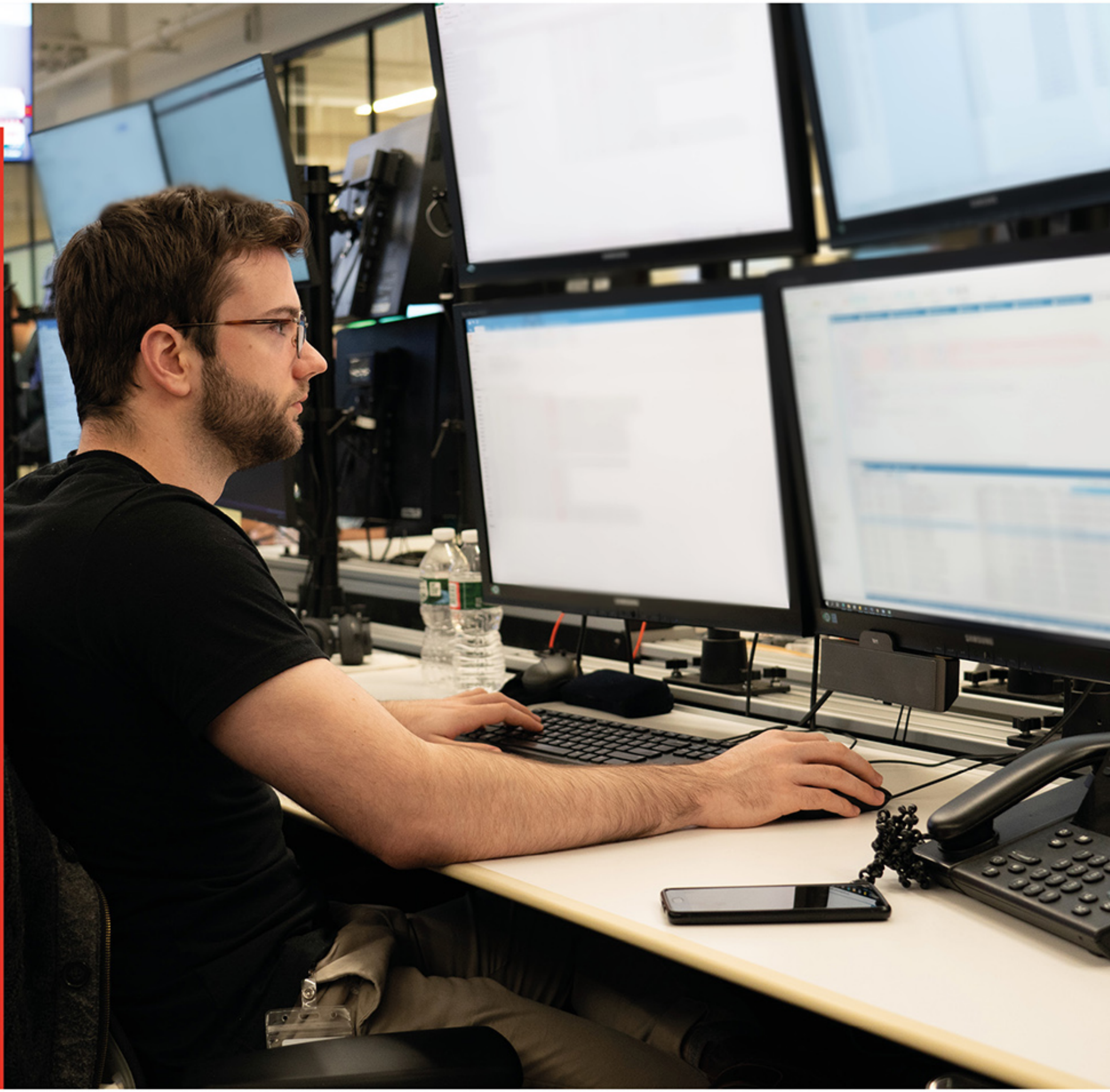
As required by section 5:25d of the Dutch Financial Supervision Act (Wet op het financieel toezicht) we state that according to the best of our knowledge:

- the interim financial statements present a true and fair view of the assets, the liabilities, the financial position and profit or loss of Flow Traders Ltd. and the companies included in the consolidation; and
- the interim financial statements provide a true and fair view of the information required pursuant to article 5:25d paragraph 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht)

Regards,

Mike Kuehnel
Folkert Joling

Financial statements



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(In thousands of euro)*	Note	At 30 June 2023	At 31 December 2022
Assets			
Cash and cash equivalents	13	5,428	8,612
Financial assets held for trading	14	5,607,757	4,876,590
Trading receivables	15	8,152,345	6,022,355
Other assets held for trading	16	89,171	58,347
Other receivables	17	20,369	24,708
Investments measured at fair value through OCI	18	21,479	19,839
Investments measured at fair value through PL	19	4,654	1,928
Investments in associates	20	373	4,958
Property and equipment		72,094	77,081
Intangible assets		1,748	1,967
Current tax assets	12	6,688	2,800
Deferred tax assets	12	4,936	5,503
Total assets		**13,987,042**	**11,104,688**
Liabilities			
Financial liabilities held for trading	21	2,924,299	2,956,640
Trading payables	22	10,257,994	7,326,169
Other liabilities held for trading	23	97,963	32,115
Lease liabilities		51,235	54,100
Other liabilities	24	65,580	115,730
Current tax liabilities	12	1,637	11,246
Deferred tax liabilities	12	2,349	2,372
Total liabilities		**13,401,057**	**10,498,372**
Equity	25		
Share capital		162,871	162,871
Share premium		577	2,372
Treasury shares		(85,036)	(103,536)
Share-based payments reserve		34,073	56,865
Retained earnings		449,656	460,804
Currency translation reserve		20,618	24,899
Fair value reserve		3,226	2,040
Total equity		**585,985**	**606,315**
Total equity and liabilities		**13,987,042**	**11,104,688**

The section notes to the condensed consolidated financial statements are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(In thousands of euro)*

	Note	For the six months ended 30 June 2023	2022
Gross trading income		301,510	328,316
Fees related to the trading activities		53,992	56,158
Net financial expenses related to the trading activities		87,553	39,458
Net trading income	8	**159,965**	**232,700**
Other income	9	1,893	(1,260)
Total income		**161,858**	**231,440**
Employee expenses	10	67,300	90,328
Depreciation of property and equipment		9,366	7,450
Amortization of intangible assets		265	277
Write off of (in)tangible assets		26	155
Other expenses	11	51,159	52,721
Operating expenses		**128,116**	**150,931**
Operating result		**33,742**	**80,509**
Result/(impairment) of equity-accounted investees	20	(4,634)	(189)
Profit before tax		**29,108**	**80,320**
Tax expense	12	5,625	16,806
Profit for the year attributable to the owners of the Company		**23,483**	**63,514**
Other comprehensive income (loss)			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations		(4,281)	15,374
Items not reclassified to profit or loss			
Changes in fair value through other comprehensive income		1,186	1,533
Other comprehensive income for the year (net of tax)		**(3,095)**	**16,907**
Net other comprehensive income for the year attributable to the owners of the Company		**20,388**	**80,421**
Earnings per share			
Basic earnings per share	7	0.54	1.46
Diluted earnings per share	7	0.52	1.41

The section notes to the condensed consolidated financial statements are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(In thousands of euro)* 2023

	Share capital	Share premium	Treasury shares	Share-based payments reserve	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2023	**162,871**	**2,372**	**(103,536)**	**56,865**	**24,899**	**2,040**	**460,804**	**606,315**
Profit	–	–	–	–	–	–	23,483	23,483
Total other comprehensive income	–	–	–	–	(4,281)	1,186		(3,095)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(4,281)**	**1,186**	**23,483**	**20,388**
Transactions with owners of the Company								
Dividends	–	–	–	–	–	–	(34,630)	(34,630)
(Repurchase) of shares	–	–	(5,564)	–	–	–		(5,564)
Share-based payments	–	(1,795)	24,064	(22,792)	–	–		(523)
Total transactions with owners of the company	**–**	**(1,795)**	**18,500**	**(22,792)**	**–**	**–**	**(34,630)**	**(40,717)**
Balance at 30 June 2023	**162,871**	**577**	**(85,036)**	**34,073**	**20,618**	**3,226**	**449,656**	**585,985**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(In thousands of euro)* 2022

	Share capital	Share premium	Treasury shares	Share-based payments reserve	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2022	**4,653**	**161,974**	**(105,644)**	**50,523**	**15,510**	**1,249**	**379,904**	**508,169**
Profit	—	—	—	—			63,515	63,515
Total other comprehensive income	—	—	—	—	15,374	1,533		16,907
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**15,374**	**1,533**	**63,515**	**80,422**
Transactions with owners of the Company								
Dividends	—	—	—	—	—	—	(15,306)	(15,306)
(Repurchase) of shares	—	—	4,129	—	—	—	—	4,129
Share-based payments	—	2,108	12,984	(10,371)	—	—	—	4,721
Total transactions with owners of the company	**—**	**2,108**	**17,113**	**(10,371)**	**—**	**—**	**(15,306)**	**(6,456)**
Balance at 30 June 2022	**4,653**	**164,082**	**(88,531)**	**40,152**	**30,884**	**2,782**	**428,113**	**582,135**

The section notes to the condensed consolidated financial statements are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(In thousands of euro)*		**For the six months ended 30 June**	
	Note	**2023**	**2022**
Cash flows from operating activities			
Profit for the year		23,483	63,514
Adjusted for:			
Depreciation of property and equipment		9,366	7,450
Amortization of intangible assets		265	277
Write off of (in) tangible assets		26	155
Result/(impairment) of equity-accounted investees (net of tax)		4,634	189
Result/(impairment) of investments FVPL		(1,875)	1,260
Share-based payment transactions	10	9,942	15,680
Tax expense	12	5,625	16,806
Changes in working capital			
▪ (increase)/decrease financial assets held for trading	14	(731,167)	(1,348,096)
▪ (increase)/decrease trading receivables	15	(2,129,990)	(2,627,503)
▪ (increase)/decrease other assets held for trading	16	(30,824)	(795)
▪ (increase)/decrease other receivables	17	4,339	(4,300)
▪ increase/(decrease) financial liabilities held for trading	21	(32,341)	1,010,287
▪ increase/(decrease) trading payables	22	2,931,825	2,964,091
▪ increase/(decrease) other liabilities held for trading	23	65,848	1,739
▪ increase/(decrease) other liabilities	24	(63,818)	(65,263)
▪ Corporate income tax paid	12	(18,578)	(10,876)
Cash flows from operating activities		**46,760**	**24,615**
Cash flows from investing activities			
Investments and acquisitions of financial assets held at FVOCI	18	(183)	(8,715)
Investments and acquisitions of financial assets held at FVPL	19	(835)	—
Investments and acquisitions of financial assets held at associates and joint ventures	20	—	—
Disposals or sales of financial assets held at FVOCI	18	—	1,680
Disposals or sales of financial assets held at FVPL	19	—	135
Disposals or sales of financial assets held in associates and joint ventures	20	—	—
Acquisition of property and equipment		(4,900)	(3,657)
Acquisition of intangible assets		(48)	—
Cash flows from investing activities		**(5,966)**	**(10,557)**

Cash flows from financing activities		
Dividend paid	(34,630)	(15,305)
Payments of lease liabilities	(3,637)	(4,334)
(Repurchases)/sales of shares	(5,564)	5,177
Cash flows from financing activities	**(43,831)**	**(14,462)**
Effect of movements in exchange rates on cash and cash equivalents	(147)	156
Change in cash and cash equivalents	**(3,184)**	**(248)**
Change in cash and cash equivalents		
Cash and cash equivalents at opening	8,612	4,949
Cash and cash equivalents at close	5,428	4,701
Change in cash and cash equivalents	**(3,184)**	**(248)**

*For the period ended 30 June 2023 the interest paid amounted to €123.6 million (2022: €40.3 million), which includes €123.4 million (2022: €40.2 million) related to trading income and €0.1million (2022: €0.1 million) to others. The interest received for the period 30 June 2023 is €35.8 million (2022: €0.2m), all trading related.

The section notes to the condensed consolidated financial statements is an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

All amounts in thousands of euro, unless stated otherwise.

1. *Reporting entity*

Flow Traders Ltd. (referred to as the "Company") is an exempted company limited by shares registered under the Companies Act 1981 of Bermuda, as amended (the "Companies Act"). Flow Traders Ltd. was incorporated on 13 January 2023 with its registered office at Canon's Court, 22 Victoria Street, PO Box HM 179 , Hamilton HM 12 Bermuda. The Company's principal place of business is located at Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands. Flow Traders Ltd. is registered with the Dutch Trade Register of the Chamber of Commerce under number 88926257 as a company formally registered abroad (*"formeel buitenlandse kapitaalvennootschap"*) as this term is referred to in the Dutch Companies Formally Registered Abroad Act (*"Wet op de formeel buitenlandse vennootschappen"*), which means the Company is deemed a Dutch resident company for corporate reporting purposes in accordance with applicable Dutch laws.

These condensed consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is a leading technology-enabled global multi-asset class liquidity provider with its core business in Exchange Traded Products (ETP) actively expanding in fixed income, FX, commodities and digital assets, while systemically increasing its presence in the global ecosystem through strategic partnerships and investments.

2. *Basis of preparation*

a) **Statement of compliance**

The Group applies International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and title 9 book 2 of Dutch Civil Code. IFRS-EU provides several options in accounting principles. The Group's accounting principles IFRS-EU and its decisions regarding the options available are set out in the section 'significant accounting policies' below.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting as adopted by the European Union. They do not include all the information required for a complete set of International Financial Reporting Standards (IFRS) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2022.

3. *Predecessor and continuation accounting*

a) **Changes to corporate structure**

On 13 January 2023, the Group completed the update to its corporate holding structure. This followed receipt of shareholder approval at an Extraordinary General Meeting held on 2 December 2022 and fulfilment of all regulatory and other customary closing conditions. As a result of the update, the Group's top holding company is now Flow Traders Ltd. The update of the corporate holding structure enables Flow Traders to become more competitive as a global liquidity provider, particularly in relation to regulatory capital management.

As part of the change of its corporate holding structure Flow Traders N.V. entered into a cross-border legal merger in which (i) all Flow Traders N.V.'s assets, liabilities, rights, obligations and other legal relationships were acquired by Flow Traders S.A. incorporated under the laws of Luxembourg, (ii) Flow Traders N.V. ceased to exist and (iii) each Shareholder received one Flow Traders S.A. share for each Flow Traders N.V. share. Following this merger Flow Traders S.A. converted into a Bermuda limited company and changed its registered address to Bermuda.

The change in the Group's corporate holding structure had no impact on the profit and loss or equity of the Company. A predecessor value method is used to determine the carrying value of all assets and liabilities that transfer as part of the merger. As at 13 January 2023 the assets and liabilities of Flow Traders N.V. are consolidated in the financial statements of Flow Traders S.A. at their carrying amount on this date, in accordance with the predecessor value method. Similarly for comparative numbers, amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented, being years 2023 and 2022.

The pooling of interests method is generally considered to involve the combining parties being presented as if they had always been combined. To this effect, the receiving entity accounts for the transaction from the beginning of the period in which the combination occurs (irrespective of its actual date) and restates comparatives to include all combining parties.

b) **Capital management**

Different capital requirements apply following the update of the holding structure which are expected to expand Flow Traders' strategic growth options. Furthermore, it creates a more level playing field with global peers with respect to the regulatory capital framework. Flow Traders’ regulated entities continue to be subject to supervision by their respective regulators, however Flow Traders will no longer be subject to consolidated IFR/IFD supervision. Flow Traders obtained an unconditional declaration of no objection from the Dutch Central Bank (DNB) in connection with the update of the corporate holding structure.

Please refer to page 59 for details relating to Group and local capital requirements.

c) **Common control**

As Flow Traders N.V. and Flow Traders S.A. are under common control at the time they entered into the cross-border legal merger, IFRS 3 Business Combinations is not applicable.

4. *New standards and interpretations*

All accounting policies are the same as those applied in the Group’s consolidated financial statements for the year ending 31 December 2022. In addition to the policies disclosed as part of the annual report 2022, Flow Traders has applied its accounting policy with respect to predecessor and continuation accounting as outlined in note 3.

New amendments and interpretations apply for the first time in 2023, but do not have a material impact on the interim condensed consolidated financial statements of the Group

5. *Operating segments*

The executive directors of the board examine the Group performance from a regional perspective and have identified three reportable segments of its global trading business: Europe, the Americas and Asia.

Europe consists of activities in the Netherlands with institutional trading activities in France, UK, Italy, trading activities in Jersey and IT activities in Romania. Americas consists of the subsidiaries in the USA. Asia contains our subsidiaries in Hong Kong and Singapore and a Chinese representative office in Shanghai. The executive directors of the board consider this segmentation to be relevant to understand the Group financial performance because it allows investors to understand the primary method used by management to evaluate the operating performance and decision making about allocation of resources and trading capital. The Group measures results on an IFRS basis and reconciles the total segment results on net trading income, profit before tax and net profit. Significant transactions and balances between geographic regions occur primarily as result of Group operating companies incurring the operating expenses such as employee compensation, communication, software development and data processing and overhead costs for the purpose of providing services to affiliated operating companies (line items intercompany recharge income and expenses).

The Group’s trading assets and liabilities attributable to each segment are reported to management on the basis of net trading capital. Consequently, the reported total assets in each segment are net of the segment’s financial liabilities held for trading, trading payables and other liabilities held for trading.

SEGMENT REPORTING	For the six months ended 30 June 2023			
	Europe	Americas	Asia	Total
Gross trading income	164,761	94,686	42,063	301,510
Fees related to the trading activities	30,130	19,812	4,050	53,992
Net financial expenses related to the trading activities	45,908	32,284	9,361	87,553
Net trading income	**88,723**	**42,590**	**28,652**	**159,965**
Other income	1,915	(23)	–	1,893
Total Income	**90,638**	**42,567**	**28,652**	**161,858**
Intercompany recharge	12,188	–	–	12,188
Total revenues	**102,826**	**42,567**	**28,652**	**174,045**
Employee expenses	41,659	16,588	9,053	67,300
Intercompany recharge	–	5,446	6,742	12,188
Other expenses	31,598	13,417	6,144	51,159
Total operating expenses	**73,257**	**35,451**	**21,939**	**130,647**
EBITDA	**29,570**	**7,116**	**6,713**	**43,399**
Depreciation of property and equipment	5,072	2,481	1,813	9,366
Amortization of intangible assets	243	21	1	265
Write off of (in) tangible assets	–	26	–	26
Operating result	**24,255**	**4,588**	**4,899**	**33,742**
Result/(impairment) of equity-accounted investees	(341)	(4,293)	–	(4,634)
Profit before tax	**23,914**	**295**	**4,899**	**29,108**
Tax expense	5,415	66	144	5,625
Profit for the year	**18,499**	**229**	**4,755**	**23,483**
FTE	**450**	**119**	**85**	**654**

SEGMENT REPORTING	At 30 June 2023			
Assets	**402,487**	**218,028**	**86,271**	**706,786**
Liabilities	**47,264**	**57,073**	**16,466**	**120,801**
Capital expenditure	**3,501**	**951**	**448**	**4,900**

SEGMENT REPORTING	For the six months ended 30 June 2022			
	Europe	Americas	Asia	Total
Gross trading income	207,845	77,384	43,087	328,316
Fees related to the trading activities	33,420	16,522	6,216	56,158
Net financial expenses related to the trading activities	14,984	20,622	3,852	39,458
Net trading income	**159,441**	**40,240**	**33,019**	**232,701**
Other income	–	(1,260)	–	(1,260)
Total Income	**159,441**	**38,980**	**33,019**	**231,440**
Intercompany recharge	9,821	–	–	9,821
Total revenues	**169,262**	**38,980**	**33,019**	**241,261**
Personnel expenses	57,532	20,624	12,172	90,328
Intercompany recharge	–	2,015	7,805	9,821
Other expenses	35,796	11,365	5,561	52,721
Total operating expenses	**93,328**	**34,004**	**25,538**	**152,870**
EBITDA	**75,934**	**4,976**	**7,481**	**88,391**
Depreciation of property and equipment	3,325	2,382	1,743	7,450
Amortization of intangible assets	246	22	9	277
Write off of (in) tangible assets	–	132	23	155
Operating result	**72,363**	**2,440**	**5,706**	**80,509**
Result/(impairment) of equity-accounted investees	(139)	(50)	–	(189)
Profit before tax	**72,224**	**2,390**	**5,706**	**80,320**
Tax expense	15,722	823	261	16,806
Profit for the year	**56,502**	**1,567**	**5,445**	**63,514**
FTE	**428**	**107**	**76**	**611**

SEGMENT REPORTING	At 31 December 2022			
Assets	**440,603**	**263,499**	**83,734**	**787,836**
Liabilities	**87,196**	**69,231**	**25,094**	**181,521**
Capital expenditure	**1,982**	**520**	**1,154**	**3,657**

6. *Fair values of financial instruments and other assets and liabilities held for trading*

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between independent market participants at the measurement date.

The Group measures fair values using the following fair value hierarchy, depending on the inputs used for making the measurements.

- Level 1: fair value of financial instruments based upon inputs that are quoted, unadjusted, market prices in active markets for identical instruments;
- Level 2: inputs other than quoted prices included within Level 1, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not considered active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes unobservable inputs that have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments, for example unlisted equity securities.

The fair values of financial assets and financial liabilities that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Group determines fair values using other valuation techniques.

The Group uses widely recognized valuation techniques and models for determining the fair value of common, simple financial instruments that use only observable market data and require little management judgement and estimation. Observable prices or model inputs used in valuation techniques include risk-free and benchmark interest rates and credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilizes and correlations, which are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and thus reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

When the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, it applies judgement in determining appropriate portfolio-level adjustments such as bid-ask spreads. Such adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio.

Similarly, when the Group measures portfolios of financial assets and financial liabilities on the basis of net exposure to the credit risk of a particular counterparty, it takes into account any existing arrangements that mitigate the credit risk exposure (e.g. master netting agreements with the counterparty).

The Group has an established control framework with respect to the measurement of fair values. This framework involves both the Risk and Operations department which are independent of the Trading department and report directly to the the Board. The Risk and Operations departments have overall responsibility for independently verifying the results of trading and all significant fair value measurements. The daily reconciliation of the positions and prices between the prime brokers and the Trading department is most important.

a. Financial assets and liabilities held for trading

The valuation of trading positions, both long and short positions, is determined by reference to last traded prices from identical instruments from the exchanges at the reporting date. Such financial assets and liabilities are classified as Level 1.

A substantial part of the financial assets and liabilities held for trading which are carried at fair value are based on theoretical prices which can differ from quoted market prices. The theoretical prices reflect price adjustments primarily caused by the fact that the Group continuously prices its financial assets and liabilities based on all available information. This includes prices for identical and near-identical positions, as well as the prices for securities underlying the Group's positions, on other exchanges that are open after the exchange on which the financial asset or liability is primarily traded closes. The Group's Risk and Operations departments checks the theoretical price independently. As part of their review, they monitor whether all price adjustments can be substantiated with market inputs. Consequently, such financial assets and liabilities are classified as Level 2.

For offsetting (delta neutral) positions, the Group uses mid-market prices to determine fair value.

b. Trading receivables and payables

Trading receivables and payables are measured on a fair value basis and designated at fair value though profit and loss. In accordance with the Group Accounting Policy of trade-date accounting for regular-way sale and purchase transactions, sales/purchase transactions awaiting settlement represent amounts receivable/payable for securities sold/purchased but not yet settled as at the reporting date. Receivables from and payables to broker-dealers, including cash balances held at the Group's clearing firms and the net amount receivable or payable for securities transactions pending settlement are included in this category. The Group maintains portfolio financing facilities with its prime brokers to facilitate its trading activities to finance the purchase and settlement of financial instruments. These financial liabilities are included at amortized cost. Gains, and losses, including on derecognition, interest expense and foreign exchange gains and losses are recognized in profit or loss.

c. Investments measured at fair value through other comprehensive income ('OCI')

The fair value of investments measured at fair value through other comprehensive income is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique and are classified as Level 2 or level 3, conditional upon the regular availability of quoted closing bid prices.

d. Investments measured at fair value through profit and loss

The fair value of investments measured at fair value through profit and loss is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique and are classified as Level 3.

e. Other assets held for trading

Other assets held for trading comprises the amount of digital assets that the Group holds as a broker-dealer. The Group applies IAS 2 for its digital assets and these are measured at fair value through profit and loss. As the Company uses its own fair value models based on quoted prices or observable inputs for the valuation of the digital assets, these assets are classified as Level 2.

f. Other liabilities held for trading

From time to time, the Company borrows digital assets as part of its trading strategy. The borrowed digital assets payables are measured at fair value through profit or losses as the Company uses its own fair value models based on quoted prices, observable inputs or unobservable inputs for the valuation of the borrowed digital assets, these liabilities are classified as level 2 and level 3.

g. Fair value hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities according to their fair value hierarchy.

Fair value hierarchy

At 30 June 2023	Level 1	Level 2	Level 3	Total
Long positions in equity securities - trading	135,642	5,105,484	–	5,241,126
Long positions in debt securities - trading	–	346,191	–	346,191
Mark to market derivatives assets	256	20,184	–	20,440
Financial assets held for trading	**135,898**	**5,471,859**	**–**	**5,607,757**
Trading receivables	8,151,290	1,055	–	8,152,345
Other assets held for trading	–	89,171	–	89,171
Investments measured at fair value through PL	–	–	4,654	4,654
Investments measured at fair value through OCI	–	1,157	20,322	21,479
Total long positions	**8,287,188**	**5,563,242**	**24,976**	**13,875,406**
Short positions in equity securities - trading	86,748	2,430,453	–	2,517,201
Short positions in debt securities - trading	–	394,053	–	394,053
Mark to market derivatives liabilities	38	13,007	–	13,045
Financial liabilities held for trading	**86,786**	**2,837,513**	**–**	**2,924,299**
Trading payables	10,256,346	1,648	–	10,257,994
Other liabilities held for trading	–	67,385	30,578	97,963
Total short positions	**10,343,132**	**2,906,546**	**30,578**	**13,280,256**

At 31 December 2022	Level 1	Level 2	Level 3	Total
Long positions in equity securities - trading	96,214	4,337,438	–	4,433,652
Long positions in debt securities - trading	–	434,853	–	434,853
Mark to market derivatives assets	274	7,811	–	8,085
Financial assets held for trading	**96,488**	**4,780,102**	**–**	**4,876,590**
Trading receivables	6,020,511	1,844	–	6,022,355
Other assets held for trading	–	58,347	–	58,347
Investments measured at fair value through PL	–	–	1,928	1,928
Investments measured at fair value through OCI	–	1,381	18,458	19,839
Total long positions	**6,116,999**	**4,841,674**	**20,386**	**10,979,059**
Short positions in equity securities - trading	33,671	2,483,631	–	2,517,302
Short positions in debt securities - trading	–	431,195	–	431,195
Mark to market derivatives liabilities	66	8,077	–	8,143
Financial liabilities held for trading	**33,737**	**2,922,903**	**–**	**2,956,640**
Trading payables	7,323,970	2,199	–	7,326,169
Other liabilities held for trading	–	19,889	12,226	32,115
Total short positions	**7,357,707**	**2,944,991**	**12,226**	**10,314,924**

Due to the short holding period between acquisition and sale, there are no transfers between Level 1 and Level 2 during the reporting period.

In 2023, no transfers in or out of level 3 took place (2022: nil). The following table shows the movement in level 3 assets, please also refer to note 18 & 19. The fair value of the level 3 investments is determined based on the latest transaction price. The fair value is reassessed based on internal reviews of the investments' milestone performance and runway. Changes in the unobservable inputs used to determine fair value may result in an increase or decrease in fair value.

Investments	At 30 June 2023		
	FVPL	FVOCI	Total
Net book amount 1 January	1,928	18,459	20,387
Additions	835	183	1,018
Disposals	–	–	–
Unrealized gain/(loss)	1,875	1,931	3,806
Effect of movement in foreign exchange differences	16	(251)	(235)
Net book amount at period end	**4,654**	**20,322**	**24,976**

Investments	At 31 December 2022		
	FVPL	FVOCI	Total
Net book amount 1 January	1,716	8,209	9,925
Additions	1,936	9,114	11,050
Disposals	(310)	(1,622)	(1,932)
Unrealized gain/(loss)	(1,518)	2,273	755
Effect of movement in foreign exchange differences	104	484	588
Net book amount at period end	**1,928**	**18,458**	**20,386**

Hedge of net investments in foreign operations

Included in financial liabilities held for trading at 30 June 2023 was a borrowing of USD 10.7 million (2022: USD 19.9 million) which has been designated as a hedge of the net investment in the United States and Singapore subsidiaries, which have their functional currency in USD. This borrowing is being used to hedge the Group's exposure to the USD foreign exchange risk on this investment. Gains or losses on the retranslation of this borrowing are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the USD borrowing. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the borrowing. The hedging gain recognized in other comprehensive income before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognized in profit or loss. The impact of the hedging instrument recorded in financial liabilities held for trading on the statement of financial position is as follows:

Foreign currency denominated borrowings

For the six months ended 30 June 2023		
Notional amount (US$000)	Carrying amount (€000)	Change in fair value used for measuring ineffectiveness for the period(€000)
10,700	**10,037**	**232**

Foreign currency denominated borrowings

For the year ended 31 December 2022		
Notional amount (US$000)	Carrying amount (€000)	Change in fair value used for measuring ineffectiveness for the period(€000)
19,900	**18,646**	**7,555**

Net investment in foreign subsidiaries

	For the six months ended 30 June 2023	
	Change in fair value used for measuring ineffectiveness (€000)	Foreign currency translation reserve (€000)
Investment in foreign subsidiaries	**232**	**232**

Net investment in foreign subsidiaries

	For the year ended 31 December 2022	
	Change in fair value used for measuring ineffectiveness (€000)	Foreign currency translation reserve (€000)
Investment in foreign subsidiaries	**7,555**	**7,555**

7. Earnings per share

The calculation of the basic earnings per share is based on profit for the year attributable to ordinary shareholders and the number of ordinary shares outstanding.

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

Diluted earnings per share is determined by adjusting the basic earnings per share for the effects of all dilutive share-based payments to employees.

	For the six months ended 30 June	
	2023	2022
Profit for the year	23,483	63,514
Profit attributable to ordinary shareholders	**23,483**	**63,514**
Weighted average number of ordinary shares	43,216,284	43,623,788
Dilutive effect of share-based payments	1,575,973	1,442,081
Weighted average number of ordinary shares for diluted net profit	**44,792,257**	**45,065,869**
Basic earnings per share	**0.54**	**1.46**
Diluted earnings per share	**0.52**	**1.41**

8. Net trading income

Gross trading income comprises the realized and unrealized income on financial instruments, digital assets and certain fees which the Group receives as a liquidity provider from exchanges and issuers of products.

Fees related to the trading activities consist of expenses such as exchange fees, clearing fees and other trading related fees. Net financial expenses related to the trading activities mainly relate to interest expense on the credit facilities with the prime brokers calculated on the drawn amount during the year.

9. Other income

Other income includes gains and losses from investments measured at fair value through profit and loss. For further details please refer to note 19.

10. Employee expenses

	For the six months ended 30 June	
	2023	2022
Wages and salaries	30,602	26,180
Social security charges	3,489	2,915
Recruitment and other employment costs	5,116	5,196
Variable compensation paid in cash	18,151	40,357
Variable compensation paid in shares	9,942	15,680
Total	**67,300**	**90,328**

The wages and salaries of the Group increased as FTE development from 611 as per 31 December 2022 to 654 as per 30 June 2023. Overall employee expenses decreased by 25% as a result of the overall decrease in variable compensation and wages and salaries paid to employees. The decrease in variable compensation is also reflected in the decrease in other liabilities. The amount of variable compensation payable is based on the operational profit of the Company.

Variable compensation costs are based on existing variable compensation obligations as well as expected variable compensation for the period.

Share-based payments

The Company awards its employees with shares as part of their variable compensation. Share awards as part of the variable compensation are gross awards, which entails that the employee income tax obligations are to be paid out of these awards. The shares awarded under the loyalty and sign-on package share plans are awarded based on a net basis, which entails that the Company is liable for the employee income tax due for these plans.

In either case the Group is responsible for withholding wage taxes upon vesting in the Netherlands and in most other countries of operations. The estimated amount of wage taxes can be up to 50%, for which future cash outflows maybe covered by the sale of treasury shares.

Following the update to the Group's corporate structure at 13 January 2023 the change in the issuer of the shares from Flow Traders N.V. to Flow Traders Ltd. including the name of the company, legal seat and ISIN constitutes a modification to share-based payments. The Group measured the fair value of the outstanding share options based on the closing share price at 13 January 2023 and concluded that this change was a non-beneficial modification and continued to measure the fair value at original grant date. No incremental expenses related to the fair value of the share options was included in profit or loss.

Share-based payments per plan	For the six months ended 30 June	
	2023	2022
Variable remuneration share plans	9,594	14,965
Company loyalty and sign-on package share plans	348	715
Total expenses arising from equity settled share-based payments	**9,942**	**15,680**
Expenses arising from cash settled share-based payments	875	1,435
Total expenses arising from cash settled share-based payments	**875**	**1,435**
Total expenses arising from share-based payments	**10,817**	**17,115**

Total share awards outstanding per plan	At 30 June 2023	At 31 December 2022
Variable remuneration share plans	1,878,895	2,935,616
Company loyalty and sign-on package share plans	88,431	163,418
Outstanding at period end	**1,967,325**	**3,099,034**

a) **Variable remuneration share plans - equity settled**

Under the variable remuneration share plans, shares are granted to employees as part of their variable compensation. The shares vest in four equal instalments during the first quarter of the subsequent year over a period of four years subject to the condition that the employee remains employed on the vesting date.

At year end employees are granted shares based on a fixed monetary value. The number of shares are estimated based on the monetary value divided by the fair value of the share price at grant date. The final number of shares granted are determined based on the volume weighted average price (VWAP) of the first open period of the following year, resulting in an updated calculation of the shares awarded, as is shown in the tables below.

Prior year variable remuneration plans have been adjusted as follows:

Variable remuneration share plan year	**2022**	**2021**	**2020**
Fixed monetary value	27,432	20,943	96,318
Fair value share price at grant date	€23.26	€33.10	€28.58
VWAP share price of first open period	€26.64	€28.91	€32.20

The following table illustrates the number of shares and movements in share awards during the year. The expense recognized during the year was €9.6 million (2022: €15.0 million).

Number of shares	**At 30 June 2023**	**At 31 December 2022**
Outstanding at 1 January	**2,935,616**	**2,601,716**
Granted during the year	65,510	1,179,378
Changes due to dividend reinvestment	148,019	78,977
Vested during the year	(1,086,151)	(859,556)
Forfeited during the year	(74,481)	(179,347)
Changes in shares recalculated based on final VWAP	(109,619)	114,448
Outstanding at period end	**1,878,895**	**2,935,616**

b) **Company loyalty and sign-on package share plans - equity settled**

Under the Company loyalty and sign-on package share plans, shares are granted as a part of variable compensation to certain employees. The shares vest over a period of one to five years, depending on the share plan and agreement with the employee, subject to the condition that the employee remains employed on the vesting date.

The fair value of the share options is estimated at the grant date.The weighted average fair value of shares granted during the period ended 30 June 2023 was of €23.97 (2022: €29.04). The exercise price of the share option is equal to the market price of the underlying shares on the date of grant. The expense recognized during the year was €0.3 million (2022: €0.7 million).

Number of shares	**At 30 June 2023**	**At 31 December 2022**
Outstanding at 1 January	**163,418**	**162,471**
Granted during the year	1,535	74,700
Changes due to dividend reinvestment	25,164	4,559
Vested during the year	(83,975)	(65,376)
Forfeited during the year	(17,711)	(12,936)
Outstanding at period end	**88,431**	**163,418**

c) **Share appreciation rights - cash settled**

Certain employees are awarded share appreciation rights (SARs) as part of their variable compensation, settled in cash. The SARs vest in equal instalments over a period of four to five years subject to the condition that the employee remains employed on the vesting date. The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs. The carrying amount of the liability relating to the SARs at 30 June 2023 was €7.7 million (31 December 2022: €10.4 million). The expense recognized during the period was €0.9 million (30 June 2022: €1.4 million).

11. *Other expenses*

	For the six months ended 30 June	
	2023	2022
Technology	33,280	28,732
Housing	2,594	1,655
Advisors and assurance	2,444	2,145
Strategic advisory costs	3,342	11,763
Regulatory costs	1,315	1,568
Fixed exchange costs	3,929	3,672
Travel expenses	1,253	1,105
Various expenses	3,002	2,082
Other expenses	**51,159**	**52,721**

Technology expenses for the first half of the year increased due to initiatives to optimize our infrastructure. The Company incurred significant strategic advisory costs in 2022 in relation to optimization of the Group legal entity and regulatory structure and further balance sheet review efforts.

12. *Taxation*

	For the six months ended 30 June	
	2023	2022
Tax recognised in profit or loss	**5,625**	**16,806**
Current tax expense	5,282	15,182
Movement in deferred tax asset	567	2,610
Movement in deferred tax liability	(23)	(940)
Adjustment for prior years	(201)	(46)
Tax expense excluding share of tax of equity-accounted investees	**5,624**	**16,806**

Reconciliation of the weighted average statutory income rate to the Group's effective income tax rate is as follows:

	For the six months ended 30 June	
	2023	2022
Profit before tax	29,108	80,320
Dutch standard tax rate	25.8%	25.8%
Income tax expected	7,510	20,723
Actual income tax charge	5,625	16,806
In percentage	19.3%	20.9%
Difference in tax expense	**(6.5)%**	**(4.9)%**

	For the six months ended 30 June			
	2023 (€)	2023	2022 (€)	2022
Dutch standard tax rate	7,510	25.8%	20,723	25.8%
Different weighted average statutory rate of group	(955)	(3.3%)	(1,264)	(1.6%)
Income (partly) exempted	(2,209)	(7.6%)	(5,354)	(6.7%)
Other non deductible costs	1,272	4.4%	2,701	3.4%
Subtotal	**(1,892)**	**(6.5%)**	**(3,917)**	**(4.9%)**
Effective tax rate	**5,625**	**19.3%**	**16,806**	**20.9%**

The effective tax rate differs from the (nominal) statutory tax rate. This difference is mainly caused by applying the participation exemption and Dutch innovation box regime. In addition the effective tax rate is impacted by non-deductible share plan costs that occur in each region.

Effective tax rate per region

An overview of the effective tax rate per region is presented in the table below.

	For the six months ended 30 June 2023	
	Statutory tax rate	Effective tax rate
Europe	25.8%	22.6%
Americas	21.0%	22.6%
Asia	16.5%	2.9%
Group	25.8%	19.3%

	For the six months ended 30 June 2022	
	Statutory tax rate	Effective tax rate
Europe	25.8%	22.1%
Americas	21.0%	23.2%
Asia	16.6%	4.6%
Group	25.0%	20.9%

13. Cash and cash equivalents

	At 30 June 2023	At 31 December 2022
Europe	2,240	1,837
Americas	186	203
Asia	3,002	6,572
Total cash and cash equivalents	**5,428**	**8,612**

Cash and cash equivalents include a bank guarantee of €0.7 million for office rent (2022: € 0.3 million). The other cash and cash equivalents are available on demand.

14. Financial assets held for trading

	At 30 June 2023	At 31 December 2022
Long position in equity securities-trading	5,241,126	4,433,651
Long position in debt securities-trading	346,191	434,853
Mark to market derivatives assets	20,440	8,086
Total financial assets held for trading	**5,607,757**	**4,876,590**

Financial assets held for trading relate to settled positions and are closely related to financial liabilities held for trading, trading receivables, trading payables, other assets held for trading and other liabilities held for trading. The sum of these positions is our net trading capital position at our prime brokers and together with cash used in the management report as trading capital. The Group enters into derivative contracts such as futures, forwards, swaps and options for trading and economic hedge purposes. Futures contracts are transacted at standardized amounts on regulated exchanges and are subject to cash margin requirements. The table above shows the fair values of derivative financial instruments recorded as assets. Forwards are customised contracts transacted in the over–the–counter market. Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index. The Group’s derivative assets and financial liabilities are generally not offset in the statement of financial position unless the IFRS netting criteria are met. The Group’s trading capital exposures including derivative contracts is monitored on daily basis as part of its overall risk management framework.

15. Trading receivables

	At 30 June 2023	At 31 December 2022
Receivables for securities sold	7,611,354	5,466,901
Due from brokers and exchanges	539,935	553,610
Mark to market derivatives assets	1,056	1,844
Total trading receivables	**8,152,345**	**6,022,355**

In accordance with the Group’s policy of trade date accounting for regular way sale and purchase transactions, receivables for securities sold represent amounts of receivables for securities that are sold, but not yet settled as at the reporting date and amounts due from brokers and exchanges. Trading receivables are measured at fair value.

16. Other assets held for trading

	At 30 June 2023	At 31 December 2022
Other assets held for trading	89,171	58,347
Total other assets held for trading	**89,171**	**58,347**

Per period end the Group held other assets with a total value of €89.2 million (at 31 December 2022 €58.3 million) which is comprised of digital assets.

17. Other receivables

	At 30 June 2023	At 31 December 2022
Prepayments	8,723	9,978
Dividend withholding tax	2,530	1,152
Security deposits	3,322	3,017
Receivable from employees	195	978
Other receivables	5,599	9,583
Total other receivables	**20,369**	**24,708**

For more information on the maturity analysis of other receivables, please refer to our full IFRS annual report.

18. Investments measured at fair value through other comprehensive income

	At 30 June 2023	At 31 December 2022
Net book amount 1 January	19,839	9,282
Additions	183	9,114
Disposals	—	(1,622)
Impairments	—	—
Unrealized gain/(loss)	1,712	2,563
Effect of movement in foreign exchange	(255)	502
Net book amount at period end	**21,479**	**19,839**

The investments of the Group in various exchanges, through participations or "member seats", and long-term strategic investments in companies active in the digital assets eco-system are classified as investments measured at fair value through other comprehensive income. Member seats provide access to various exchanges. These investments are measured at fair value determined on the last available bid before year end in the foreign currencies which are translated to euros at exchange rates at the reporting date.

In 2023 the Group had no sales or disposals of investments measured at fair value through other comprehensive income.

Remeasurements of the investments are recorded as a line item under Investments measured at fair value through other comprehensive income on the balance sheet, while the remeasurement gain/(loss) are recognized as a separate line item under changes in fair value through other comprehensive income on the condensed consolidated statement of profit and loss.

During the period ended 30 June 2023, MEMX completed a strategic equity round of funding resulting in an unrealized gain in the fair value of our investment in MEMX.

19. Investments measured at fair value through profit and loss

	At 30 June 2023	At 31 December 2022
Net book amount 1 January	1,928	1,716
Additions	835	1,936
Disposals	—	(310)
Impairments	—	—
Unrealized gain/(loss)	1,875	(1,518)
Effect of movement in foreign exchange	16	104
Net book amount at period end	**4,654**	**1,928**

During the period ended 30 June 2023 the Group made one new investment measured at fair value through profit and loss. An investment in Econia closed earlier this year. In addition to this the Group made an add-on investment in SEI Labs. The Group holds one investment in an unlisted digital assets trust that is planning to list in 2023.

The 2023 unrealized gains/(losses) are largely driven by fair value revaluations for the investment in the unlisted digital assets trusts.The 2023 unrealized gains/(losses) are largely driven by fair value revaluations for the investment in the unlisted digital assets trusts.

During the period ended 30 June 2023, the Group recognized gains of €1.8 million (2022: nil) on investment in SEI Labs, held at fair value through profit and loss.

Remeasurements of the investments are recorded as a line item under Investments at fair value through profit and loss on the balance sheet, while the remeasurement gain/(loss) are recognized as a separate line item under other income on the consolidated statement of profit and loss.

20. Investments in associates

	At 30 June 2023	At 31 December 2022
Net book amount 1 January	4,958	2,670
Investments	—	3,012
Cash distribution	(78)	(9)
Impairment	(4,250)	(354)
Result from associates	(153)	(298)
Effect of movement in foreign exchange differences	(104)	(63)
Net book amount at period end	**373**	**4,958**

The Group recognized an impairment of €4.3 million following fair value revaluation of its portfolio. The carrying amount of the investments have been adjusted to their recoverable amounts and the carrying amounts will be monitored for any further indications of impairment. The impairment has been recognized in the statement of profit or loss.

During the period ended 30 June 2023, the resulting losses from our equity accounted investments in associates was €4.3 million (at 31 December 2022 €0.3).

21. Financial liabilities held for trading

	At 30 June 2023	At 31 December 2022
Short positions in equity securities- trading	2,517,201	2,517,302
Short positions in debt securities- trading	394,053	431,195
Mark to market derivatives liabilities	13,045	8,143
Total financial liabilities held for trading	**2,924,299**	**2,956,640**

Please also refer to note 14, 15 and 22.

22. Trading payables

	At 30 June 2023	At 31 December 2022
Payables for cash market products	7,729,227	5,694,654
Borrowings	2,527,119	1,629,316
Mark to market derivatives liabilities	1,648	2,199
Total trading payables	**10,257,994**	**7,326,169**

Please also refer to note 14, 15 and 21.

Payables for securities bought

In accordance with the Group's policy of trade date accounting for regular way sale and purchase transactions, payables for securities bought represent amounts payables for securities that were purchased, but not yet settled as at the reporting date. The amount payable is based on the net unsettled amount per clearing institution.

Borrowings

The Group maintains portfolio financing facilities with its prime brokers to facilitate the trading activities (i.e. to finance the purchase and settlement of financial instruments). The drawn amounts on these facilities continuously fluctuate based on our trading positions at any given moment.

The Group entered into interest-bearing credit facilities with ABN AMRO Clearing Bank N.V. (AACB), totalling €3,225 million per period end, comprising of a EUR denominated facility of €2,750 million and a USD denominated facility of $540 million. In addition, the Group entered into interest-bearing credit facilities for portfolio margin financing with Bank of America Merrill Lynch (BA ML), Goldman Sachs, Barclays Bank, Mizrahi-Tefahot Bank. These facilities can be modified or terminated at any time. The facilities are exclusively for the financing of positions of the financial instruments traded in the ordinary course of the trading activities using the various prime brokers.

Our prime brokers require the Group to post cash to cover the haircut or margin requirements (representing a minor portion of our portfolio's size, which is variable and calculated on a daily basis depending on portfolio size and composition) in cash or securities as security for our positions held with the relevant prime broker. The positions are subject to pledge and collateral arrangements.

Covenants

Pursuant to the main covenants included in our facilities, the Group is required to comply with a net trading capital balance that exceeds the haircut calculated by the prime broker. Both the net trading capital balance and haircut are variable and calculated on a daily basis, depending on portfolio size and composition. The main covenants prescribe certain maximum portfolio-to loan size (variable and calculated on a daily basis, depending on portfolio composition). In addition, for our Asian operations they require us to maintain a solvency ratio of at least 4%, calculated by shareholders equity divided by credit limit.

The main covenants also require the Group to supply our prime brokers with financial statements and other information, including information on our trading activities and trading counterparties, and permission to inspect our books and records. Furthermore, they require us to maintain all relevant authorizations and memberships required in order to conduct our business, and comply with all applicable laws, rules and regulations and place restrictions on mergers and disposition of our assets outside the ordinary course of our business.

23. Other liabilities held for trading

	At 30 June 2023	At 31 December 2022
Other liabilities held for trading	97,963	32,115
Total other liabilities held for trading	**97,963**	**32,115**

Per period end the Group had other liabilities held for trading with a total value of €98.0 million (31 December 2022: €32.1 million) comprising of loans denominated in digital currencies or held with digital asset brokers.

24. Other liabilities

	At 30 June 2023	At 31 December 2022
Long-term variable compensation payable	10,950	27,783
Subtotal non-current liabilities	**10,950**	**27,783**
Wages and variable compensation payable	33,475	62,095
Wages tax payable	742	1,399
Creditors and accruals	20,413	24,453
Subtotal current liabilities	**54,630**	**87,947**
Total other liabilities	**65,580**	**115,730**

The long-term and current variable compensation payables relate to payables to the Company’s employees in respect of the variable cash remuneration and the payables for the recognized shares appreciation rights ('SARs') cash settled (see note 10 and note 26). The variable cash compensation and the SARs programs are deferred in multiple instalments. If the Group faces operational losses these variable compensation elements are reduced or forfeited entirely to cover for such loss.

25. Equity

Share capital and share premium

All ordinary shares rank equally with regard to the Company’s residual assets. There are no preferred shareholders.

	At 30 June 2023	At 31 December 2022
In issue 1 January	46,534,500	46,534,500
Treasury shares	(3,243,471)	(3,699,872)
Outstanding at period end	**43,291,029**	**42,834,628**

Ordinary shares

Holders of the Company’s ordinary shares are entitled to dividends and are entitled to one vote per share at general meetings of the Company.

On 2 December 2022 the Company increased the issued and paid up share capital from €4,653,450 to €162,870,750 with 46,534,500 shares with a nominal value of €3.50 each instead of €0.10 each. The share capital increase was carried out against the Company's share premium account. During the year ended 31 December 2022 the authorized capital of the Company was increased from €10 million to €350 million consisting of 100 million common shares of which 46,534,500 shares are issued.

Please refer to note 3 for details of the change in the Company's corporate holding structure and the impact on its share capital.

Treasury shares

As at 30 June 2023 Flow Traders Ltd. and its subsidiaries hold 3,243,471 (31 December 2022: 3,699,872) of ordinary shares (treasury shares). Treasury shares held by the Group are not cancelled and are recognized at cost and deducted from equity. No gain or loss is recognized in the P&L on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any differences between the carrying amount and the consideration, if reissued, is recognized in equity. The purchases of treasury shares on the market are intended for hedging of our employee share plan obligations or for capital management purposes.

Share-based payments reserve

The share-based payments reserve is used to recognize the grant date fair value of shares issued to employees, the grant date fair value of deferred shares granted to employees but not yet vested as well as the reinvested dividends for the unvested shares for employees. At the delivery of the shares to the employees the shares will be reclassified reducing the share-based payments reserve and increasing the share premium account. Please also refer to note 10.

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. This also includes the hedge results.

Fair value reserve

The fair value reserve comprises the fair value movements on all investments measured at fair value through other comprehensive income of the Group.

26. Other contingent liabilities

Claims

The Group is not involved in any significant and material legal other procedures and/or claims.

Fiscal unity

The Group constitutes a fiscal unity with most of its fully owned Dutch resident subsidiaries for Dutch corporate income tax purposes. Moreover, Flow Traders B.V. forms part of a fiscal unity for VAT purposes, covering most of the Dutch Group. All companies in the fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

Cash incentive provided to employees

Up until and including 2019, employees had the possibility to participate in an employee incentive plan and are eligible to a cash incentive depending on their share position in the Company. One of the conditions for this cash incentive is that the employee needs to be employed at the Company at time of the payment of the cash incentive. Payments will be made in the first, second, third, fourth and fifth year of the plan. Based on IAS 19, costs related to the cash incentive may not be recognized until the employee fulfils the service obligation. Therefore these costs will be recognized in future years in profit and loss. In the period ended 30 June 2023 the Company recognized €0.2 million of costs relating to this plan (30 June 2022: €0.9 million).

As from 2020 certain employees receive part of their variable compensation in share appreciation rights (SARs). The SARs vest in equal instalments over a period of four to five years subject to the condition that the employee remains employed on the vesting date. SARs are cash settled and recognized in the statement of profit or loss in line with IFRS 2 (see note 10).

The contingent liability from these plans are as follows:

	2024	2025	2026	2027	Total
SARs 2020	283	273	—	—	556
SARs 2021	193	277	135	—	605
SARs 2022	1,178	1,124	1,075	581	3,959
Total	**1,654**	**1,674**	**1,210**	**581**	**5,120**

Guarantees

Flow Traders B.V. and Flow Traders US Holding LLC have provided several guarantees for the obligations of Flow Traders US Institutional Trading LLC to external counterparties in relation to trading relationships. Obligation under the guarantees require Flow Traders B.V. and Flow Traders US Holding LLC to fulfil claims of Flow Traders US Institutional Trading LLC once it has not fulfilled one of its obligations directly related to the trading relationships. These guarantees are in effect for periods ranging from 1 year to an in definitive term as of the signing date of the agreement, which can be withdrawn with 1 week notice.

Flow Traders B.V. provided guarantees for the obligations of Flow Traders Asia Pte. Ltd. (Singapore) for a 1 year period for two prime brokers in relation to trading relationships.

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which its subsidiaries operate. Please refer to the Capital Management section of this report for more information.

27. Offsetting financial assets and financial liabilities

The disclosures set out in this paragraph include financial assets and financial liabilities that:

- are offset in the Group's statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, securities borrowing and securities lending agreements. Financial instruments, such as loans and deposits, are not disclosed in this paragraph unless they are offset in the statement of financial position.

The ISDA and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right to offset recognized amounts for the parties to the agreement that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events.

In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group has outsourced collateral management to its prime brokers. It can receive and grant collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives;
- sale and repurchase, and reverse sale and repurchase agreements; and
- securities lending and borrowing.

The Group receives and grants collateral in the form of cash and marketable securities as set out in notes 13 and 22 in respect of derivatives (including swaps). Such collateral is subject to standard industry terms including, where appropriate, an ISDA Credit Support Annex. This means that securities received/granted as collateral can be pledged or sold during the term of the transaction, but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

Offsetting

The Group has various netting agreements in place with counterparties to manage the associated credit risks. Such arrangements primarily include: securities borrowing and lending arrangements, and over-the-counter and exchange traded derivatives. These netting agreements and similar arrangements generally enable the counterparties to set-off liabilities against available assets received in the ordinary course of business and/or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it, thus, reducing credit exposure. However, the offsetting criteria in IFRS 9 are not met in all cases.

Offsetting table

At 30 June 2023

	Offsetting recognized on the balance sheet			Netting potential not recognized on the balance sheet		Assets not subject to netting arrangements		Maximum exposure to risk
	Gross assets/ liabilities before offset	offsetting with gross liabilities (IAS 32)	Net positions recognized on the statement of financial position	Netting Potential	Positions after consideration of netting potential	Positions not subject to netting arrangements	Positions recognized in the statement of financial position	After consideration of netting potential
Financial assets								
Long positions, cash market products and amounts receivable from clearing agent	15,478,589	(1,718,487)	13,760,102	(13,182,292)	577,810		13,760,102	577,810
Other assets held for trading						89,171	89,171	89,171
Total financial assets	**15,478,589**	**(1,718,487)**	**13,760,102**	**(13,182,292)**	**577,810**	**89,171**	**13,849,273**	**666,981**
Financial liabilities								
Short positions, cash market products amounts payable to clearing agents, and borrowings	14,900,779	(1,718,487)	13,182,292	(13,182,292)	—		13,182,292	—
Other liabilities held for trading						97,963	97,963	97,963
Total financial liabilities	**14,900,779**	**(1,718,487)**	**13,182,292**	**(13,182,292)**	**—**	**97,963**	**13,280,255**	**97,963**

Offsetting table (cont'd)

								At 31 December 2022
	Offsetting recognized on the balance sheet			Netting potential not recognized on the balance sheet		Assets not subject to netting arrangements		Maximum exposure to risk
	Gross assets/ liabilities before offset	offsetting with gross liabilities (IAS 32)	Net positions recognized on the statement of financial position	Netting Potential	Positions after consideration of netting potential	Positions not subject to netting arrangements	Positions recognized in the statement of financial position	After consideration of netting potential
Financial assets								
Long positions, cash market products and amounts receivable from clearing agent	12,001,814	(1,102,869)	10,898,945	(10,282,809)	616,136		10,898,945	616,136
Other assets held for trading						58,347	58,347	58,347
Total financial assets	**12,001,814**	**(1,102,869)**	**10,898,945**	**(10,282,809)**	**616,136**	**58,347**	**10,957,292**	**674,483**
Financial liabilities								
Short positions, cash market products amounts payable to clearing agents, and borrowings	11,385,678	(1,102,869)	10,282,809	(10,282,809)	—		10,282,809	—
Other liabilities held for trading						32,115	32,115	32,115
Total financial liabilities	**11,385,678**	**(1,102,869)**	**10,282,809**	**(10,282,809)**	**—**	**32,115**	**10,314,924**	**32,115**

28. Related parties

General
The executive and non-executive directors of the Group are considered the persons responsible for managing, controlling and supervising the Group.

Flow Traders Foundation
As some of Flow Traders' board members sit on the board of the Flow Traders Foundation ("Foundation"), the foundation is considered a related party.

In 2020 Flow Traders established the Flow Traders Foundation, a Charity or Foundation ("Stichting") to better structure its historic engagement in giving to others in society who need (financial) help. During 2020 Flow Traders has put in place the funding to make sure that a significant financial basis has been laid so that the Foundation has the financial means to make not only an annual but also a structural impact and meets its purpose.

During the period ended 30 June 2023 Flow Traders contributed a total value of €0.5 million (2022: €0.6 million) related to the multiyear right to appoint charities the Foundation supports as the main shirt sponsor of a Dutch professional football club. For 2022, €0.5 million of the 2022 variable remuneration pool for employees was reserved for donation in 2023 (2022: €0.4 million).

In addition, as part of donation agreements between some of the board members with the Foundation, the Foundation is obligated to invest the donations received from these members into shares of the Group. In 2023 the Foundation received a donation of €0.5 million from certain Board members, which it used to purchase 21,151 shares in Flow Traders Ltd. against a share price of €23.64.

Associates
The Group has entered into transactions with associates, reference is made to note 20.

29. Group companies

SUBSIDIARIES

	Country of incorporation	Ownership interest	
		At 30 June 2023	At 31 December 2022
Flow Traders B.V.	Netherlands	100%	100%
Flow Traders Technologies B.V.	Netherlands	100%	100%
INIT Capital B.V.	Netherlands	100%	100%
Flow Traders Investments B.V.	Netherlands	100%	100%
Flow Traders Holding LLC	USA	100%	100%
Flow Traders U.S. Holding LLC	USA	100%	100%
Flow Traders U.S. LLC	USA	100%	100%
Flow Traders U.S. Institutional Trading LLC	USA	100%	100%
Flow Traders Asia Pte. Ltd.	Singapore	100%	100%
Flow Traders Hong Kong Ltd.	Hong Kong	100%	100%
Flow Traders Hong Kong Services Ltd.	Hong Kong	100%	100%
Flow Traders UK Services Ltd	United Kingdom	100%	100%
Flow Traders London Ltd	United Kingdom	100%	100%
Flow Traders Technologies SRL	Romania	100%	100%
Flow Traders Investments Limited	Jersey	100%	100%
Flow Traders S.A.	Luxembourg	100%	100%
FTTNY LLC	USA	100%	100%

Other branches
The Group has the following branches:

Branch	Country	Trading Name
London	United Kingdom	Flow Traders B.V. (London Branch)
Paris	France	Flow Traders B.V. (Paris Branch)
Milan	Italy	Flow Traders B.V. (Milan Branch)
Shanghai	China	Flow Traders Hong Kong Ltd (Shanghai)
Korea	Korea	Flow Traders Asia Pte. Ltd. (Korea Branch)

Capital management

Regulatory capital requirements
As a result of the corporate restructuring per 13 January 2023 the Group is not subject to consolidated capital requirements under the EU Directive Investment Firm Regulation (IFR) and Investment Firm Directive (IFD). Regulated Flow Traders subsidiaries do comply with the local capital requirement regulations as monitored by their respective National Competency Authority (NCA).

The Board monitors the return on capital as well as the level of dividends to shareholders while complying with prime broker and regulatory capital requirements. The available capital in the trading companies is monitored on a daily basis to ensure that requirements are met at all times and sufficient capital is available to support the Group's strategy. Trading capital as at 30 June 2023 was €574.6 million (30 June 2023 €610.7 million).

Please refer to note 3 for further details of the change in our corporate holding structure and the impact on capital management.

30. Subsequent events
No material subsequent events have occurred since 27 July 2023 that require recognition or disclosure in this year's condensed consolidated interim financial statements.

31. Authorization of condensed consolidated financial statements

Amsterdam, 27 July 2023

Executive Directors

- Mike Kuehnel (Chief Executive Officer)
- Folkert Joling (Chief Trading Officer)

Non-Executive Directors

- Rudolf Ferscha (Chairman)
- Jan van Kuijk
- Delfin Reuda
- Paul Hilgers
- Linda Hovius
- Karen A. Frank

Independent auditor’s report

Our conclusion

We have reviewed the accompanying condensed consolidated interim financial information of Flow Traders Ltd based in Amsterdam, with its legal set in Bermuda, for the period from 1 January 2023 to 30 June 2023..

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information of Flow Traders Ltd for the period from 1 January 2023 to 30 June 2023, is not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

The condensed interim financial information comprises:

- The condensed consolidated statement of financial position as at 30 June 2023
- The following condensed consolidated statements for the period from 1 January 2023 to 30 June 2023: profit or loss and other comprehensive income, changes in equity and cash flows
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, “Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit” (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed consolidated interim financial information section of our report.

We are independent of Flow Traders Ltd in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the board for the condensed consolidated interim financial information

The Board is responsible for the preparation and presentation of the condensed consolidated interim financial information in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union. Furthermore, the Board is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the condensed consolidated interim financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim financial information
- Making inquiries of management and others within the entity
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial information

- Obtaining assurance evidence that the condensed consolidated interim financial information agrees with, or reconciles to, the entity’s underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether the Board has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial information
- Considering whether the condensed consolidated interim financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, 27 July 2023

Ernst & Young Accountants LLP

A. Snaak

This document contains “forward-looking statements” which relate to, without limitation, our plans, objectives, strategies, future operational performance, and anticipated developments in the industry in which we operate. These forward-looking statements are characterized by words such as “anticipate”, “estimate”, “believe”, “intend”, “plan”, “predict”, “may”, “will”, “would”, “should”, “continue”, “expect” and similar expressions, but these expressions are not the exclusive means of identifying such statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause circumstances or our actual results, performance or achievements to be materially different from any future circumstances, results, performance or achievements expressed or implied by such statements. Such factors include, among other things, reduced levels of overall trading volume and lower margins; dependence upon prime brokers, ETP issuers, trading counterparties, CCPs and custodians; losing access to an important exchange or other trading venue; occurrence of a systemic market event; incurrence of trading losses; failures or disruption of our trading platform or our or third-party technical infrastructure; risks associated with operational elements of our business and trading generally; ineffective risk management systems, processes and strategies; intense competition in our business; dependence on continued access to sources of liquidity; capacity constraints of computer and communications systems; dependence on third-party software, infrastructure or availability of certain software systems; damage to our reputation and the reputation of our industry; loss of key staff or failure to attract and retain other highly skilled professionals; changes to applicable regulatory requirements; compliance with applicable laws and regulatory requirements, including those specific to our industry; enhanced media and regulatory attention and its impact upon public perception of us or of companies in our industry; and other risks. The forward-looking statements contained in this document are based on assumptions, beliefs and expectations that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given the risks and uncertainties associated with forward-looking statements, you are cautioned not to place undue reliance on such forward-looking statements. Such forward-looking statements speak only as of the date on which they are made. Accordingly, other than as required by applicable law or the rules of the stock exchange on which our securities are listed, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking statements should not be regarded as a representation or warranty by us or any other person with respect to the achievement of the results set out in such statements or that the underlying assumptions used will in fact be the case. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. Statements regarding the market, industry and trends, including the FX market and development in ETP Assets under Management in certain markets, ETP value traded in certain markets and Flow Traders’ competitive position are based on outside data and sources.

This document contains “forward-looking statements” which relate to, without limitation, our plans, objectives, strategies, future operational performance, and anticipated developments in the industry in which we operate. These forward-looking statements are characterized by words such as “anticipate”, “estimate”, “believe”, “intend”, “plan”, “predict”, “may”, “will”, “would”, “should”, “continue”, “expect” and similar expressions, but these expressions are not the exclusive means of identifying such statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause circumstances or our actual results, performance or achievements to be materially different from any future circumstances, results, performance or achievements expressed or implied by such statements. Such factors include, among other things, reduced levels of overall trading volume and lower margins; dependence upon prime brokers, ETP issuers, trading counterparties, CCPs and custodians; losing access to an important exchange or other trading venue; occurrence of a systemic market event; incurrence of trading losses; failures or disruption of our trading platform or our or third-party technical infrastructure; risks associated with operational elements of our business and trading generally; ineffective risk management systems, processes and strategies; intense competition in our business; dependence on continued access to sources of liquidity; capacity constraints of computer and communications systems; dependence on third-party software, infrastructure or availability of certain software systems; damage to our reputation and the reputation of our industry; loss of key staff or failure to attract and retain other highly skilled professionals; changes to applicable regulatory requirements; compliance with applicable laws and regulatory requirements, including those specific to our industry; enhanced media and regulatory attention and its impact upon public perception of us or of companies in our industry; and other risks. The forward-looking statements contained in this document are based on assumptions, beliefs and expectations that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given the risks and uncertainties associated with forward-looking statements, you are cautioned not to place undue reliance on such forward-looking statements. Such forward-looking statements speak only as of the date on which they are made. Accordingly, other than as required by applicable law or the rules of the stock exchange on which our securities are listed, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking statements should not be regarded as a representation or warranty by us or any other person with respect to the achievement of the results set out in such statements or that the underlying assumptions used will in fact be the case. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. Statements regarding the market, industry and trends, including the FX market and development in ETP Assets under Management in certain markets, ETP value traded in certain markets and Flow Traders’ competitive position are based on outside data and sources.

Colophon

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