



FLOW ■ **TRADERS**

Flow Traders Ltd.

2Q and 1H 2024 Results Presentation

26 July 2024

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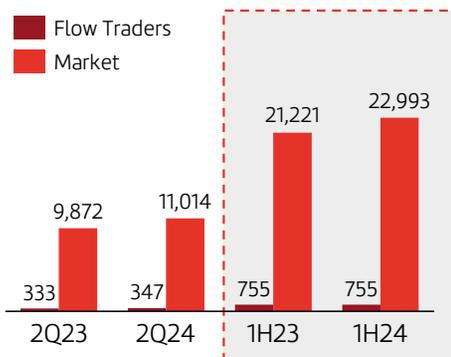
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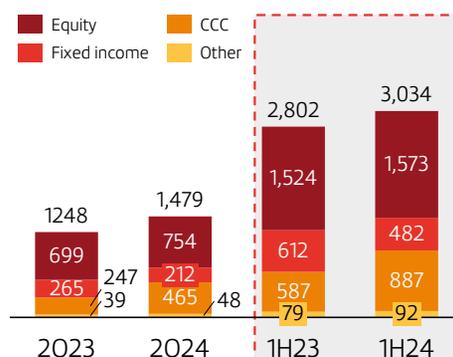
2Q24 and 1H24 Snapshot

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

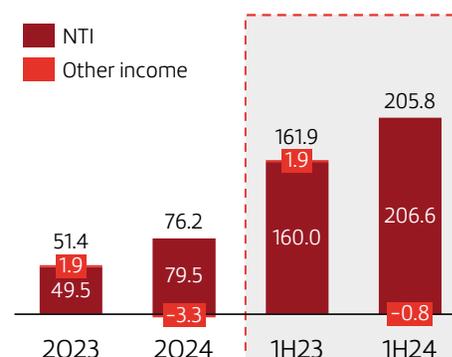
ETP Value Traded (€bn)



Total Value Traded (€bn)



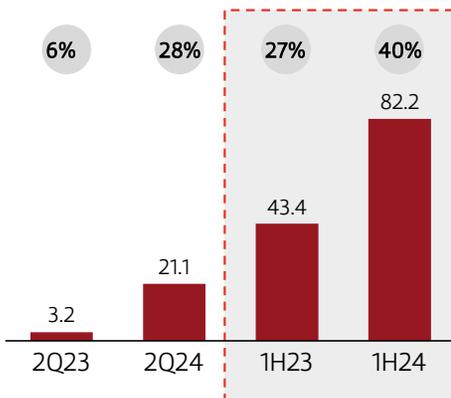
Total Income (€m)



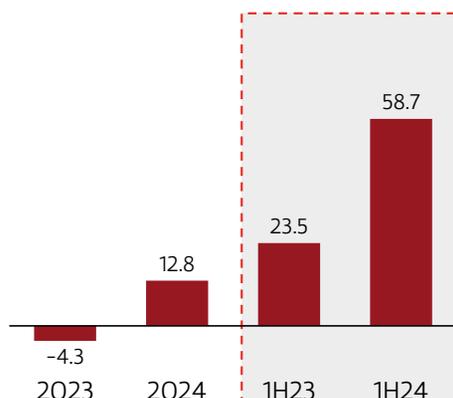
Summary

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

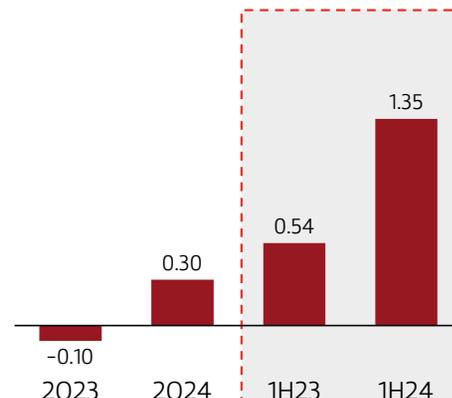
EBITDA (€m) and margin



Net Profit (€m)

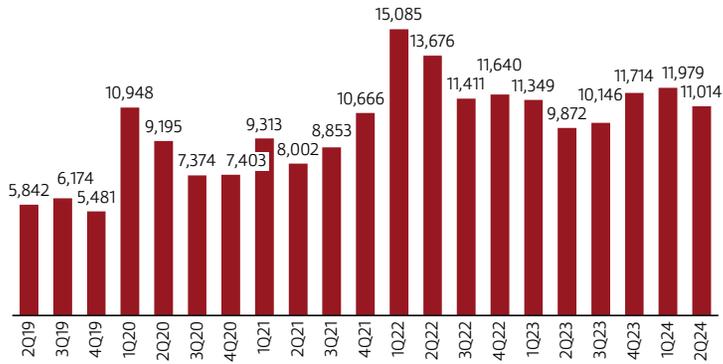


EPS (€)



Global ETP Market Continues to Grow in 2Q24

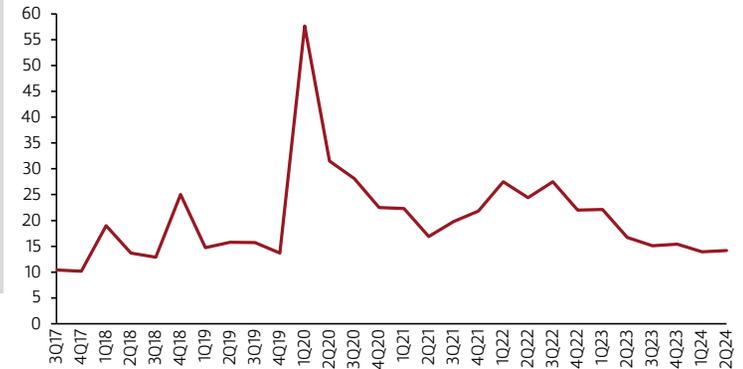
ETP Value Traded (€bn) *



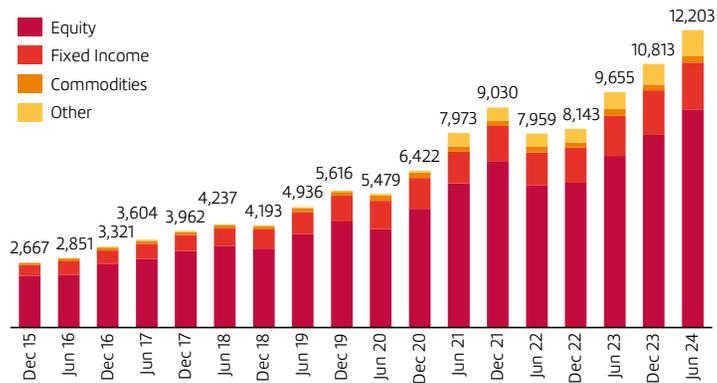
GENERAL MARKET DEVELOPMENTS

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

Average Implied Volatility (VIX)



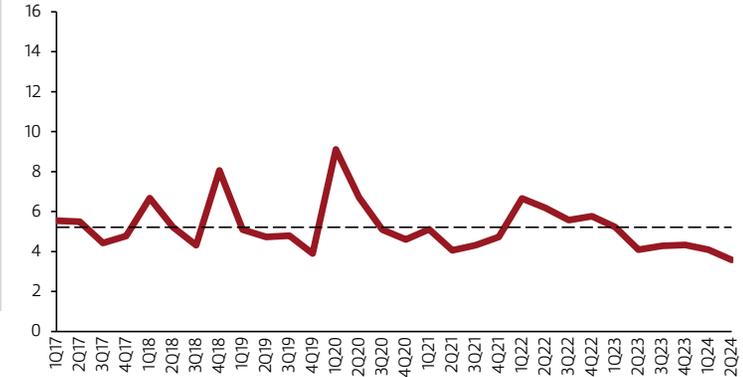
ETP AuM (€bn) **



ETP MARKET DEVELOPMENTS

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

ETP Velocity



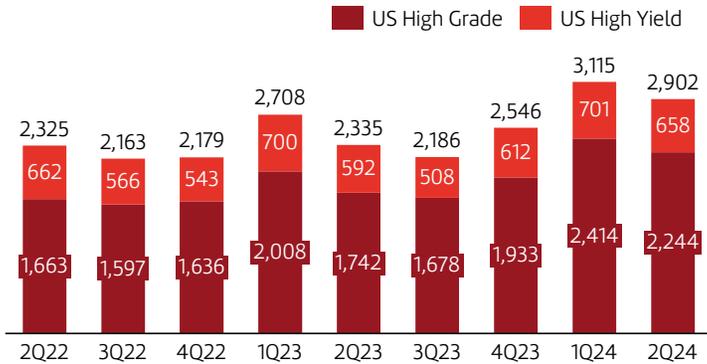
Note: ETP Velocity is calculated as ETP Value Traded divided by ETP AUM on an annualized basis.

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

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

Fixed Income and Crypto Market Dynamics

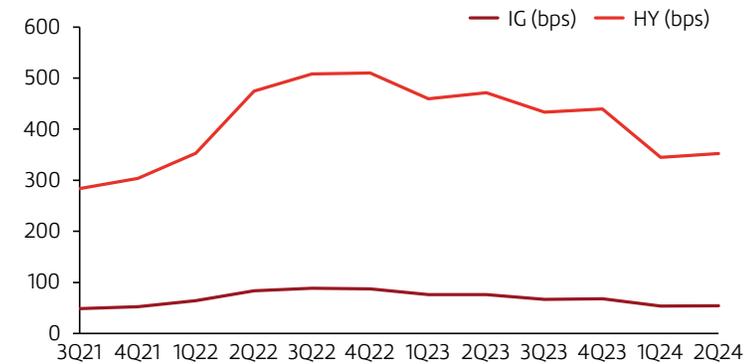
TRACE Volumes (\$bn)



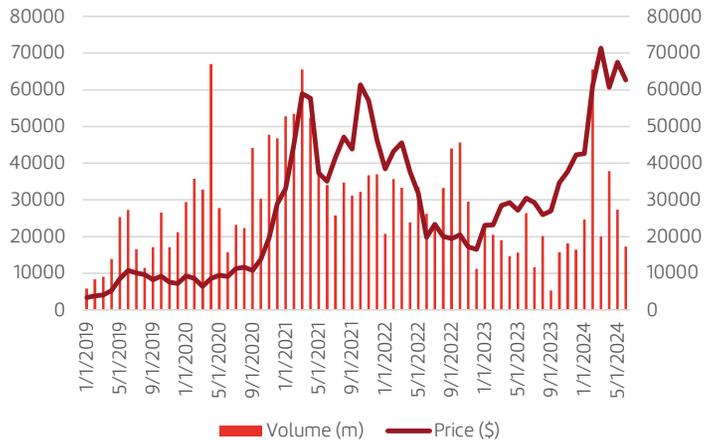
BOND MARKET DEVELOPMENTS

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

US CDX Index



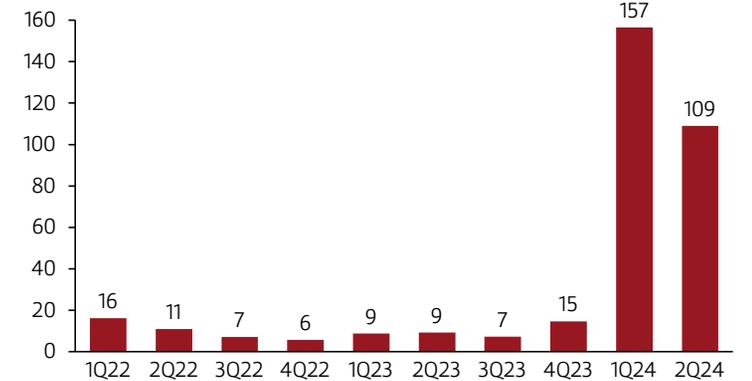
Bitcoin Volume and Price



CRYPTO MARKET DEVELOPMENTS

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

Global Crypto ETP Value Traded (€bn)



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

Source: Bloomberg, TradeWeb, CoinGecko, Flow Traders analysis

2Q24 & 1H24 Regional Performance Overview

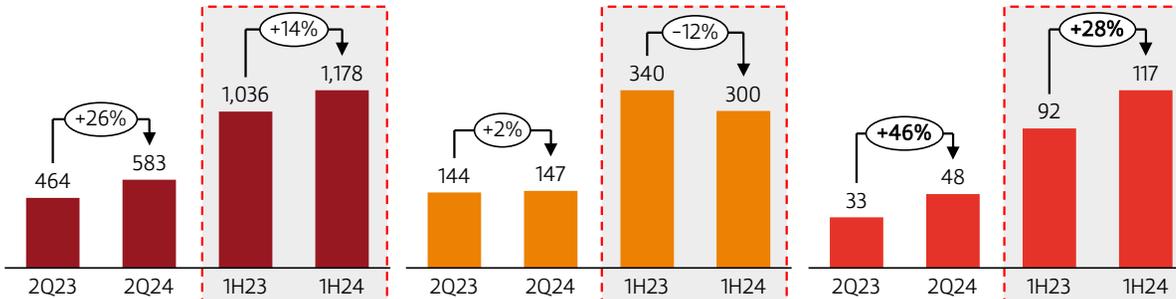
Market ETP Value Traded (€bn)

Flow ETP Value Traded (€bn)

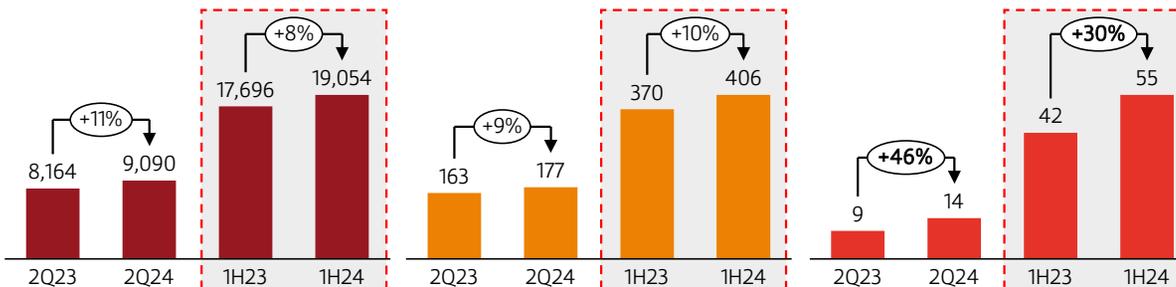
Revenue (€m)

2Q24 and 1H24 Highlights

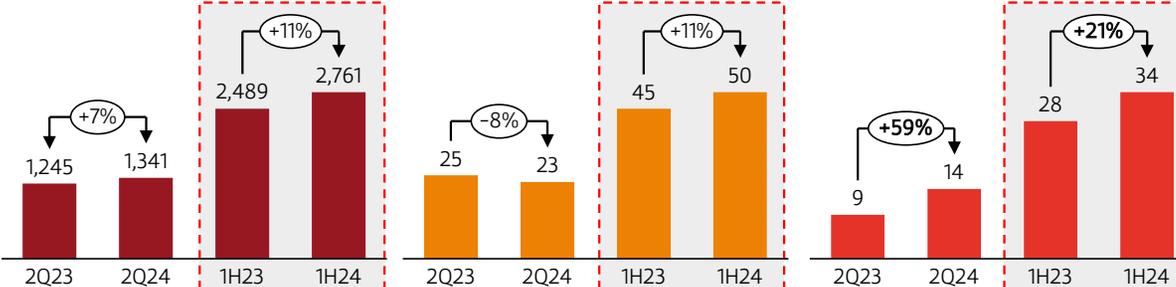
Europe



Americas



Asia



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

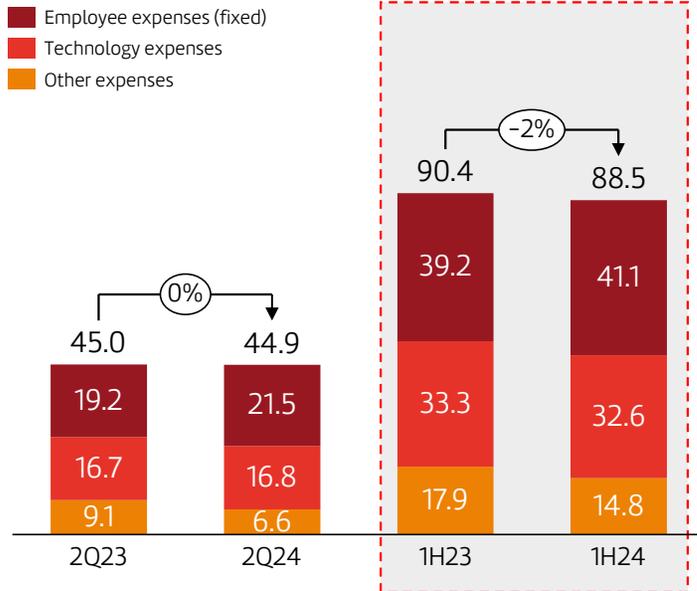
- Assisted partners in the U.S. spot Bitcoin ETF launches as a lead market maker, reflecting the long-term commitment to supporting the continued evolution of crypto and digital assets.
- Improved regulatory sentiment and increased institutional adoption of digital assets in the U.S. confirms our long-term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

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

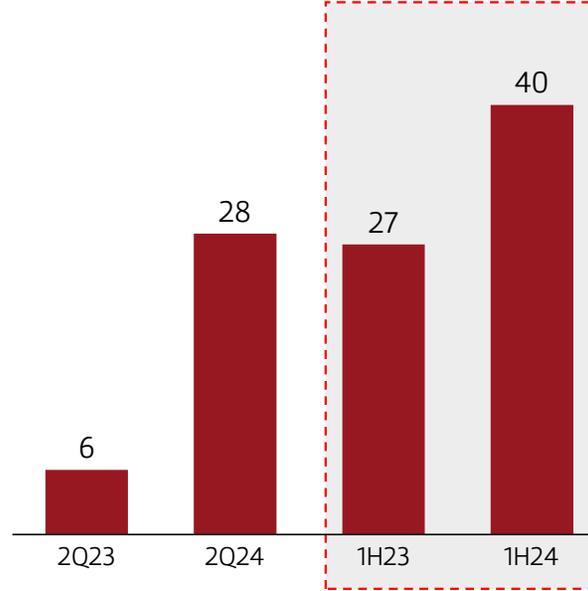
Note: APAC market ETP value traded excludes China

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

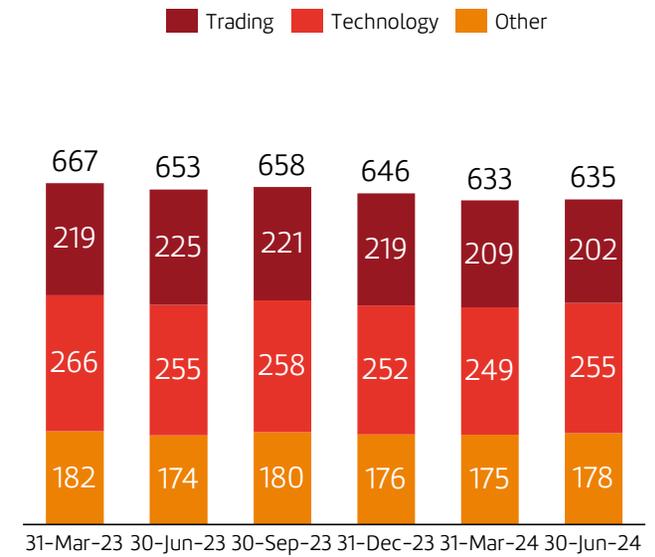
Fixed operating expenses (€m)*



EBITDA margin (%)



FTEs

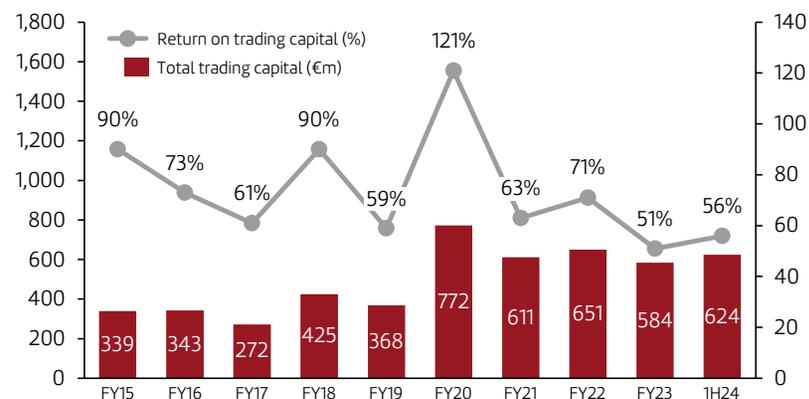


- Fixed operating expenses of €44.9m in 2Q24 were flat compared to 2Q23 as the decrease in FTE was offset mostly by salary increases.
- The firm remains fully focused on operational and cost efficiencies across the business while implementing its growth and diversification strategies. Fixed Operating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

* Excludes one-off expenses

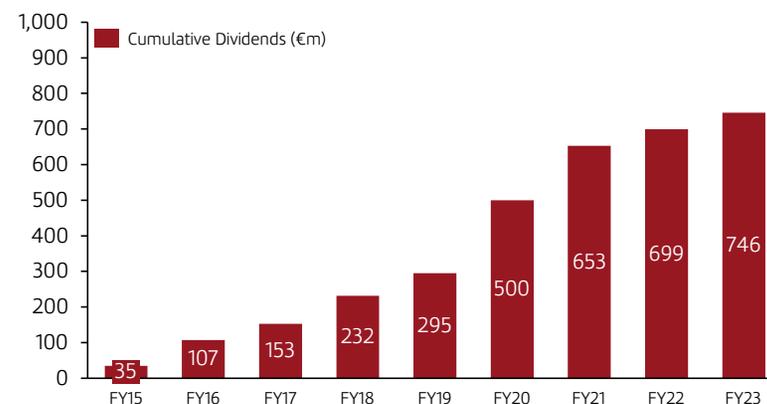
Initiation of Multi-Layered Trading Capital Expansion Plan to Increase Trading Capital

Trading Capital and Return on Trading Capital



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

Cumulative Dividends Paid Since IPO



Trading capital is the life blood of a trading firm

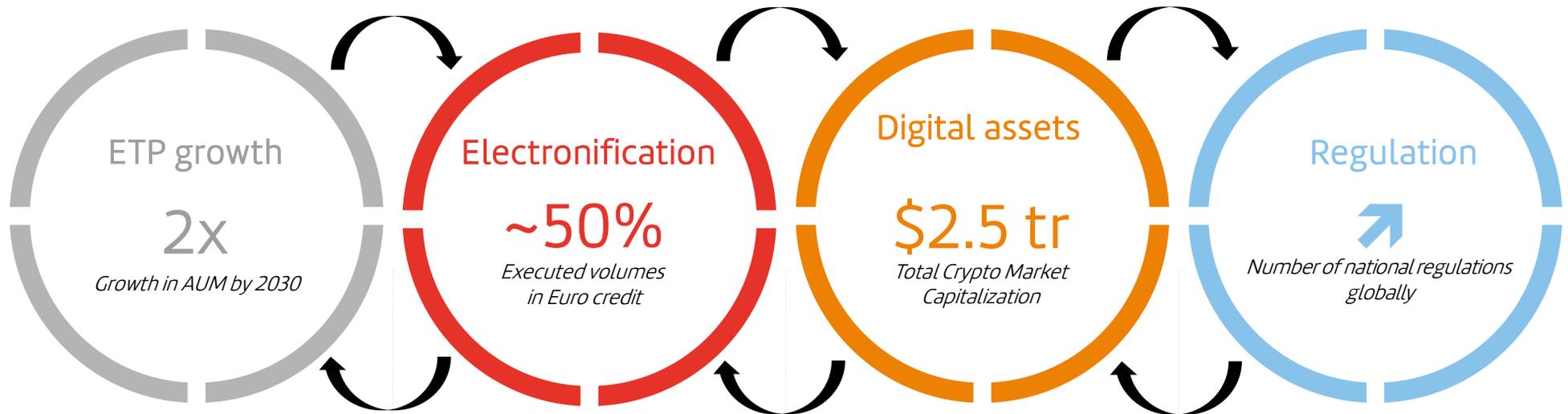
- Trading capital is the life blood of any trading firm and bolstering the firm's trading capital is therefore a strategic priority for the Board.
- The current trading capital base of €624m at the end of 1H24 is overshadowed by over €700m of dividends distributed to shareholders since the IPO.
- The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

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

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

Supportive Mega Trends Remain Intact As Growth Catalysts

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



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

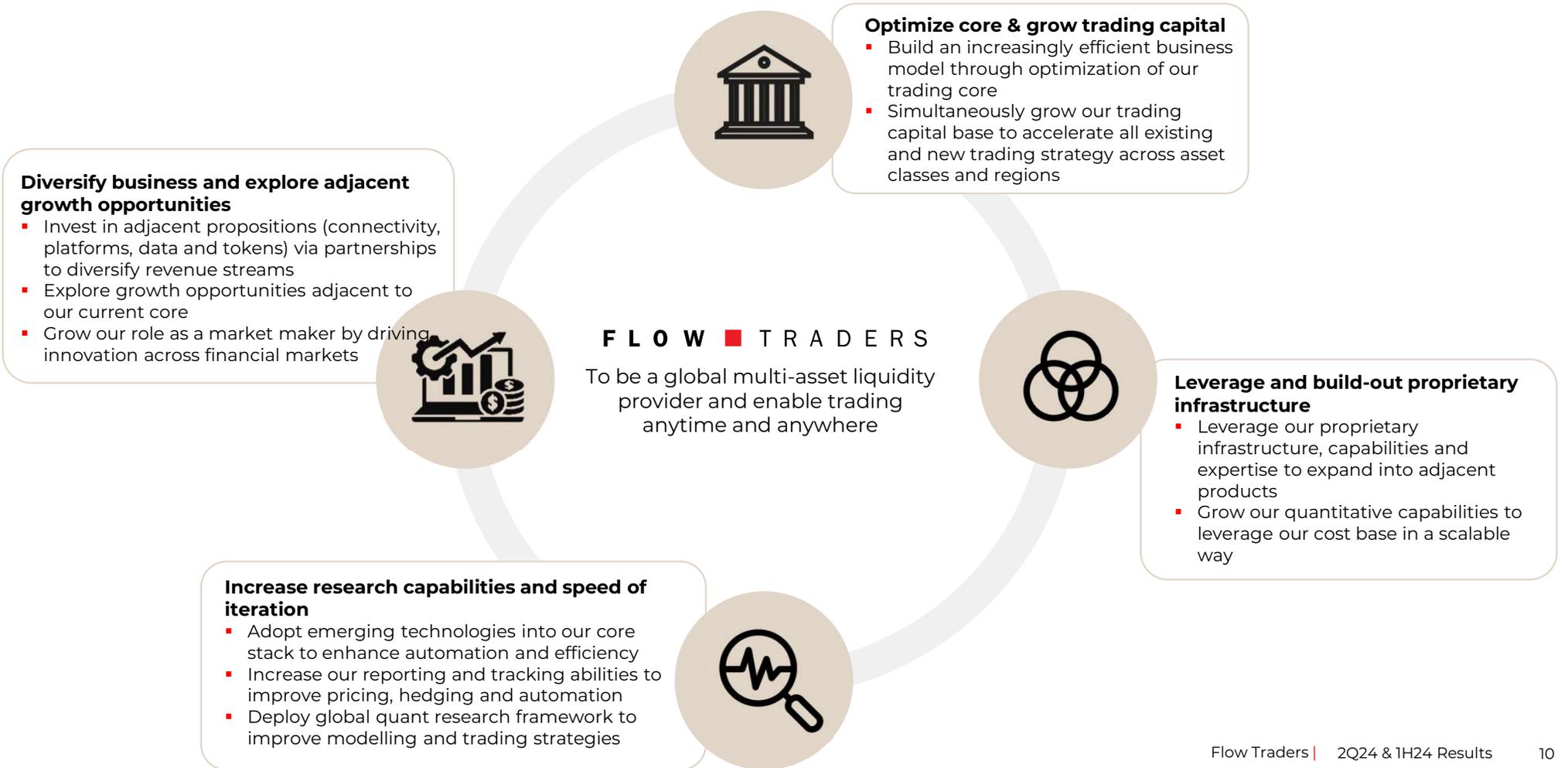
- Credit algos have comprised ~50% of executed volumes in Euro credit in the last 2-3 years, particularly in the sub 1m ticket sizes
- Fixed income ETF AUM projected to **triple** from \$2 trillion in 2023 to \$6 trillion in 2030

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

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

Sources: Company analysis, Blackrock, Coinmarketcap

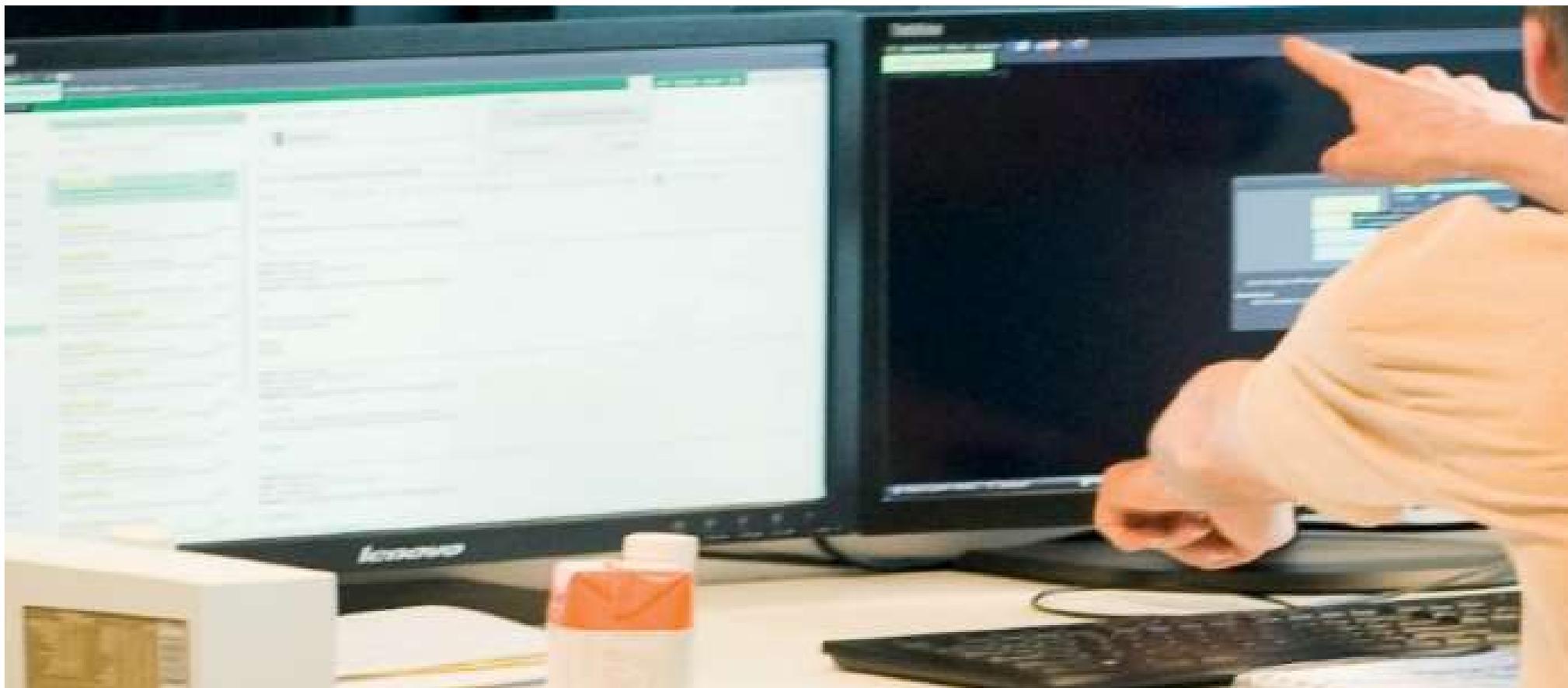
Focus on 4 Key Strategic Pillars to Grow, Strengthen and Accelerate the Business



Q&A

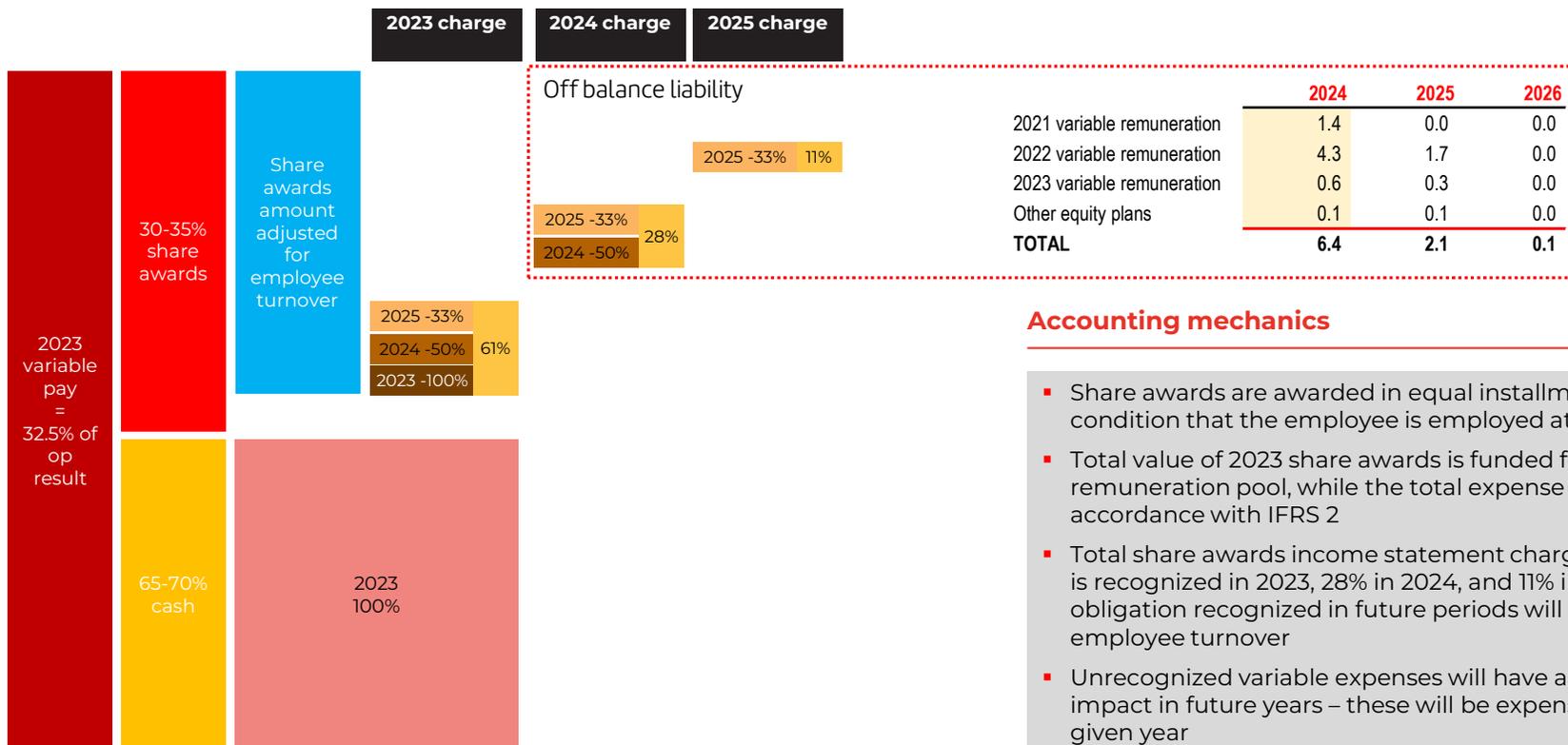
Thank you!

Appendix



Unrecognized Variable Expenses Schedule

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



Accounting mechanics

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

Recent Monthly Market Updates

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

Notes:

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

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

***: ETFGI

Sources: Tradeweb, Bloomberg, Flow Traders analysis, ETFGI