

Flow Traders

Q3 Results 2025

Thursday, 30th October 2025

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Operator: Hello, welcome to the Flow Traders Third Quarter 2025 Results Conference Call hosted by Eric Pan, head of investor relations. For the first part of the call, the participants will be in listen only mode. Afterwards, there will be a question-and-answer session. If you wish to ask a question, please press pound five on your telephone keypad. I would now like to call to hand the call over to Eric Pan. Mr. Pan, please go ahead.

Eric Pan: Good morning, and thank you for joining Flow Traders Third Quarter 2025 Trading Update Conference Call. As you will have no doubt already seen, we released our trading update first thing this morning along with the financing announcement. I am joined here on the call by Flow Traders CEO nominee, Thomas Spitz, as well as our co-chief trading officers, Alex Keith and Mark Johnson. We will run through this results presentation.

We will be happy to take any questions you may have after the presentation. Before we begin, let me draw your attention to the disclaimer on page two. Please be advised that if you continue to listen to this presentation, you are bound by this disclaimer. Also, please note that the results we will discuss in this presentation are unaudited. With the formalities out of the way, I would now like to hand over to Thomas for his opening remarks.

Thomas Spitz: Thank you, Eric. Good morning, everyone. First of all, I would like to thank honored to be nominated for election as Executive Director and CEO of Flow Traders at a special general meeting later today. I've met over the past two months many talented and ambitious people, and I'm impressed by their achievements that have made over the past two decades, establishing Flow Traders as one of the leading market makers. I'm excited about the company's future growth and eager to contribute my experience and expertise to help take Flow Traders to the next level.

Moving to the trading update. In the third quarter of 2025, the trading environment was less active. Volatility continued to drop following the slowdown in May and June, impacting all asset classes and regions. This resulted in a decrease of our net trading income to €78.3 million, lower compared to the second quarter, and when compared to the same period a year ago. Both periods were marked by significant spikes of volatility.

Flow Traders ETP value traded increased by 17% in the quarter compared to last year. Total income came in at €80.5 million for the quarter, which included a €2.1 million gain in other income. Our fixed operating expense this quarter came in 14% higher than the same quarter last year, and 3% higher than the second quarter this year. This increase is in line with our plan, and we continue to invest in hiring talent in targeted areas and scale our technology.

Additionally, this quarter, we have €0.3 million in impairments on intangible assets tied to our Digital Assets Trading book. Given our relatively fixed cost base and high operating leverage, we generated an EBITDA of €19.4 million in the quarter. Year to date, EBITDA came in at €149.8 million. Net profit for the quarter came in at €10.9 million, with a basic and diluted EPS of €0.25. Year to date, net profit came in at €98.5 million, with basic EPS of €2.26. Finally, earlier today, we announced in a separate press release that we secured two new credit facilities. I will now hand it over to Alex for the next few slides.

Alex Keith: Thanks, Thomas. Good morning, all. As indicated at the top left of this slide, market ETP value traded increased by 47% year over year and by 5% compared to the previous

quarter. Implied volatility measured by VIX decreased by 7% from last year and by 32% from last quarter. Furthermore, total ETP assets under management grew by 7% this quarter and 21% year over year. We're approaching €16 million AUM. €16 trillion AUM driven by ongoing fund inflows and overall market strength. ETP velocity slightly declined from last quarter but remained higher than last year, driven mostly by the US and Asia. In summary, the long-term industry trend within the ETP universe continues to be strong. I will now move on to the dynamics within the fixed income and crypto markets, and hand it over to Mark.

Mark Johnson: Thanks, Alex. Over to the fixed income and crypto markets. Credit market trading volumes rose compared to last year but fell from the previous quarter. Volatility, as measured by the MOVE Index, significantly decreased both yearly and quarterly trading volumes in digital assets increased both compared to last year and last quarter with cryptocurrency prices almost doubling, global crypto ETP turnover more than doubled compared to last year in the second quarter. However, bitcoin volatility saw a significant decline both annually and quarterly. Let's move to the next slide.

Here, we present an overview of regional performance for the quarter. As mentioned earlier, market ETP value traded increased substantially compared to the same period last year. This was largely driven by the Americas and Asia. For the quarter, it saw a modest increase driven fully by China. Let's start with Europe. We kept our position as a leading ETP liquidity provider with over 25% market share. The quarter led to lower-than-expected results, resulting in a lower contribution from one of our key profit centers.

Now to Americas. Volatility continued to decline over the summer months following a volatile start of the year. As a result, our third quarter results came in below expectations versus last year given the volume levels. Moving to Asia, the results reflect a more muted quarter compared to last year, largely because the BOJ event in August and anticipation of China's stimulus had boosted activity in 2024. Most of the volume increase in Asia came from onshore ETF trading in China. Our participation there is still limited due to capital constraints.

The APAC region remains a key focus area for the firm. On digital assets, increased volumes and prices led to significant increases in crypto ETP value traded. However, this was offset by lower volatility both year on year and quarter on quarter. Therefore, performance levels were relatively comparable to last year. We are focusing on expanding our partnerships to advance the tokenization of real-world assets and to deepen liquidity across key crypto platforms. Moving on to the next slide.

Now let's look at expenses. Fixed operating expenses in the quarter increased by 14% year on year and 3% quarter on quarter. This was mostly due to increased employee and other expenses and was in line with our plan. We delivered a 24% EBITDA margin this quarter, and this reflects our flexible compensation philosophy, which aligns us with our shareholders. Moving on. At the end of the quarter, we had 622 full time employees. This is up from 607 at the end of the second quarter. Looking ahead for the year, we expect our fixed operating expenses to be between €200 and €205 million. The main drivers are investments in technology and hiring experts in key growth areas. We also expect some savings from better operational efficiency. I will now hand it over to Thomas for the next slide.

Thomas Spitz: Thank you, Alex and Mark. Here we are looking at the progression of our trading capital base, the return on trading capital and respectively the growth of shareholders' equity. At the end of the third quarter, we have increased our trading capital 36% since the announcement of our trading capital expansion plan in July 2024. We have overall generated a 68% return on average trading capital over 12 months. Despite such a rapid increase, this does validate our decision to retain additional earnings for reinvestment into trading capital. Our shareholders' equity also continued to grow, increasing by €13 million to €813 million at the end of the quarter. Due to the more quiet market conditions during this quarter, our return on average trading capital slightly decreased to 68% and our return on equity decreased to 22%.

In addition, and as mentioned earlier, we have just secured a €200 million private credit facility and a €75 million revolver from Benefit Street Partners and Stone Point Credit, two leading private asset managers. All together, these different initiatives increase our trading capital by more than 70%. This will allow us to increase our capacity to provide more liquidity, be more active as a market maker, and support our growth. We are also confident that we will continue to generate over 50% return trading capital over the course of our business, given our existing trading strategies and capabilities. I will now hand the call back to Eric.

Eric Pan: Thanks, Thomas. This concludes the formal part of our presentation. We would now like to open up the floor for any questions you may have. Operator.

Questions and Answers

Operator: Ladies and gentlemen, we are now ready to take your questions. Just as a reminder, if you wish to ask a question, please press key pound five on your telephone keypad. You can also send written questions underneath the player. Our first question comes from Julian Dobrovolschi from ABN AMRO - ODDO BHF. Please go ahead.

Julian Dobrovolschi (ABN AMRO - ODDO BHF): Good morning, gentlemen, and thanks for taking my questions. Maybe to start with, Thomas, warm welcome from my side. And good luck at Flow Traders. Before diving into the numbers, can you kind of share with us what appealed to you at Flow Traders in the first place, when you took the CEO role? And broadly, if you can speak about the company's strengths from your point of view now that you're kind of in the job for a couple of weeks, and then also if you already identified a couple of pockets of improvement in the business. Just curious, how do you broadly look at the company and then have a couple of follow ups on the quarterly performance?

Thomas Spitz: Thank you, Julian. And thank you for the welcome. And overall, I'm going to use that call to thank all our employees and partners for the very warm welcome and support I've received over the past few weeks. I think Flow Traders has a unique USP, which is that we are an incredibly talented and knowledgeable company that has been a specialist in ETP for now two decades at this market, developing at an accelerated pace not only in the traditional environment, US, Europe, but also in new markets like Asia. And I believe that this historical strength is extremely important.

The second element where I've been very impressed about is that as much as we talk about investing more in technology and we will continue to invest more in technology, I have found a team of professionals from front office to risk to back office to legal, the team in Europe, Asia or the US that are extremely committed to deliver on the commitment that we're making to -

we made to the board when the capital expansion plan was delivered. So we have a very motivated and enthusiastic team that is ready for the new challenge and the new development we're going through.

If I were to pinpoint a few additional points that I find very interesting, with one of them is obviously our historical presence, not only in the US but in Asia, which is a key area of focus for us for the next few years. And we've been an Asian market maker in Asia for a long time. And I will also add the incredible connectivity, both from a technical standpoint in terms of market and technical connectivity, but also the great relationship we have forged over the past few years and a few decades with most of the strategic counterparts and players in the market we want to invest in. And last but not least, I think we also need to acknowledge that Flow has been one of the early movers and early believers into the digital assets and crypto market. And while maintaining our traditional profile, we've managed to develop a knowledge and capabilities in this fast-developing markets that are probably second to none today in the market.

Julian Dobrovolschi (ABN AMRO - ODDO BHF): Clear. Thanks for that.

Thomas Spitz: Did I answer everything or did I forget something?

Julian Dobrovolschi (ABN AMRO - ODDO BHF): Yeah, I think I was also curious if you already kind of identified some, let's say low hanging fruits in terms of improvement. And if you can share that with us already.

Thomas Spitz: I think everybody wants low hanging fruit. I would say that for me is the lowest hanging fruit might be the one I feel very comfortable with is that we need to acknowledge that it's a company that, up until the summer of 2024, was used to work in a very capital constrained environment. And thanks to the work by the board, thanks to the work by the team, thanks to the board, by the finance team, we are now in a world where our expansion in terms of capital is very, very rapid. And I think one of the, I think to some extent, low hanging fruit I can see is how to make sure that the way we organize ourselves, we allocate the capital dynamically. We get used to be a bigger trading firm, and we maximize every single opportunity we have is probably one of the low hanging fruits.

Because we have the knowledge, we have the skill set, we have the product. We're still learning how to maximize this inflow of capital. And it will be a learning curve that I'm going to take with me and the leadership team. And also, I will use my background as a former trader and market guy for 20 years to really support the management team and the trading to make sure that we maximize these opportunities over the short term, while we also use that capital to build a number of new products, strategy, technology over the medium to long term.

Julian Dobrovolschi (ABN AMRO - ODDO BHF): So yeah, I think what I said in the last sentence is pretty much kind of an extension to my questions, predominantly on the trading capital itself. So if you can kind of run us through this strategy of this €150 million net. So if you take out also the €25 million that you're going to pay back to the banks, so €150 million net on trading capital strategy in terms of deployment and maybe if you can say something extra on the regional allocation, asset class allocation, perhaps something on returns on trading capital, et cetera.

So anything that I can find interesting regarding the strategic deployment of this extra buffer, I'd appreciate that. And then also, next to that, what kind of operating leverage do you think you can achieve after the full deployment of the trading capital? And perhaps operationally, what do you think Flow needs to change to be able to actually deploy successfully this extra capital buffer?

Thomas Spitz: Alex, you want to take it?

Alex Keith: Yeah. Happy to take the question about the €150 million net. So this is a facility we secured for the long term. So it will be a - it's a secure facility. So we believe that if there's now a bout of volatility, we can deploy everything at very accretive returns. But at the same time, we will we aim to increase the baseline and to find new strategies where we gradually deploy the rest of the capital. So we're confident that also with the generation of additional profits and this facility that speeds things up, we will grow into new strategies, are able to trade bigger sizes. The ETF market alone still is growing 10% to 15% per year. So that warrants a bigger book and more trading capital. And then we have specific growth areas like, for example, crypto. Asia is a big strategic area for us. So there we will deploy the additional capital.

Thomas Spitz: And maybe to answer another question you had. So another question you had is that I don't feel like our current operational setup or organizational setup is not allowed to cater for this additional capital. We have obviously, as a market maker, we have a very much tech orientated business. So we can scale our operation, we can scale our volumes, we can scale our sizes without significant additional cost to put in our risk framework and our risk management, our compliance framework and compliance management or operational framework are more than capable of absorbing this additional training activity.

Julian Dobrovolschi (ABN AMRO - ODDO BHF): Perfect. And is there then kind of an indication that it could give us regarding the cost guidance for 2026?

Thomas Spitz: Not yet. I've just been here for a few weeks.

Julian Dobrovolschi (ABN AMRO - ODDO BHF): Understood. All right. Thanks. Thanks, and good luck.

Thomas Spitz: Thank you.

Alex Keith: Thank you.

Operator: The next question comes from Mike Werner from UBS. Please go ahead.

Michael Werner (UBS): Thank you very much. And welcome aboard, Thomas. Two questions please. First, when you talk about the expansion into Asia, I think you mentioned earlier that a good portion of the volumes are currently happening within China. And obviously, there's certain capital controls there. How important is China to that expansion in Asia for you? That's the first question. And the second question, we've seen a number of companies reporting Q3 results trading activity revenues tended to be pretty good, obviously not as strong as Q2, but definitely higher than where we were last year. Saw from some of the listed market makers as well. And again, Flow Traders decline in revenue is a bit of I guess, kind of stands out given the trends that we have seen elsewhere. So I was just wondering was there anything specific in terms of the mix or products or strategies that that flow was implementing where - yeah, on a year-on-year basis and relative to the past couple of quarters? And again, not just Q2, we saw a decline in NTI. Thank you.

Thomas Spitz: I will start to answer a bit and then I will let Alex and Mark complete. So regarding Asia, and again, when we say Asia, as you rightly mentioned, Asia is a big continent with a lot of different countries. China is part of our strategic focus. We are very aware of the capital constraints and the capital controls as part of our business development. We have also managed to allow to set up new structure and financing capabilities for Asia in general that will be able to allocate across different activities.

To answer back to your specific question, yes, China is one will be one of our strategic country of focus. We have already been in Hong Kong meeting our teams in September. And we are going to have some dedicated focus or we are having some dedicated focus on the most efficient way to deploy over there, but Asia in general, and China in particular. But not only is an area where the wealth is growing very fast, and an area where the development of markets are caught up over the past few years to European and US markets. We will be one of the key players in that market in Asia, including in the China market.

Regarding the questions about our performance, and I will let Alex and Mark deploy a little bit better. Yes, we would have liked to do more. Is it the best quarter we have ever had? I would say in terms of performance, no. On the other hand, we don't see that at all as structural headwinds. It does happen from time to time that from for one quarter to another, we underperform our peers, or we underperform our expectations, which has been the case in Q3. I don't see that the management team doesn't see that as a structural issue. And maybe Alex and Mark can say a little bit more about it.

Alex Keith: Yeah, let's not forget indeed, we had just had three running quarters over €100 million. Our business, the quarter on quarter can be a bit more volatile. As I said, we're not happy with the results, but Q4, while it's still young, already shows an improvement from the performance. So we don't see it as a structural thing. We're still committed to our key markets, as well as new growth initiatives that we have on the agenda.

Michael Werner (UBS): Thank you. That's very helpful. Cheers.

Operator: All right. We can now head to the written questions that have been submitted. The first question reads we know Flow Traders model is well suited to periods of market volatility. I'm curious about the upper end of that spectrum. How do you manage and mitigate risks during moments of extreme market turbulence? Could you comment on how the firm managed through the crypto volatility on October 10th?

Thomas Spitz: Yeah, I think I can take that question. The question is, I believe from Igor. Great question. So let me help to explain the answer to the question. Our systems are optimized for any level volatility, and we perform very well in those moments of volatility. Everything in our system is automated. Our risk management is optimized over decades, and the team has multiple decades of experience. After every event, we improve our strategies and risk controls such that we will be even better on the next event. In the crypto volatility of October 10th, we saw extreme situations and our systems performed well. We came out with a profit.

Operator: Okay.

Thomas Spitz: Given that we don't have any more questions, I just wanted to add a few words before Eric can conclude the close - the call. Sorry. So first of all, I would like really to thank to thank the team and their commitment in welcoming me. I would like to give a special thanks

to the all the teams in finance, legal and as well as our two partners who have successfully closed this strategic financing for Flow Traders that will help us accelerate our growth. I would also like to thank all the key partners that have been able to meet and have still much more to meet over the next few weeks that have shown their commitment and their trust in Flow Traders.

As we have also mentioned in the document published, we will organize next year a Capital Markets Day, where we will be presenting an update of our strategy, our ambition and our expansion plan. Give me a few months. Again, I still have a lot to learn, and the team is really working hard to putting me up to speed. But overall, I'm extremely confident that we are one of the European and one of the global leaders in our markets and very comfortable and very confident with the support I've received from the exec teams. I would like to thank the board for their support over the past two weeks, and I'm very much looking forward to the AGM in a couple of hours where we hopefully will confirm me as a new CEO. Thank you very much. Eric.

Eric Pan: Great. So thank you, everyone, for dialing in today. Please note that we will host our next analyst call when we release our fourth quarter results next February. Details and timing for the call will follow in due course. This now ends the call. Thanks and have a great day.

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