



Flow Traders N.V.

Roadshow Presentation

November 2021

F L O W ■ **T R A D E R S**

AMSTERDAM ■ CLUJ ■ HONG KONG ■ LONDON ■ MILAN ■ NEW YORK ■ PARIS ■ SINGAPORE

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All results published in this release are unaudited.

Flow Traders at a glance

Highlights

- Global multi asset-class liquidity provider
- Core business in Exchange Traded Products (“ETPs”), actively expanding in fixed income, FX, commodities and crypto
- Operating on 180+ trading venues and over-the-counter with c.2,000 institutional counterparties
- Technology-focused model leveraging a suite of proprietary software, pricing and trading models
- HQ in Amsterdam with offices in New York, Hong Kong, Singapore, London, Paris, Milan and Cluj
- Founded in 2004, listed on Euronext Amsterdam since 2015

Strong performance in each asset class covered

ETP	Fixed income	FX
	#2 EUR IG dealer on Bloomberg	Consistently trade \$5–10bn FX daily
#1 liquidity provider in Europe	Commodities	Digital assets
	Top 3 market maker on major ECNs in spot metals	45% market share in crypto ETPs

Key financials (€m)

	2016	2017	2018	2019	2020	Q321 LTM
Net trading income	250	166	383	216	933	434
EBITDA	119	56	200	79	587	225
<i>EBITDA Margin</i>	47%	34%	52%	37%	63%	52%
Net income	92	40	161	53	465	165
<i>Net income margin</i>	37%	24%	42%	25%	50%	38%
ETP value traded (€bn)	640	686	899	1,099	1,515	1,501
Headcount	268	346	399	440	513	603

8,000+ ETPs continuously quoted globally



Diversification of trading into adjacent asset classes and products

Fixed income



Liquidity source

Single bonds, axes and portfolio trading



Instruments

9,000+ single bond ISINs, including EUR IG, EUR HY, EM HCY and EU GOV debt



Venues

ALLQ Dealer
TradeWeb Dealer
MarketAxess Dealer (single bond and axes)
Neptune and LedgerEdge underway

FX and metals



Instruments

FX spot (deliverable pairs)
PM spot (xau, xag, lpt, lpd)
FX futures



Connectivity

Pricing accessible via API (Lucera) and multiple ECN's, venues & exchanges



Uncorrelated Pricing

Proven competitive pricing in times of market stress



Low Market Impact

Ability to internalize risk outside traditional FX markets

Digital assets



Offering

'On screen' liquidity in 20+ cryptocurrencies since 2017



Instruments

Spot, Futures and ETPs
OTC Crypto to Fiat and Crypto to Crypto pairs



Venues

Active on more than 15 trading venues



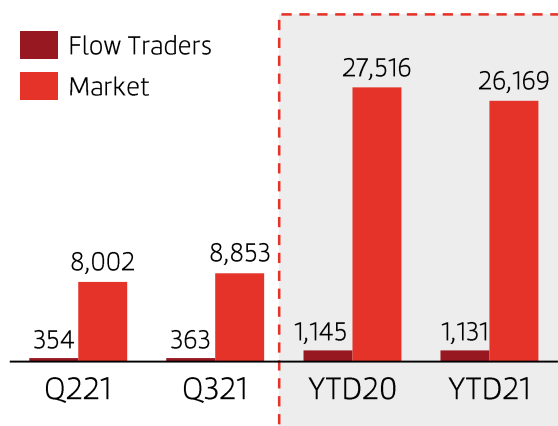
Connectivity

Web based GUI to support click trading

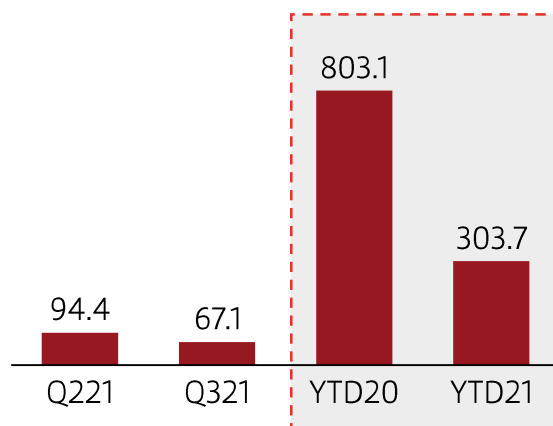
Q3 2021 snapshot

Trading performance in Q3 reflected an overall lower volatility environment

ETP Value Traded (€bn)



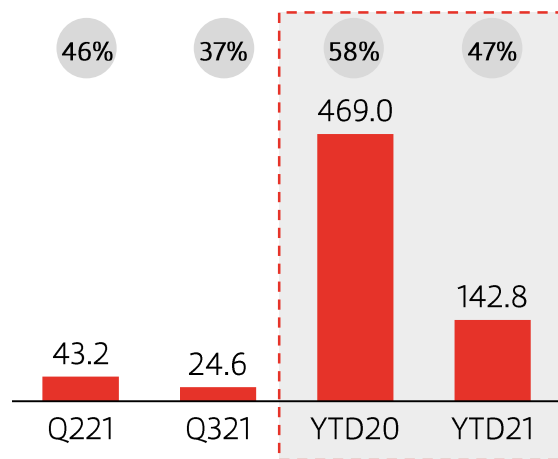
NTI (€m)



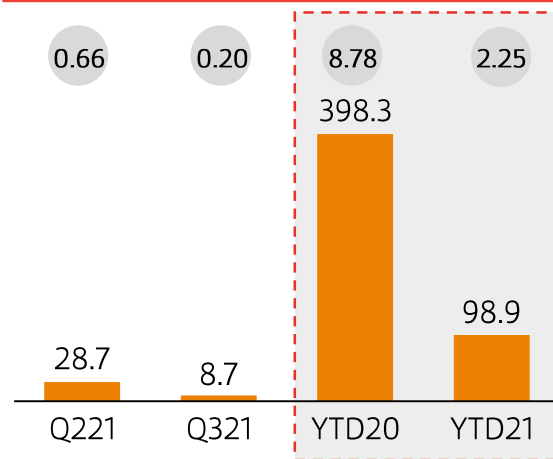
Highlights

- Market ETP Value Traded increased 11% quarter-on-quarter and fell 5% YTD 9m21 vs YTD 9m20
- Flow Traders ETP Value Traded increased 3% quarter-on-quarter and fell 1% YTD 9m21 vs YTD 9m20
- NTI decreased to €67.1m in Q321 reflecting an overall lower volatility environment. This compares to NTI of €94.4m in Q221 and €78.3m in Q320. YTD 9m21 NTI was €303.7m vs €803.2m in YTD 9m20
- Total operating expenses of €52.2m incurred in Q321, which included €0.6m of COVID-related one-off expenses. Employee expenses included €11.0m combined impact of prior year's variable remuneration and the adjustment to variable remuneration composition to reflect this year's financial performance
- 603 FTEs as at 30 September 2021 compared to 577 as at 30 June 2021 as new graduate intake classes joined on 1 September 2021 for both trading and technology
- Q321 Normalized EBITDA reached €24.6m with a margin of 37% contributing to YTD 9m21 Normalized EBITDA of €142.8m with a margin of 47%
- Q321 Net Profit amounted to €8.7m with Basic EPS of €0.20. YTD 9m21 Net Profit amounted to €98.9m with Basic EPS of €2.25
- Regulatory Own Funds Requirement (OFR) as at 30 September 2021 was €337m, resulting in excess capital of €135m as at 30 September 2021. Trading capital stood at €597m at the end of the third quarter

Normalized EBITDA (€m) and margin

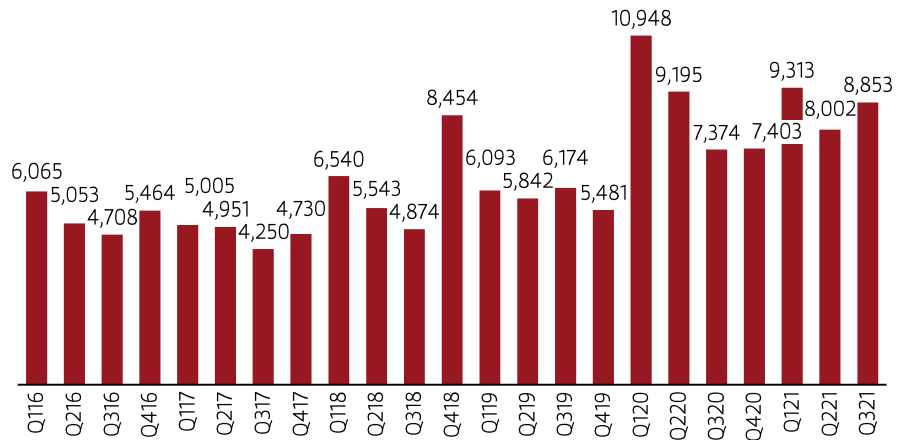


Net Profit (€m) and basic EPS (€)



Increased market activity in Q321, volatility remained subdued

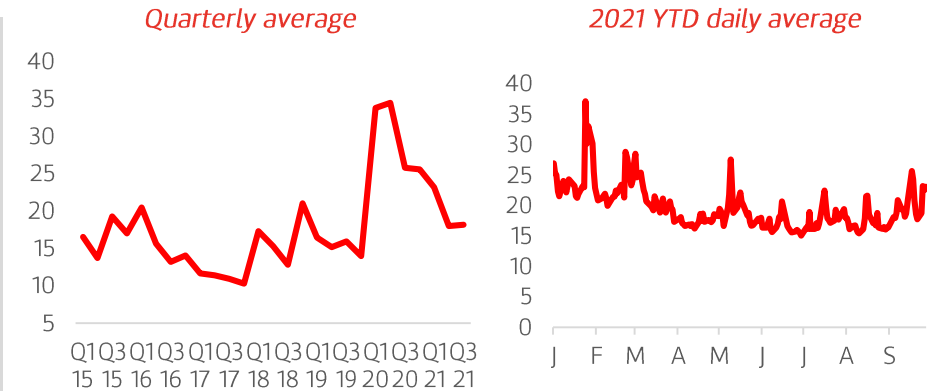
ETP Value Traded (€bn) *



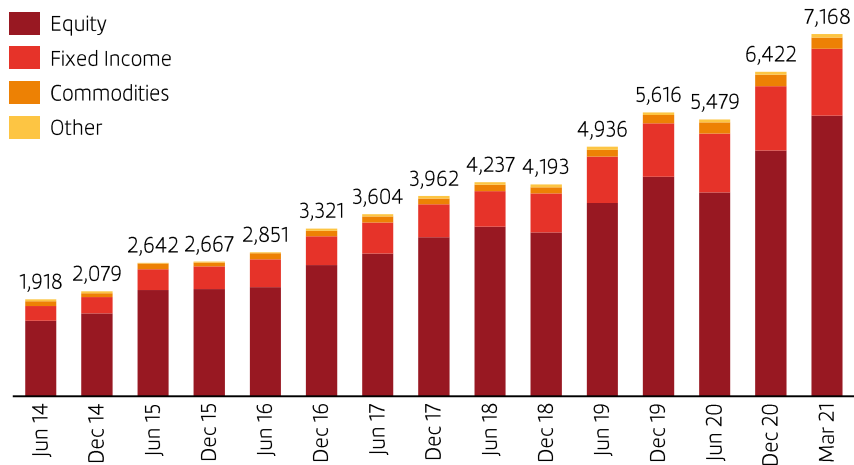
GENERAL MARKET DEVELOPMENTS

- Flows dominated by equities and the shift towards ESG investing
- Central Bank interventions still evident
- Broadly flat implied volatility (VIX) in Q3

VIX



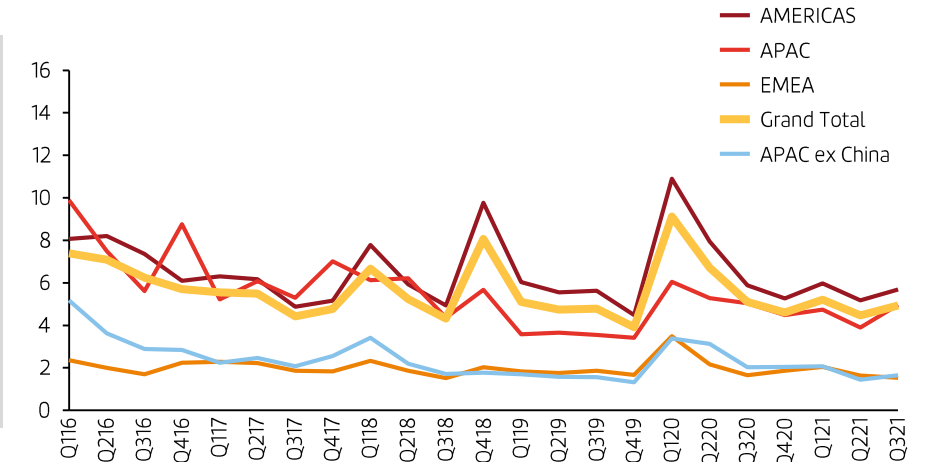
ETP AuM (€bn) **



ETP MARKET DEVELOPMENTS

- Growing AuM - €7,168bn at the end of Q121 with robust ESG inflows
- 11% Q-o-Q increase in ETP Value Traded in Q3 - 5% decrease YTD 9m21 vs YTD 9m20
- Slight uptick in ETP velocity in Q3
- Strong outlook remains for the ETP market

ETP velocity



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

** Source: BlackRock ETP Landscape. 31 March 2021 is the most recent data point available

Q321 & YTD 9m21 regional performance overview

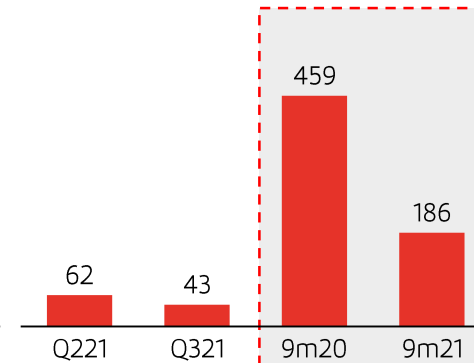
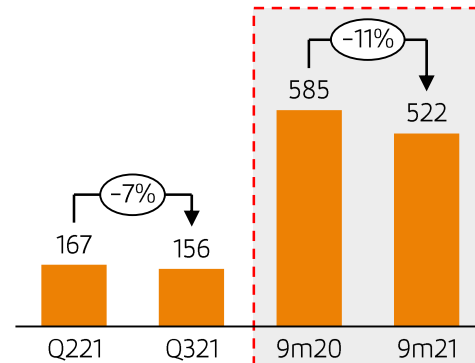
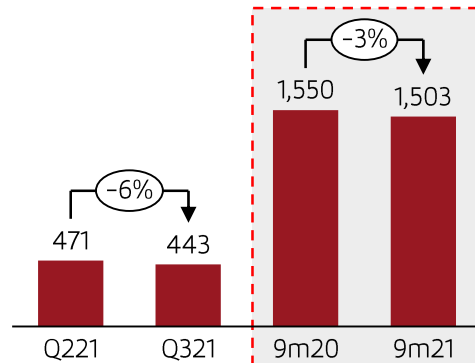
Market ETP Value Traded (€bn)

Flow ETP Value Traded (€bn)

NTI (€m)

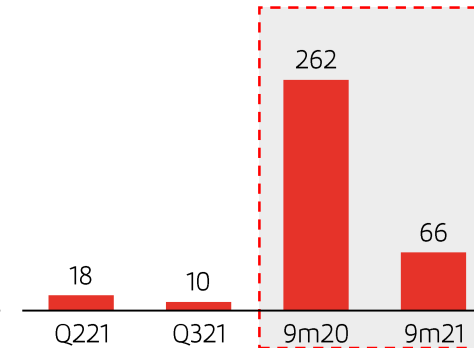
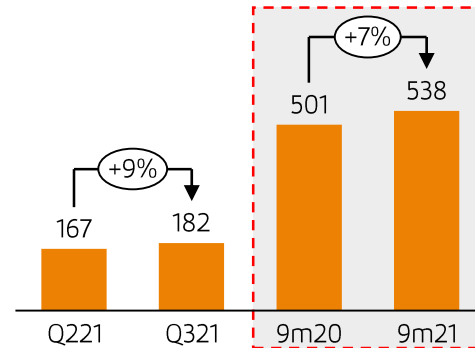
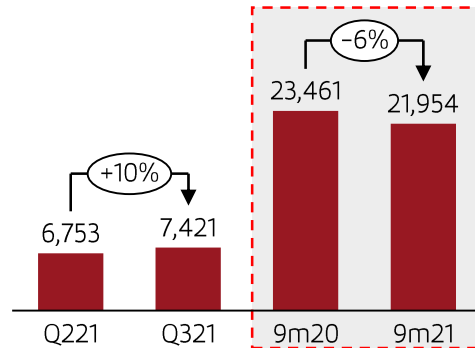
Q3 Highlights

EMEA



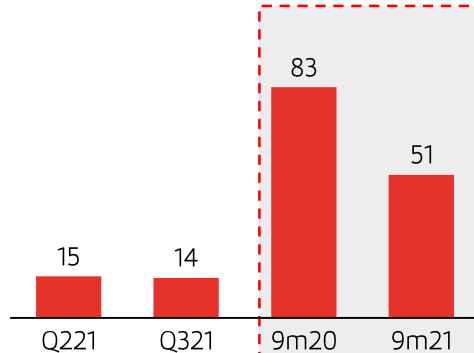
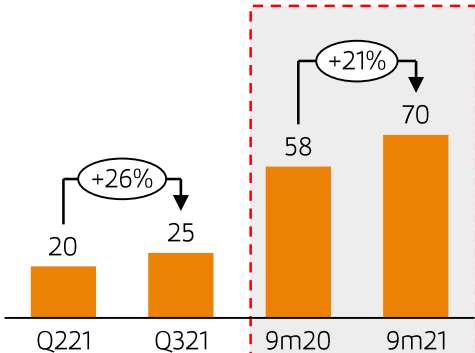
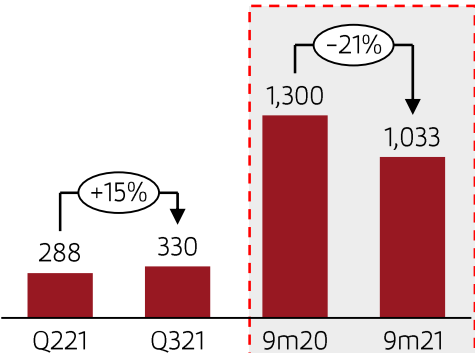
- Maintained position as the leading liquidity provider in ETPs, both on- and off-exchange - #1 position in fixed income, equity and commodity ETFs
- Expansion into single bond market making - corporate credit and EM sovereign bonds. Providing pricing on all major platforms
- Joined the Pyth network and supported the launch of Reactive Markets' Switchboard. Crypto ETP listings in EMEA grew 10% quarter-on-quarter and Flow Traders is a liquidity provider across all 120 listings with a c. 45% market share
- Completed investment in shape Q

Americas



- Trading results in US markets were below expectations partially due to aggressive pricing necessary to build out the fixed income business, while at the same time volatility remained subdued. Ongoing improvement of the position management and execution framework in US domestic equities
- Further expansion of Lead Market Maker activities
- Launched corporate credit fixed income dealer capabilities. Substantial progress made in converting counterparties to transact in corporate credit
- Strategic ecosystem approach highlights included joining the LedgerEdge working group and also crystallizing value from investment in ErisX

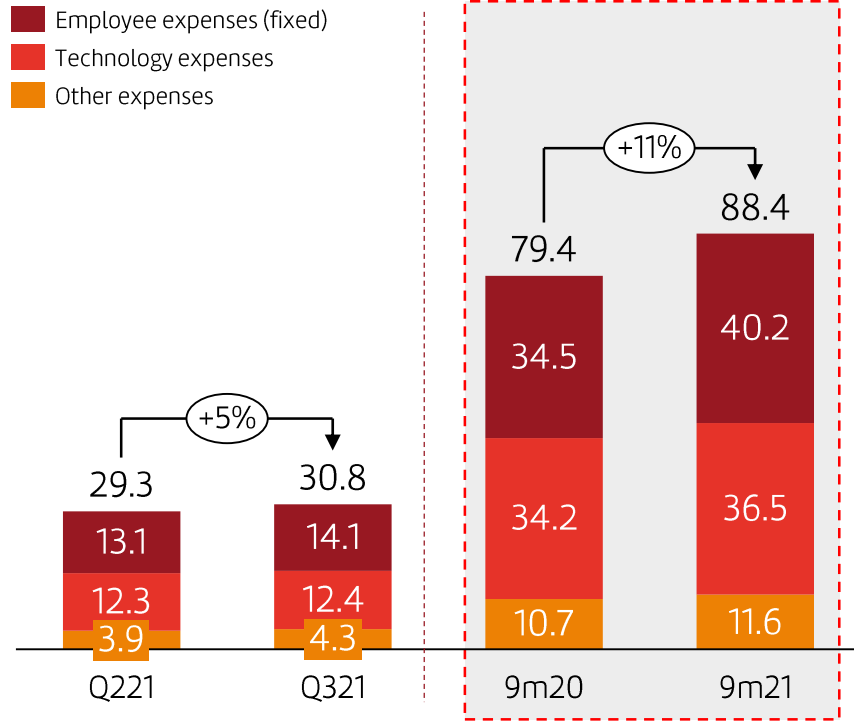
APAC



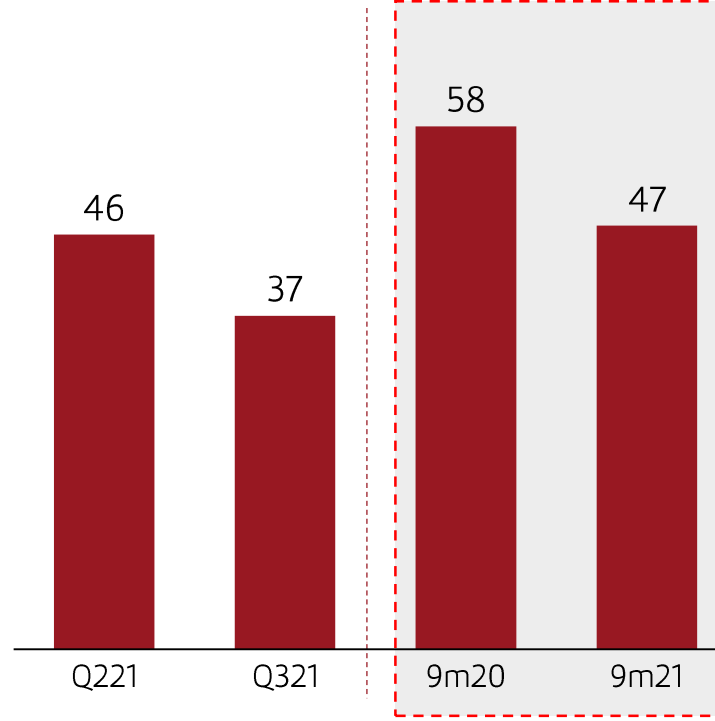
- Solid performance in the quarter as elevated volumes and volatility persisted, driven by Chinese regulatory developments
- Alongside QFII process, continued to progress accessing the on-shore China market with the appointment of a business development professional
- Renewed MSCI futures market making contract with HKEx for another year, continuing and deepening the already successful partnership
- Admitted as Stock Options Exchange Participant on the Stock Exchange of Hong Kong by HKEx

Continued strong cost discipline

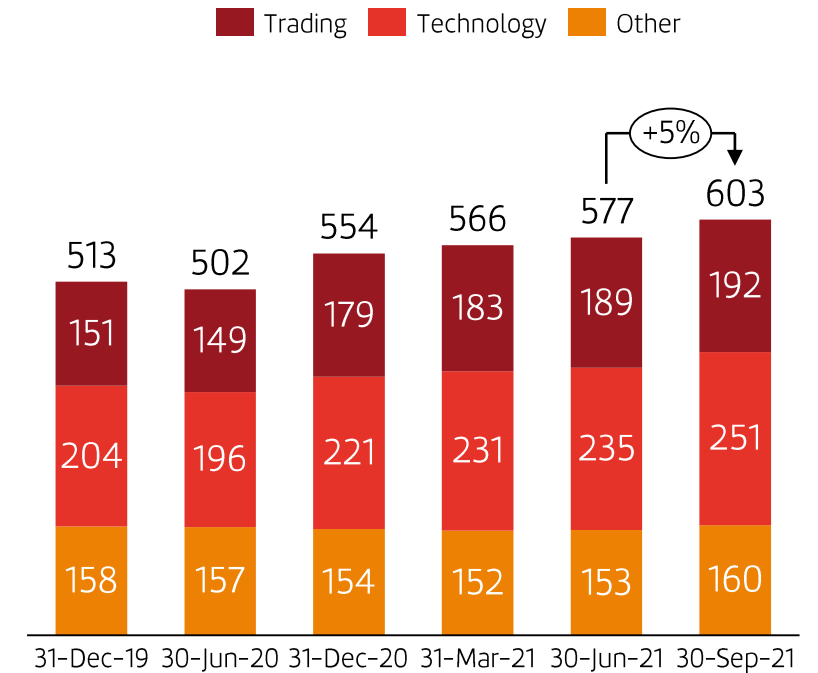
Fixed operating expenses (€m)*



Normalized EBITDA margin (%)



FTEs

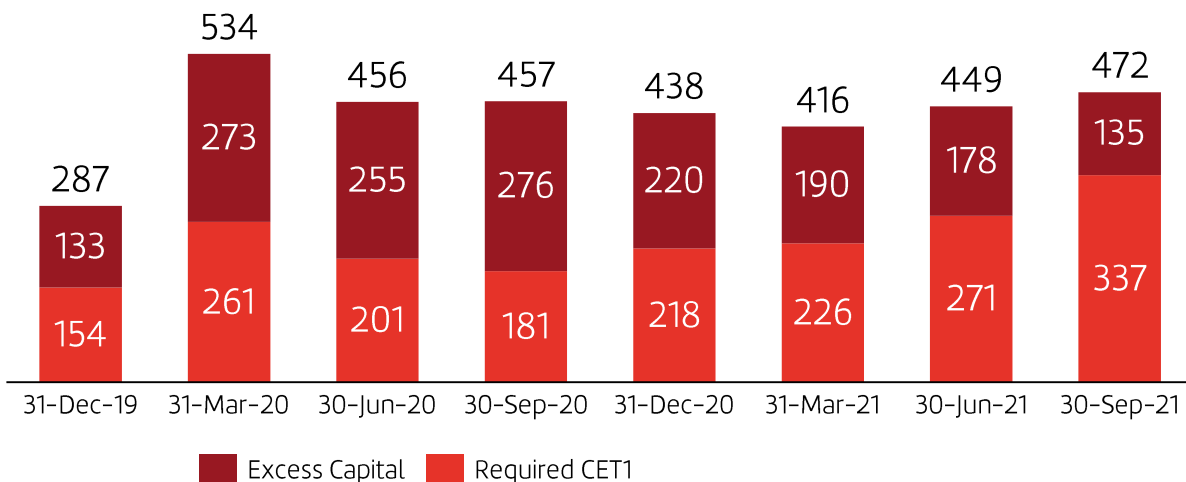


- Main drivers of Y-o-Y and Q-o-Q increases in fixed expenses relate to new hires to support growth strategy and efficiency improvements as well as technology investments
- 5% increase in FTEs in Q3 2021 to further support growth in product coverage, asset classes and trading platforms
- €0.6m one-off expenses in Q3 (€1.9m in YTD 9m21) relating to ongoing activation of the business continuity plan
- Maintain guidance - maximum growth in fixed operating expenses of c. 15% for 2021

* Excludes one-off expenses

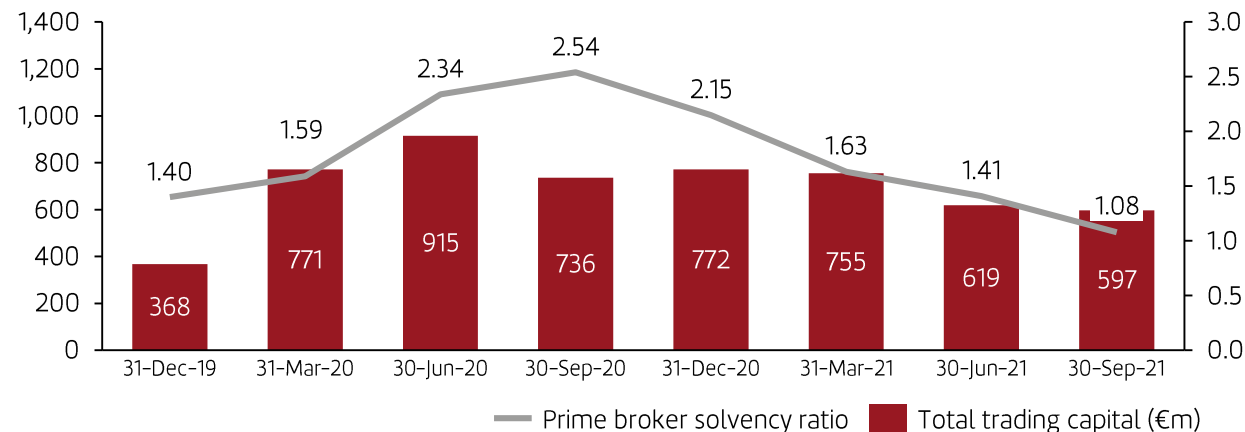
Conservative capital position

Regulatory Own Funds Requirement (OFR) (€m)



Note: CET1 position as at 30 September 2021 is net of the announced share repurchase programme (€20m)

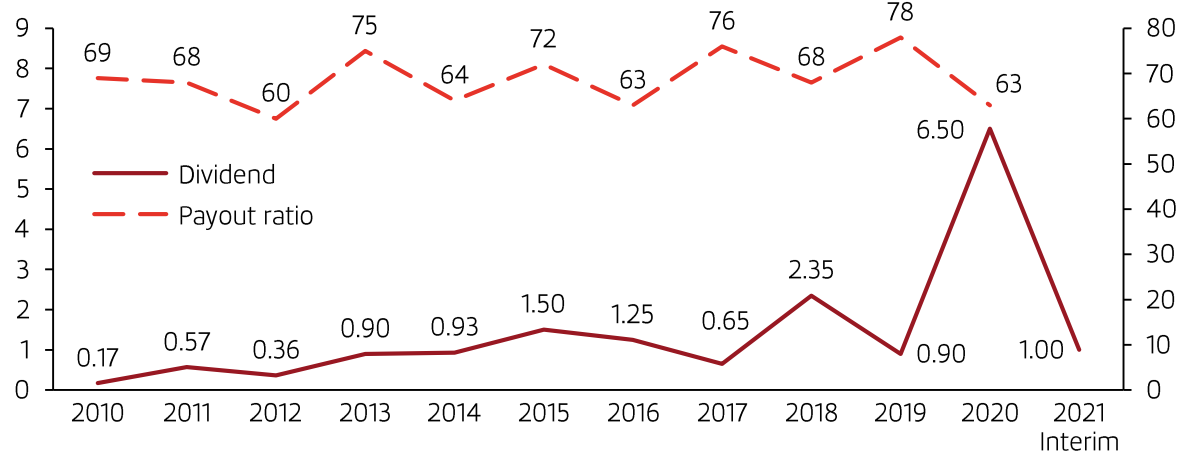
Prime broker solvency ratio



Notes

1. Prime broker solvency ratio = total trading capital divided by Prime Broker haircut
2. Total trading capital as at 30 September 2021 comprises CET1, deferred variable remuneration and remainder of announced share repurchase programme

Dividend (€) and payout ratio (%)



- Trading capital (€597m as at 30 September 2021) remained comfortably above Prime Broker requirements and Own Fund Requirements
- OFR increased to €337m reflecting composition of the trading book. €135m of excess capital (30 September 2021)
- IFR / IFD came into force on 26 June 2021
- €1 per share FY21 interim dividend
- Total dividends paid to shareholders since IPO amounts to €14.15 including FY21 interim dividend

Key market trends

1

ETP growth

- Continuously growing ETP Assets Under Management & ETP value traded
- Significant penetration potential across multiple dimensions, including markets, regions and client types

2

Electronification

- Electronification of trading in fixed income instruments, currencies and commodities
- Substantial electronification potential in most fixed income classes
- Rise in electronic trading of FX derivatives and shift of electronically traded spot FX from D2D to D2C platforms

3

Rise of digital assets

- Institutional adoption of digital assets
- Launch of exchange traded digital asset products

4

Regulation

- Increasing focus on execution transparency: MiFID II, Payment For Order Flow review
- Evolution of regulatory requirements for liquidity providers: CSDR IV
- Accelerating regulatory dialogue around digital assets

Active participation in global financial ecosystem

Project overview

Strategic rationale



May 2020 – Strategic investment in Members Exchange

- New US fastest growing equities exchange founded in 2019
- Wide user shareholder base, including leading banks, retail brokers, asset managers and market makers

- Strategic commitment to US equities ecosystem
- Expansion of presence and sharing perspective in mission to promote market competition
- Improvement of operational transparency and simplification of execution in US equity trading



September 2021 – Strategic investment in Shape Q

- Pan-European Request for Quote marketplace for physical energy, green energy and environmental commodities
- Founded in Amsterdam in 2020

- Development of off-exchange physical energy and environmental commodities markets
- Participation in growing ESG ecosystem



October 2021 – Flow Traders joins Pyth network

- Next generation high-speed data solution built on Solana blockchain
- Flow Traders will be running a node for Pyth and will initially contribute own cryptocurrency market data, potentially expanding across market data thereafter

- Democratisation of data access among market participants
- Delivery of greater efficiency and transparency in financial markets



October 2021 – Flow Traders joins LedgerEdge working group

- Joined LedgerEdge working group as Flow Traders seeks to leverage the technological shifts in the financial markets
- Founded in 2020

- Delivery of greater efficiency and transparency in financial markets
- Greater precision and improved execution in the corporate bond market

Systematic ecosystem approach designed and implemented to accelerate the execution of our strategy

Key strategic objectives

Our key objectives

Continuously refine and deepen product coverage and geographic footprint to align with structural ETP industry growth

Expand and diversify trading in new asset classes

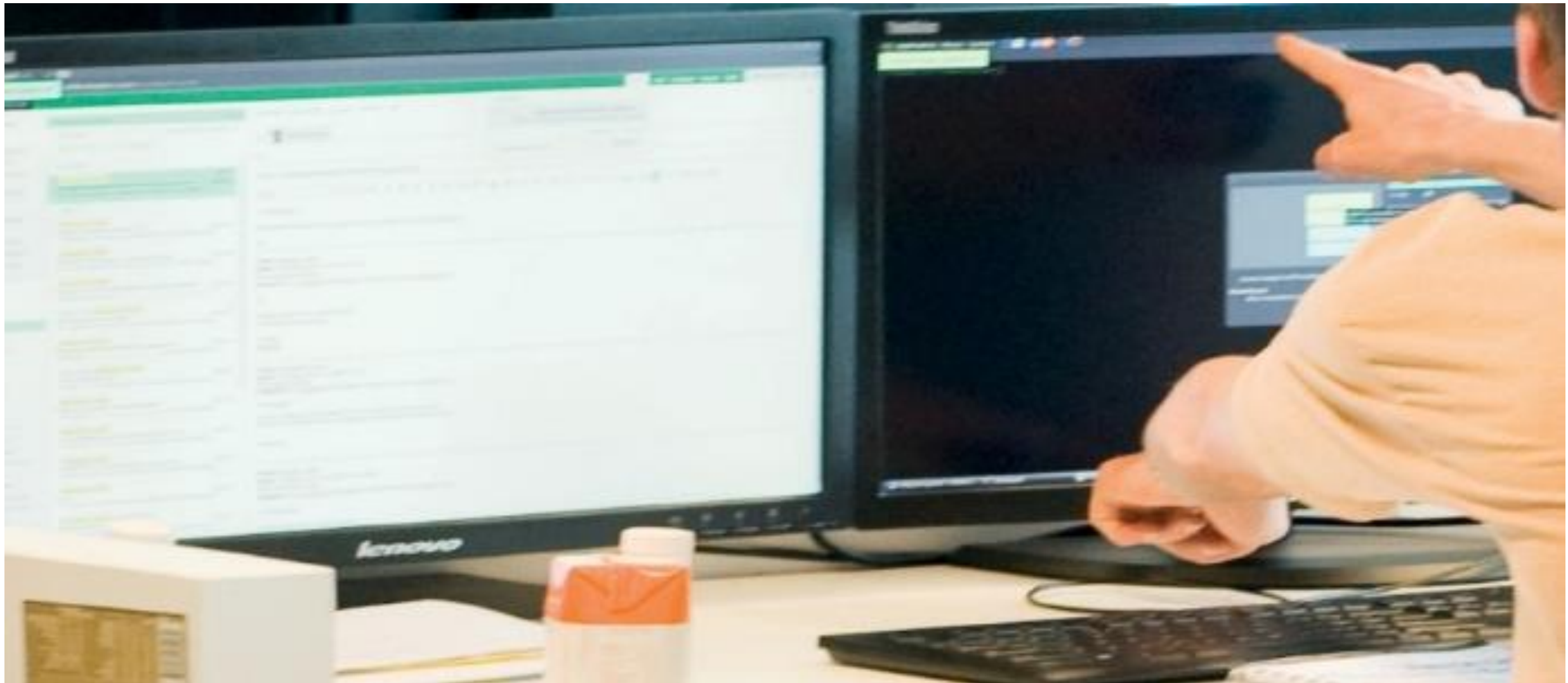
Grow presence and participation in global financial ecosystem

Continue monitoring and driving evolution of regulatory environment

Recent achievements

- More than 180 connected venues
- c. 2,000 institutional counterparties
- Corporate credit and EM bonds
- Cryptocurrencies
- FX and precious metals
- Strategic investment in Shape Q
- Joining Pyth network
- Execution transparency in traditional assets
- Digital assets regulation

Thank you!



ESG highlights

Flow Traders' overall impact on the environment is low – our ESG focus is on shared value and ensuring smooth functioning of markets

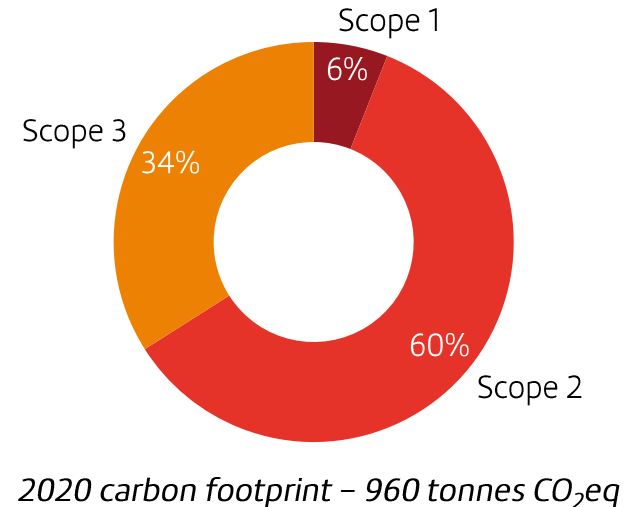
ESG ambition

- To ensure the smooth functioning of markets which will assist in driving the transition towards a sustainable society by:
 - Investing in 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 the company and towards communities, by respecting and developing employees and by supporting our ecosystem



ESG Risk Rating: 19.6 Low Risk

Carbon footprint



- Flow Traders' carbon footprint was calculated for the first time
- Due to the nature of the business, Flow Traders has a relatively light carbon footprint
- Primary GHG emissions arise from energy use in offices and data centers, from staff travel, and indirectly from the supply chain
- From 2020 Flow Traders became carbon neutral, committing to offsetting the entire carbon footprint

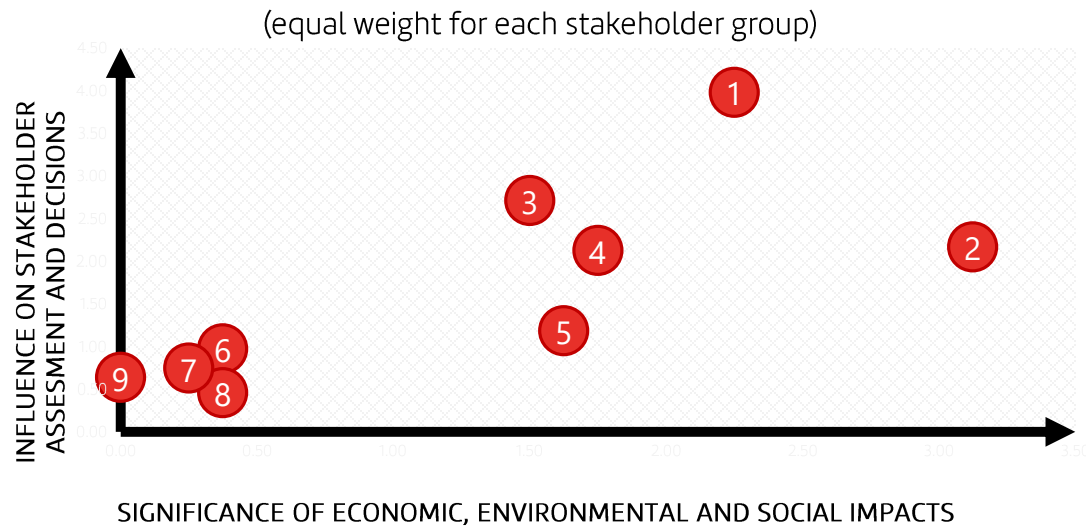


ESG Rating: BBB

ESG materiality analysis

In late 2020, Flow Traders performed a materiality analysis to identify the ESG related issues that should be the main areas of focus

ESG materiality matrix

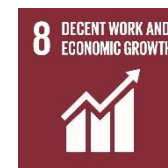


ESG materiality factors

- On the basis of the materiality matrix, Flow Traders has identified 9 key ESG factors, of which five are considered highest impact

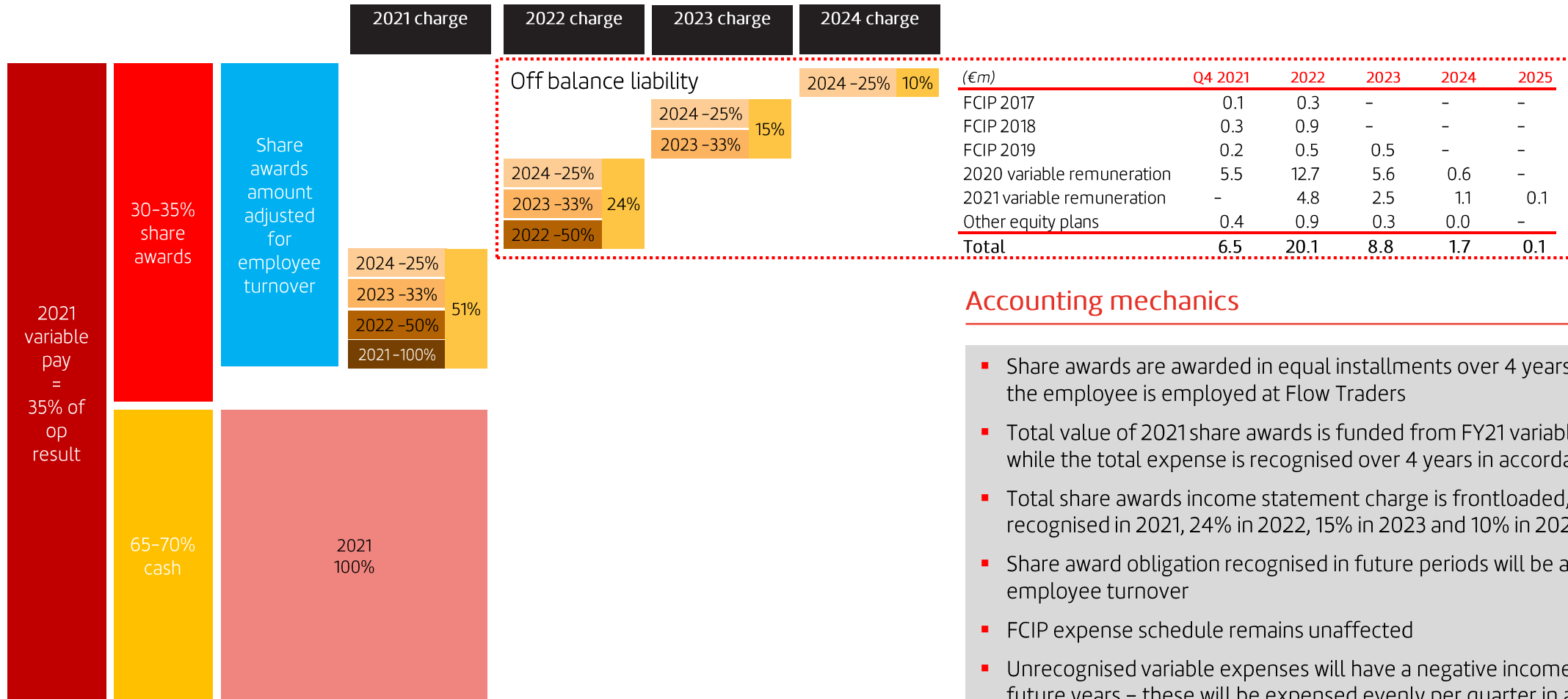
Rank	Material topic
01	Business integrity
02	Liquidity in financial markets
03	Good corporate governance
04	Diversity & inclusion
05	Sustainable Employment
06	Fair taxation
07	Stakeholder engagement
08	Societal commitments and charities
09	Carbon emissions, material use and waste

UN SDGs



Unrecognised variable expenses schedule

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



Accounting mechanics

- Share awards are awarded in equal installments over 4 years on the condition that the employee is employed at Flow Traders
- Total value of 2021 share awards is funded from FY21 variable remuneration pool, while the total expense is recognised over 4 years in accordance with IFRS
- Total share awards income statement charge is frontloaded, whereby 51% is recognised in 2021, 24% in 2022, 15% in 2023 and 10% in 2024
- Share award obligation recognised in future periods will be adjusted for expected employee turnover
- FCIP expense schedule remains unaffected
- Unrecognised variable expenses will have a negative income statement impact in future years – these will be expensed evenly per quarter in a given year

Income statement (unaudited)

€million	Q321	Q221	YTD 9m21	YTD 9m20
Net trading income	67.1	94.4	303.7	803.1
EMEA (Europe)	42.7	61.9	186.0	458.5
Americas	10.0	17.5	66.3	261.8
APAC	14.4	15.0	51.4	82.8
Net trading income	67.1	94.4	303.7	803.1
Employee expenses ¹	35.0	37.3	119.2	254.1
Technology expenses	12.4	12.3	36.5	34.2
Other expenses	4.3	3.9	11.6	10.7
One-off expenses	0.6	0.6	1.9	8.0
Total operating expenses	52.2	54.1	169.3	307.0
EBITDA	14.9	40.3	134.5	496.1
Normalized EBITDA²	24.6	43.2	142.8	469.0
Depreciation / amortisation	3.8	3.8	11.4	10.5
Write off of (in) tangible assets	-	-	-	0.1
Results of equity-accounted investments	-	-	(0.1)	(0.1)
Profit before tax	11.1	36.5	123.2	485.6
Tax	2.4	7.9	24.2	87.3
Net profit	8.7	28.7	98.9	398.3
Basic EPS ³ (€)	0.20	0.66	2.25	8.78
Fully diluted EPS ⁴ (€)	0.19	0.64	2.18	8.78
EBITDA margin	22%	43%	44%	62%
Normalized EBITDA margin ²	37%	46%	47%	58%

Notes

- Fixed employee expenses: Q321 – €14.1m; Q221 – €13.1m; YTD 9m21 – €40.2m; YTD 9m20 – €34.5m
- Normalized EBITDA and margin is based on the standard 35% profit share of operating result across the various financial periods without any IFRS 2 adjustments for share-based payments. A reconciliation to reported EBITDA is presented below:

€million	Q321	Q221	YTD 9m21	YTD 9m20
Normalized EBITDA	24.6	43.2	142.8	469.0
Prior year share plans	7.9	6.3	18.7	2.2
Current year share plan deferral	(1.3)	(3.3)	(10.4)	(29.3)
Variable remuneration composition	3.1	-	-	-
Reported EBITDA	14.9	40.3	134.5	496.1

- Weighted average shares outstanding: Q321 – 43,570,015; Q221 – 43,715,537; YTD 9m21 – 43,875,028; YTD 9m20 – 45,362,072. 43,549,631 shares outstanding at 30 September 2021
- Determined by adjusting the basic EPS for the effects of all dilutive share-based payments to employees

Recent monthly market updates

	2021									2020											
	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan
On & Off Exchange* Value Traded - Global (€bn)	3,226	2,678	2,949	2,669	2,693	2,641	3,969	2,606	2,739	2,357	2,606	2,440	2,737	2,069	2,568	3,230	2,645	3,320	5,797	2,938	2,212
On & Off Exchange* Value Traded - EMEA (€bn)	156	128	159	161	156	153	217	189	184	155	193	141	136	107	147	176	141	163	331	199	149
On & Off Exchange Value Traded - Americas (€bn)	2,735	2,221	2,464	2,226	2,289	2,238	3,423	2,147	2,209	1,877	2,112	2,091	2,353	1,707	2,086	2,763	2,281	2,850	5,021	2,495	1,905
On & Off Exchange Value Traded - APAC (€bn)	334	329	326	282	248	249	328	269	346	325	301	208	247	254	335	290	222	308	446	244	159
<i>EMEA - Off Exchange Market Value Traded on MTF** (€bn)</i>	88	69	91	95	83	85	125	107	104	87	107	76	71	56	83	95	74	82	180	114	84
<i>EMEA - Off Orderbook* Market Value Traded (€bn)</i>	20	18	17	17	19	18	21	21	20	17	23	17	15	13	17	21	17	22	46	24	18
<i>Americas - Off Exchange Market Value Traded (€bn)</i>	887	771	879	829	747	807	1,103	777	852	742	767	762	826	632	731	997	841	1,101	1,716	832	723
<i>APAC - On & Off Exchange Market Value Traded in China (€ bn)</i>	220	221	219	190	146	154	193	141	195	189	161	104	137	145	218	119	99	115	164	131	78
Assets under Management*** - Global (€bn)	<i>Pending</i>	<i>n/a</i>	<i>n/a</i>	<i>Pending</i>	<i>n/a</i>	<i>n/a</i>	7,168	<i>n/a</i>	<i>n/a</i>	6,422	<i>n/a</i>	<i>n/a</i>	5,788	<i>n/a</i>	<i>n/a</i>	5,480	<i>n/a</i>	<i>n/a</i>	4,801	<i>n/a</i>	<i>n/a</i>
Assets under Management - EMEA (€bn)							1,154			1,053			947			888			780		
Assets under Management - Americas (€bn)							5,216			4,628			4,177			3,971			3,459		
Assets under Management - APAC (€bn)							798			741			664			622			562		
# of ETP listings - Global	12,778	12,614	14,295	14,135	13,914	13,758	13,701	13,479	13,386	13,298	13,257	13,165	13,122	13,039	12,980	12,902	13,124	13,027	12,947	12,910	12,788
# of ETP listings - EMEA	4,878	4,823	6,192	6,146	6,091	6,048	6,023	5,937	5,916	5,891	5,922	5,906	5,901	5,886	5,885	5,862	6,144	6,114	6,093	6,066	6,025
# of ETP listings - Americas	5,361	5,295	5,560	5,488	5,369	5,305	5,286	5,207	5,147	5,113	5,064	5,011	4,971	4,915	4,881	4,847	4,798	4,757	4,725	4,726	4,656
# of ETP listings - APAC	2,539	2,496	2,543	2,501	2,454	2,405	2,392	2,335	2,323	2,294	2,271	2,248	2,250	2,238	2,214	2,193	2,182	2,156	2,129	2,118	2,107
Average VIX per month	19.84	17.76	17.87	16.89	20.10	17.52	22.26	23.66	24.91	22.49	25.34	29.38	28.06	22.92	27.17	31.53	31.31	42.17	57.73	19.58	14.15
VIX high per month	26.35	22.56	22.18	19.82	25.58	18.47	28.42	31.50	33.38	27.85	37.46	38.80	33.89	24.47	31.44	39.57	38.08	56.68	77.60	44.43	18.09
VIX low per month	16.20	15.46	14.90	15.12	16.38	16.43	19.48	21.20	21.66	20.46	20.56	24.90	25.46	21.87	24.58	24.32	27.88	31.95	32.94	13.96	12.10

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

***: BlackRock Global ETP Landscape (issued quarterly)

Sources: Blackrock Global ETP Landscape, Tradeweb, Bloomberg, Flow Traders analysis