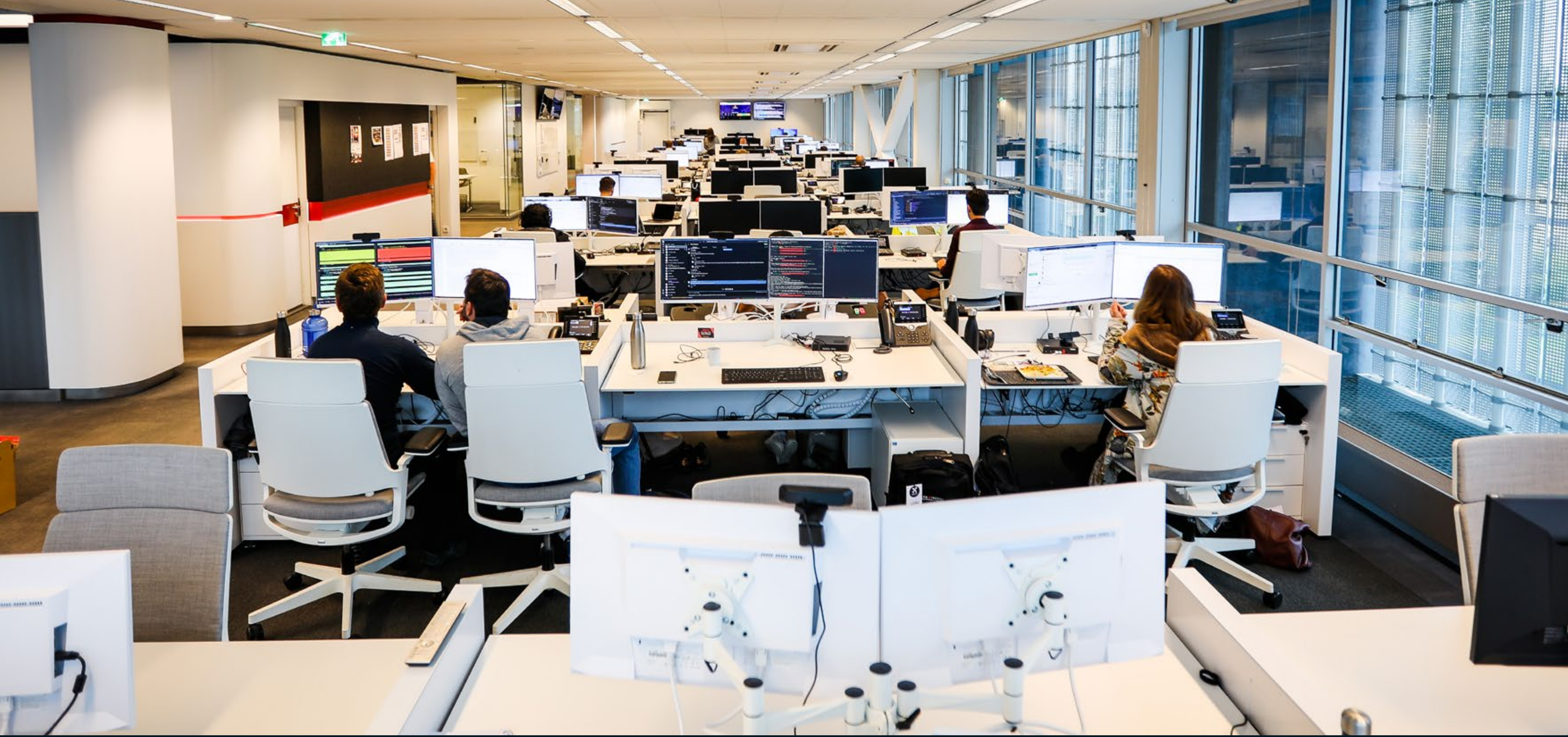
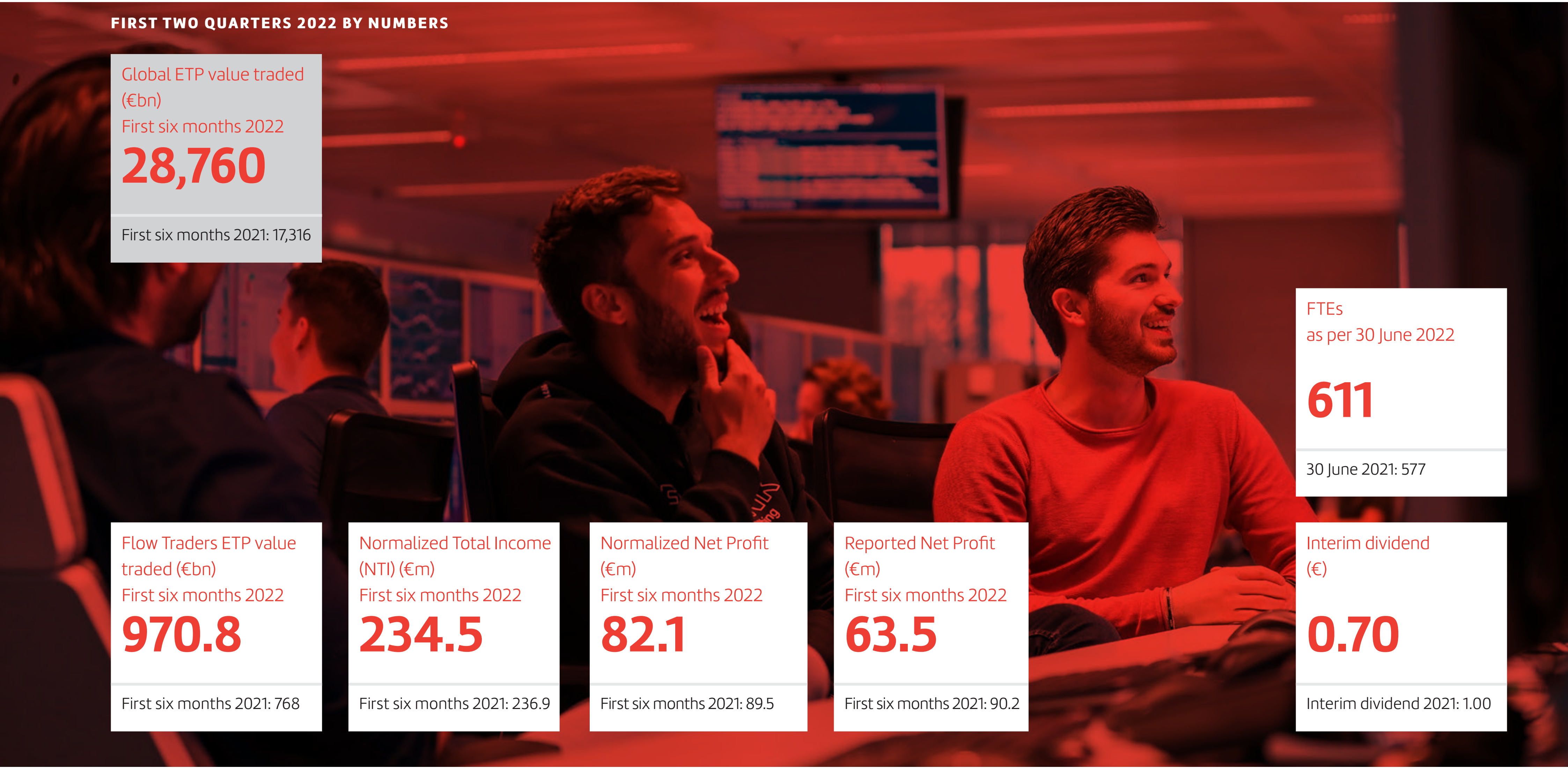


FLOW TRADERS

Half Year Report 2022

Table of contents

Flow Traders at a Glance



FIRST TWO QUARTERS 2022 BY NUMBERS

Global ETP value traded (€bn)
First six months 2022
28,760
First six months 2021: 17,316

FTEs
as per 30 June 2022
611
30 June 2021: 577

Flow Traders ETP value traded (€bn)
First six months 2022
970.8
First six months 2021: 768

Normalized Total Income (NTI) (€m)
First six months 2022
234.5
First six months 2021: 236.9

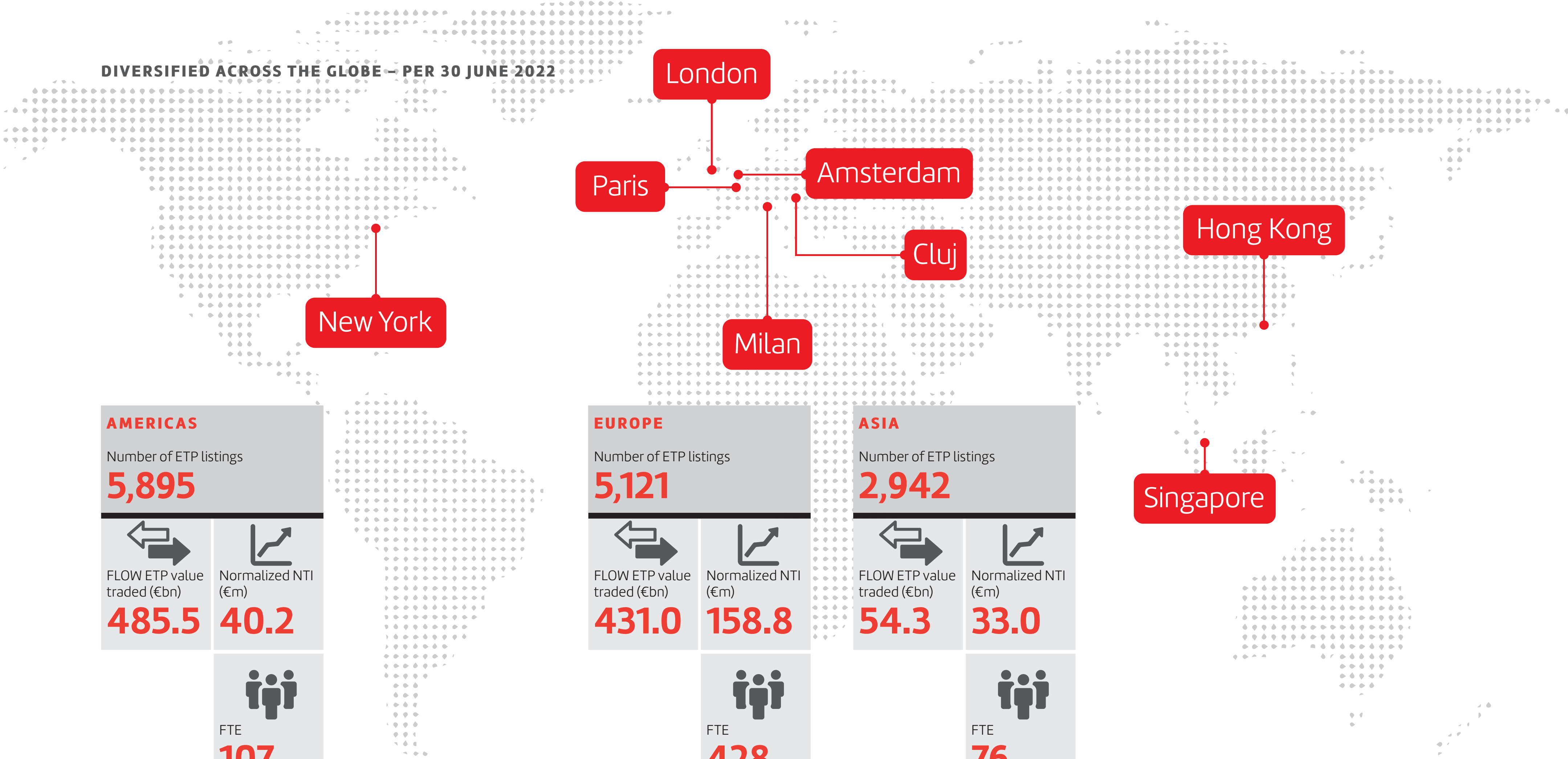
Normalized Net Profit (€m)
First six months 2022
82.1
First six months 2021: 89.5

Reported Net Profit (€m)
First six months 2022
63.5
First six months 2021: 90.2

Interim dividend (€)
0.70
Interim dividend 2021: 1.00

Flow Traders at a Glance

DIVERSIFIED ACROSS THE GLOBE – PER 30 JUNE 2022



	AMERICAS	EUROPE	ASIA
Number of ETP listings	5,895	5,121	2,942
FLOW ETP value traded (€bn)	485.5	431.0	54.3
Normalized NTI (€m)	40.2	158.8	33.0
FTE	107	428	76

2022 NORMALIZED FINANCIAL OVERVIEW *In thousands of euro*	For the six months ended 30 June	
	2022	**2021**
Normalized net trading income	**232,101**	**236,628**
Normalized other Income	2,392	248
Normalized total Income	**234,492**	**236,876**
Normalized Employee expenses	82,430	85,680
Technology expenses	28,732	24,132
Other expenses	12,226	7,358
One-off expenses	–	1,338
Normalized operating expenses	**123,388**	**118,508**
Normalized EBITDA	**111,104**	**118,368**
Depreciation / amortization	7,727	7,522
Write offs of (in) tangible assets	155	1
Normalized profit before tax	**103,223**	**110,845**
Normalized tax expense	21,110	21,329
Normalized net profit	**82,113**	**89,516**
KPI		
Normalized EBITDA margin	47%	50%
Normalized Basic earnings per share	1.88	2.03

	30 June 2022	31 December 2021
Net trading capital	610,622	610,591
Regulatory capital available	514,920	482,602
Regulatory capital required	311,770	242,640
Excess capital	**203,150**	**239,962**

Our Business

We provide liquidity in financial products, historically with a focus on exchange-traded products (ETPs). ETPs are baskets of securities made up of shares, bonds, commodities or alternative products. ETPs often track indices and, unlike most mutual funds, can be traded throughout the day on trading venues. We do this globally, enabling investors to buy and sell ETPs efficiently by quoting bid and ask prices under virtually all market circumstances. We help financial markets function in an orderly manner. In 2022 we continued our strategic growth agenda to further diversify our market making activities into fixed income, cryptocurrency, Foreign Exchange (FX) and commodities. The modularity of our Trading infrastructure allows for efficient leverage on our trading capabilities in all financial products and not only ETPs.

Markets & Trends

Our business

During the first half of 2022, we had access to more than 180 trading venues in over 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 around 2,100 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.

Despite the strong operational focus required so far in 2022, significant progress has also been made in driving forward our strategic focus areas of equity, fixed income, cryptocurrency, FX and commodities. In H1 2022, we also established Flow Traders Capital, a dedicated corporate venture capital unit within Flow Traders with an initial commitment of €50 million. This unit focuses on strategic ecosystem investments across financial market infrastructure and digital assets. The pace of investments accelerated in the first half of 2022, particularly in Q2 where 7 investments were made totaling €7.6 million in companies including RFQ-Hub, Thalex, Tonic, Elwood, Ondo, BloXroute and Astaria.

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 Net Trading Income (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.

The ETP market

Global ETP Assets under Management (AuM) did decrease from €9,030 billion at the end of 2021 to €7,958 billion by the end of June 2022. Despite this market sentiment-related dip, the overall growth in ETP AuM is expected to continue, as investors continue to invest in low-cost, transparent, and easy-to-trade passive investment strategies. This contributes to the long-term value creation of Flow Traders' strategy.

We believe there are a number of reasons for this trend to continue, including beyond 2022: 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, giving investors access to markets that would normally be difficult to reach. A fourth reason is that the ETP ecosystem performed as intended during the market stresses experienced in the first half of 2020 which has only increased its attractiveness to investors.

Market environment

The ETP market environment during the first half of 2022 was characterized by increased levels of market activity compared to the first half of 2021. This activity was particularly evident during the first quarter of 2022 as the Russia-Ukraine conflict commenced and markets adjusted to this geopolitical development. There was also continued increased focus in H1 2022 in Environmental, Social and Governance (ESG) investing, and Flow Traders was a critical participant in facilitating this trend.

Given this market backdrop, Flow Traders ETP value traded (on-exchange and off-exchange) increased to €970.8 billion (H1 2021: €768 billion). Meanwhile, ETP market value traded (on-exchange and off-exchange) also increased during the same period to €28,760 billion (H1 2021: €17,316 billion).

The Americas is still the largest ETP market, where total ETP value traded was €25,256 billion in the first six months of 2022 (H1 2021: €14,533 billion). Our own total ETP value traded in the Americas was €486 billion in the first six months of 2022 (H1 2021: €356 billion). As institutional trading gained further momentum in 2022 particularly with our corporate credit dealer capabilities expanding and gaining further traction within the market, Flow Traders US continued to grow its overall presence.

In EMEA, the total market ETP value traded of €1,334 billion in the first six months of 2022 (H1 2021: €1,061 billion). Our total ETP value traded in EMEA was €431 billion (H1 2021: €366 billion). Flow Traders once again maintained its position as the leading liquidity provider in ETPs, both on- and off-exchange in EMEA and held the #1 position in fixed income, equity, cryptocurrency, and commodity ETFs.

In APAC, the ETP market remained fragmented, with large differences in trading volumes, trading costs, regulation, and maturity across the financial markets. The total ETP value traded was €2,170 billion in the first six months of 2022 (H1 2021: €1,722 billion), including China, while Flow Traders' ETP value traded was €54 billion (H1 2021: €45 billion). Flow Traders had a successful first half of 2022

in APAC in terms of trading volumes compared to the same period in 2021, confirming the contribution of recent investments made in the region.

Financial Overview

Flow Traders recorded Normalized Net Trading Income (NTI) of €232.1 million (H1 2021: €236.6 million) reflecting the overall market and trading environment. We also recorded normalized other income of €2.4m derived from the strategic investments portfolio which contributed to normalized total income of €234.5m for 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, fixed operating expenses amounted to €75.2 million in the first six months of 2022 (H1 2021: €58.9 million). The main drivers of the increase in fixed expenses were impacted by EUR to USD currency translation impacts, new hires to support growth strategy, targeted base compensation increases and continued technology investments. There was €11.8 million of non-recurring strategic advisory costs in 2022 in relation to optimization of the Group legal entity and regulatory structure and further balance sheet review efforts. Given the non-recurring nature of these expenses, they have been excluded from Normalized operating expenses.

During the second quarter, a systematic exercise was undertaken to shift the total compensation mix of certain employee groups towards a greater fixed component which meant that targeted base compensation increases have been implemented. To account for the shift in total compensation mix, the profit-sharing percentage for employees has been adjusted to 32.5% of operating result, from 35% as used historically. This ensures that the shift in compensation mix in the income statement is neutral going forward. Combined with the overall financial performance of the business during the first half, this meant that normalized variable remuneration reduced to €48.1 million in H1 2022 (H1 2021: €59.6 million).

Given these income and cost dynamics, Flow Traders demonstrated strong operational leverage once again with a Normalized EBITDA margin of 47% (H1 2021: 50%) and Normalized EBITDA of €111.1 million (H1 2021: €118.4 million). Ultimately, we recorded a Normalized Net Profit for H1 2022 of €82.1 million (H1 2021: €89.5 million) with a Normalized Basic EPS of €1.88 (H1 2021: €2.03). The interim FY22 dividend has been set at €0.70 per share (interim FY21 dividend: €1.00 per share).

From a capital perspective, our own funds requirement increased to €312 million as at 30 June 2022 compared to €243 million as at 31 December 2021. This is due to the nature of the overall trading book at this point in time. Overall, we maintained a strong capital position with €203 million of excess capital at the end of the half-year.

EU Taxonomy

The EU Taxonomy currently applies to Flow Traders as Flow Traders falls under the scope of the Non-Financial reporting Directive (NFRD) and as an Investment Firm under IFR/IFD. For further detail on our ESG reporting and the impact of the EU Taxonomy regulation as prescribed by the EU Commission, please refer to our latest annual report.

Normalized performance

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 Q2 22 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 whether accounted for as Fair Value Other Comprehensive Income (FV OCI), Fair Value Profit and Loss (FVPL) or Results of Equity-accounted Investments.
- Exclusion of strategic advisory costs in 2022 in relation to optimization of the Group legal entity and regulatory structure and further balance sheet review efforts.
- Tax expenses are adjusted based upon the pre-tax adjustments and/or excluded items above.

NORMALIZED TO IFRS RECONCILIATION *In thousands of euro*

For the six months ended 30 June	2022	2021
Normalized Income	**234,492**	**236,876**
Fair value OCI adjustment	(3,241)	(195)
Results of equity -accounted investments	189	(53)
Total IFRS Income	**231,440**	**236,628**
Normalized EBITDA	**111,104**	**118,367**
Fair Value OCI adjustment from equity to profit and loss	(3,241)	(195)
Profit or (loss) of equity-accounted investments	189	(53)
One-off expenses	(11,763)	-
Prior year share plans	(14,100)	(10,806)
Current year share plan deferral	6,203	12,239
Total IFRS EBITDA	**88,391**	**119,553**
Normalized Profit before tax	**82,112**	**89,516**
Profit before tax IFRS adjustments	(22,902)	1,238
Tax difference	4,304	(510)
IFRS net profit	**63,514**	**90,243**

Our Risk Management

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

Where possible, we identify, assess, monitor, quantify and document potential risks which are inherent to trading in an automated environment. In the very dynamic environment of automated trading, we designed our RMF in such a way that it is robust, efficient, and transparent. In the figure below we summarize our stakeholders to which we are obliged to deliver such a framework.

The RMF helps us to ensure sufficient internal control and (internal) capital through a consistent, continuous, and careful method for addressing, managing and prioritizing our key risks in the context of our enterprise-wide strategic objectives.

Enterprise Risk Management

We aim for a good balance between our business activities, return on capital and related risks. Flow Traders' Risk Management adopts its Enterprise Risk Management (ERM) approach to ensure that our risk appetite and profile are integrated in our day-to-day operations and strategic, tactical, and operational objective setting and decision making.

Every year, our Management Board derives its business targets after determining its strategic goals. Based on these targets and objectives, the Management Board formulates 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 implement our Risk Management cycle to ensure that the residual risk profile is (and remains) in line with the set risk appetite. In order to achieve this, we perform risk control self-assessments (RCSA) to assess current risks and identify risks that have newly arisen. Following the RCSAs, the Management Board decides on the appropriate risk response.

Risk categories

We identify five general risk categories – Business and Strategic risks, Compliance and Ethics risks, Financial risks, Operational risks and Technology risks – each with their own specific areas' risks:

Risk category	Context
BUSINESS AND STRATEGIC RISKS	
Strategic risk	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 risk	Probability of loss arising from heavily lopsided exposure to a particular group of counterparties or products. Concentration risk also includes supplier dependency risks.
Project risk	The risk of inaccurate project management leading to inadequate realization of project objectives.
COMPLIANCE AND ETHICS RISKS	
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 risk	Failure to comply with any legal or regulatory obligations that are not captured through other risks.
Reputation risk	The reputation risk is the risk of loss resulting from negative exposure to stakeholders.
FINANCIAL RISKS	
Capital and Liquidity risk	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 risk	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. ESG risks are also having an increasing impact here.
Credit risk	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. ESG risks are also having an increasing impact here.

Risk category	Context
OPERATIONAL RISKS	
Business continuity risk	The risk of failure to provide and maintain appropriate business continuity management (BCM), including inadequate business continuity plans.
Trading execution risk	The risk of losses due to errors in the execution.
People risk	The risk that the entity is not able to develop, retain and attract the necessary skills/talents and diverse workforce to realize strategic objectives.
Model risk	The risk of incorrect model design, improper implementation of a correct model, or inappropriate application of a correct model.
Legal risk	The risk that applicability, enforceability and interpretation of contracts, laws and regulations and uncertainty about the outcome of legal actions against or initiated by the entity.
Reporting risk	The risk of not being able to report adequately to stakeholders (e.g. annual financial report, regulatory reporting).
Tax risk	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 risk	The risk of failing to manage third party relationships and risks appropriately.
Trade settlement risk	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 organization's physical assets or harming of employees at the workplace.

TECHNOLOGY RISKS	
Technology strategy risk	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	Risk of loss of information caused by failure, loss of confidentiality, integrity and/or availability of information and/or systems.
Data management risk	The risk of failing to appropriately manage and maintain data, including all types of data, for example, client data, employee data, and the organization's proprietary data.
Project risk	The risk of inaccurate project management leading to inadequate realization of project objectives.

Risk Management Governance

The effectiveness of risk management is unavoidably linked to commitment and integrity. It is therefore crucial that the Management Board, the global and local department heads, and all Flow Traders employees are aware of the company's risk exposure and their own responsibilities in managing it efficiently.

Our risk management is embedded in the organization in line with the three lines model.

The first line of defense is formed by Trading, Technology and Operations. These departments are critical for 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 defense 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 defense is formed by Flow Traders' Internal Audit Function (IAF). 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 IAF 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 Supervisory Board is to:

- Supervise the Management Board with respect to:
  - Identifying and analyzing 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 referred to in best practice provisions 1.2.1 to 1.2.3 of the Dutch Corporate Governance Code together with the Audit Committee.
- Advise, and where applicable supervise, the Management Board 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 Management Board'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 Supervisory Board or the Audit Committee;
- Review, and where applicable monitor, the Management Board´s responsiveness to the reports, findings and recommendations of the Chief Risk Officer.

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

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

The Management Board is responsible for:

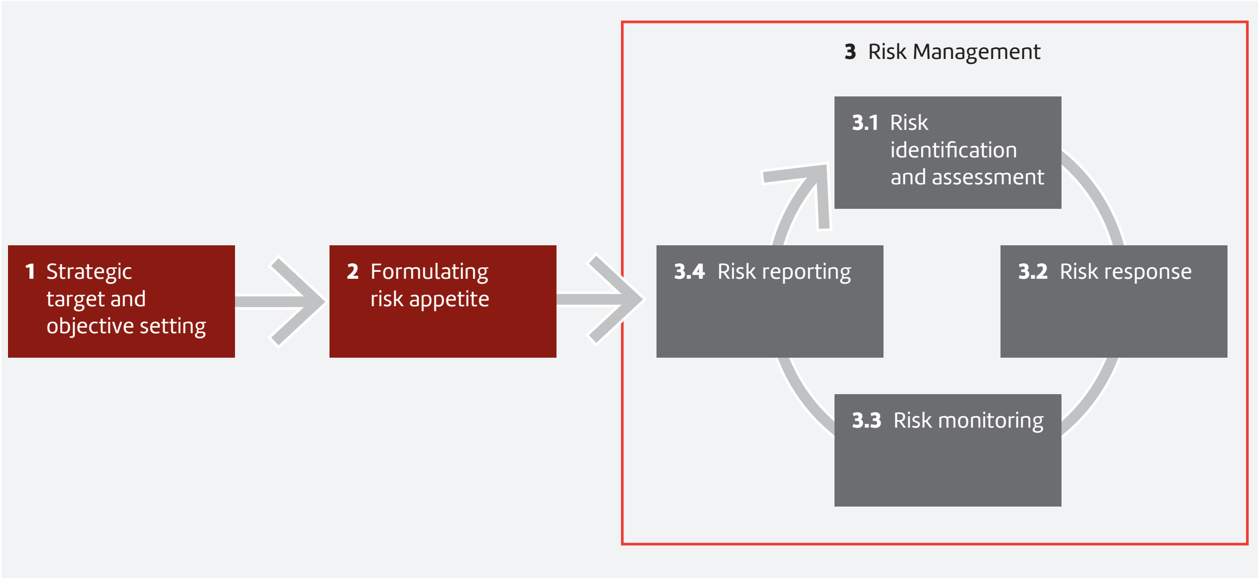
- Setting companywide objectives;
- Setting boundaries for risk taking by communicating our risk appetite;
- Successfully promoting, sponsoring and coordinating the development of a risk management culture throughout the company;
- Guiding the inclusion of risk management practices in all strategic and 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 Management Board. The Management Board 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 Supervisory Board.

Flow Traders Managing Directors are responsible for:

- Setting local department targets and objectives in line with companywide 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 Management Board.

Flow Traders' Global/Local Heads are responsible for:

- Setting global/local department targets and objectives in line with companywide 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' Enterprise Risk Management cycle.

Flow Traders Risk Department is responsible for:

- Monitoring, improving and controlling the ERM;
- Triggering risk self-assessments for all departments;
- Gathering the necessary information and creating risk reports for internal stakeholders and the Management Board.

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 figure above shows the ERM cycle of Flow Traders.

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

Every year the Management Board sets its business targets following the strategic goals. The strategic goals are generally formulated in November/December.
The Supervisory Board, together with the Management Board, approves the strategic goals and business targets. Additionally, the Supervisory 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 companywide, departmental and individual goals and discussed in an annual meeting with the Management Board and all Managing Directors.

Based on the targets and objectives, the Management Board 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 ensure that the net risk profile is and stays in line with the set risk appetite. To do so, we perform Risk Self Assessments to identify and assess current and newly arisen risks. Following the Risk Self Assessments, department heads in cooperation with the Management Board will decide on the appropriate risk response. The effects of the chosen risk responses will be monitored and every year the actual net risk profile will be mapped versus the appetite.

Risk reporting

We have a standing Risk Committee that continuously assesses the risks we face in our business and is composed of our Global Head of Risk and the Management Board. Aside from ongoing ad-hoc communication, there is a monthly meeting set up in which they discuss all risk assessments and risk proposals related to position limits, strategies, procedures, capital requirements and other requirements from prime brokers and market developments. Any major changes to our risk systems, strategies and limit setting must subsequently be approved by the Management Board.

In addition to the standing Risk Committee, the company has a Risk Committee of the Supervisory Board.
All members of the Supervisory Board are members of this Risk Committee. The Management Board informs the Risk Committee of the Supervisory 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. In addition, the tasks of the Risk Committee of the Supervisory Board includes supervision and monitoring, as well as advising the Management Board on the operation of the company's internal risk management and control

systems. The Risk Committee is also responsible for providing advice to the Management Board on the company's development, performance, and sustainability of its trading strategies, as well as reviewing the risk of the company. It maintains regular contact with the company's Trading and Risk and Operations departments.

Following a review of the company's risk assessment processes, the monitoring of the company's internal risk management and control systems has been identified as a priority and as a joint responsibility of the Supervisory Board and its committees. All risks relevant to each of the committees of the Supervisory Board are monitored in the Risk Committee of the Supervisory 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 Supervisory Board, as all members of the Supervisory Board are members of the Risk Committee. For more information, please refer to the chapter Report of the Supervisory Board.

Key risks

Market risk

Market risk is the risk of loss resulting from unfavorable 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 (a combination of underlying securities and vanilla derivatives) along with our continuous monitoring of the positions aim to minimize this risk. Our trading philosophy is that we hedge our positions as perfectly as possible and therefore minimize 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 little market activity, we diversify our trading in products and markets. This is to safeguard that we are not too dependent on the levels of market activity in one asset class or product category.

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. As our operational risks are concentrated in technology related events at exchanges and clearing members, our investment in technology is important to mitigate those associated risks.

We operate an integrated, in-house developed, high-performance and customized 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 releasing our trading software, or an update into the production environment, any element of our trading software is subjected to a review of its code, testing in an 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 is appropriately documented.

We have a monitoring system in place to control undisrupted trading activities in real time. Multilayer monitoring is employed to avoid errors. But when these occur the relevant teams are immediately notified via multiple notification channels. We rely on multiple third-party service providers for business and market data.

Our risk management system is fully integrated with our proprietary technology platform, analyzing 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 which deviate from our pre-defined risk parameters, such as price and volume limits set by the Risk Management department, which keeps our ordering, trading and positions well within tolerance levels. Our monitoring tools reconcile trades, 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 inside and outside the platform. Where we have a technical interface with institutions like 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.

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

While we do not have clients and do not provide investment services or ancillary services to third parties, our markets and nearly all aspects of our business are heavily 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 four international jurisdictions and with branch offices established in London, Milan and Paris. As a group we currently trade on more than 180 venues worldwide. In addition, we operate on various venues through brokers. As we have to comply with our home regulations, local regulations and trading rules of all venues on which we trade, our regulatory landscape is vast. Legislators and regulators worldwide strengthen their supervision within our environment, demanding a professional and well-structured compliance organization. During 2022 we plan to migrate the activities of our branch office in London to a new legal entity expected to be licensed by the Financial Conduct Authority ("FCA") in the UK. The authorization process with the FCA is currently ongoing and we anticipate that the transition will be completed by the end of 2022.

Our Compliance department assists 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 training and monitoring in order to ensure and enhance the group's conformance with its regulatory obligations.

Compliance together with Public Affairs monitors and assesses upcoming regulations. During 2021 and 2022 this included amongst others:

- The European Central Securities Depositories Regulation which became effective on February 1st, 2022. The regulation introduces a new settlement regime for securities cleared by European central securities depositories. Most notably it introduces cash penalties for late settlement of transactions. Flow Traders has been preparing for this regulation throughout 2021 and will continue to monitor its impact after implementation and adapt as needed.
- The MiFID/MiFIR review that was announced by ESMA in 2021. The review aims to further improve the framework introduced by MiFID II. Flow Traders is engaging with regulators and various stakeholders to continue our push for transparency in all markets we are active in.
- Over the course of 2021, implementing IFR/IFD was a key theme for Flow Traders. We held dialogues with regulators, trade associations and our peers to be able to match the best practices in the market. These conversations will continue in 2022 as the final aspects of implementation still need to be set.
- Digital Assets and related forthcoming regulations are a global phenomenon that attract a lot of attention. Governments and regulators are taking quite different approaches to this emerging and quickly developing asset class. As a liquidity provider we are following these developments closely and are an active contributor to regulatory consultations. We anticipate the regulatory uncertainty will continue for most of 2022. We are engaging with regulators on a global and local level to push for a clear regulatory framework. We anticipate that a clear regulatory framework will lead to a mature ecosystem with sustainable institutional growth for digital assets.

The Compliance, Risk and Operations departments have promulgated and implemented risk controls, internal rules and regulations that were developed following regulatory requirements, guidelines from market authorities, industry best practices and our own best practices. Laws and regulations, including tax laws, are subject to change or can be interpreted differently in practice over time.

Actual or alleged non-compliance with applicable laws or regulatory requirements could adversely affect our reputation, profitability and prospects. This may also be the case for differences in interpretation or lack of timely or complete implementation of regulatory requirements. Sanctions could include fines, penalties, disgorgements and censures, suspension or expulsion from trading venues or the revocation or limitation of licenses. We aim to minimize such risks by focusing considerable management attention, employing highly qualified compliance and risk professionals, deploying training, monitoring and reporting systems, and continuously evaluating and implementing current and upcoming regulation on our operations. Notwithstanding such efforts, given the highly regulated nature of our business, we are regularly subject to routine (and sometimes more targeted) inquiries and audits from regulators and trading venues. It is difficult to predict or manage the outcome of such inquiries, although we aim to be as transparent and cooperative as possible given the circumstances.

Environmental risk

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

- 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 to an increase in extreme weather events in the future. We mitigate this risk by having a widely distributed server infrastructure high degree of system redundancy.
- Regulation may affect Flow Traders financially by putting a price on CO_2 and other greenhouse gas emissions, In addition, CO_2 pricing may have an impact on how seek to offset our carbon footprint in the coming years.

Notwithstanding the above, we see opportunities relating to the environment and in mitigating climate change in that a relentless focus on energy efficiency and reducing waste can reduce our fixed operational expenses. This in turn makes our business more resilient and sustainable from a risk management perspective.

External risk

Given the highly interconnected nature of the financial markets ecosystem we are a part of, we recognize that should any of the risks referenced within this section materialize, 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 counterparties and prime brokers. There could be a risk to 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 risk.

Statement by the Management 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 N.V. 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).

Amsterdam, 21 July 2022

Management Board

Dennis Dijkstra, Chief Executive Officer
Mike Kuehnel, Chief Financial Officer
Britta Achmann, Chief Risk Officer
Folkert Joling, Chief Trading Officer

Condensed Consolidated Interim Financial Statements 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *In thousands of euro*

	Note	At 30 June 2022	At 31 December 2021
Assets			
Cash and cash equivalents	12	4,701	4,949
Financial assets held for trading	13	5,849,193	4,501,097
Trading receivables	14	8,787,743	6,160,238
Other assets held for trading	15	78,917	78,122
Other receivables	16	19,027	14,727
Investments measured at fair value through OCI	17	20,426	9,282
Investments measured at fair value through PL	18	422	1,716
Investments in associates	19	2,620	2,670
Property and equipment		39,851	39,609
Intangible assets		2,081	2,345
Current tax assets	11	3,544	1,340
Deferred tax assets	11	5,018	7,628
Total assets		**14,813,543**	**10,823,723**
Liabilities			
Financial liabilities held for trading	20	3,148,359	2,138,072
Trading payables	21	10,934,063	7,969,972
Other liabilities held for trading	22	27,510	25,771
Lease liabilities		15,460	16,175
Other liabilities	23	97,046	162,117
Current tax liabilities	11	7,478	1,014
Deferred tax liabilities	11	1,493	2,433
Total liabilities		**14,231,409**	**10,315,554**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) *In thousands of euro*

	Note	At 30 June 2022	At 31 December 2021
Equity	**24**		
Share capital		4,653	4,653
Share premium		75,550	56,330
Share based payment reserve		40,152	50,523
Retained earnings		428,113	379,904
Currency translation reserve		30,884	15,510
Fair value reserve		2,782	1,249
Total equity		**582,134**	**508,169**
Total equity and liabilities		**14,813,543**	**10,823,723**

The notes on pages 26 to 42 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 — For the six months ended 30 June

	Note	2022	2021
Gross trading income		328,316	315,253
Fees related to the trading activities		56,158	48,062
Net financial expenses related to the trading activities		39,458	30,563
Net trading income	7	**232,700**	**236,628**
Other Income	8	(1,260)	-
Total income		**231,440**	**236,628**
Employee expenses	9	90,328	84,783
Depreciation of property and equipment		7,450	7,310
Amortization of intangible assets		277	256
Write off of (in) tangible assets		155	1
Other expenses	10	52,721	32,248
Operating expenses		**150,931**	**124,598**
Operating result		**80,509**	**112,030**
Result/(impairment) on equity-accounted investees		(189)	53
Profit before tax		**80,320**	**112,083**
Tax expense	11	16,806	21,840
Profit for the period attributable to the owners of the Company		**63,514**	**90,243**
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations		15,374	4,371
Items not reclassified to profit or loss			
Changes in fair value through other comprehensive income		1,533	193
Other comprehensive income for the year (net of tax)		**16,907**	**4,564**
Total comprehensive income for the year		**80,421**	**94,807**
Earnings per share	6		
Basic earnings per share		1.46	2.05
Diluted earnings per share		1.41	1.99

The notes on pages 26 to 42 are an integral part of these condensed consolidated financial statements.

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

	Share capital	Share premium	Share based payment reserve	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2022	**4,653**	**56,330**	**50,523**	**15,510**	**1,249**	**379,904**	**508,169**
Profit	–	–	–	–	–	63,514	63,514
Total other comprehensive income	–	–	–	15,374	1,533	–	16,907
Total comprehensive income for the period	–	–	–	**15,374**	**1,533**	**63,514**	**80,421**
Transactions with owners of the Company							
Dividends	–	–	–	–	–	(15,305)	(15,305)
Treasury shares	–	5,177	–	–	–	–	5,177
Share based payments	–	14,043	(10,371)	–	–	–	3,672
Total transactions with owners of the company	–	**19,220**	**(10,371)**	**–**	**–**	**(15,305)**	**(6,456)**
Balance at 30 June 2022	**4,653**	**75,550**	**40,152**	**30,884**	**2,782**	**428,113**	**582,134**

	Share capital	Share premium	Share based payment reserve	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2021	**4,653**	**117, 046**	**45,821**	**6,076**	**(995)**	**417,337**	**589,938**
Profit	–	–	–	–	–	114,934	114,934
Total other comprehensive income	–	–	–	9,434	2,244	–	11,678
Total comprehensive income for the period	**–**	**–**	**–**	**9,434**	**2,244**	**114,934**	**126,612**
Transactions with owners of the Company							
Dividends	–	–	–	–	–	(152,367)	(152,367)
Treasury shares	–	(74,100)	–	–	–	–	(74,100)
Share based payments	–	13,384	4,702	–	–	–	18,086
Total transactions with owners of the company	**–**	**(60,716)**	**4,702**	**–**	**–**	**(152,367)**	**(208,381)**
Balance at 31 December 2021	**4,653**	**56,330**	**50,523**	**15,510**	**1,249**	**379,904**	**508,169**

The notes on pages 26 to 42 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *In thousands of euro*

	Note	For the six months ended 30 June 2022	2021
Cash flows from operating activities			
Adjusted for:		63,514	90,243
Depreciation of property and equipment		7,450	7,310
Amortization of intangible assets		277	256
Write off of (in) tangible assets		155	1
Result/(impairment) of equity-accounted investees (net of tax)		189	53
Result/(impairment) of investments FVPL		1,260	-
Share based payment transactions	9	15,680	4,500
Tax expense	11	16,806	21,840
Share donation Flow Traders Foundation	26	-	2,005
Changes in working capital			
■ (increase)/decrease financial assets held for trading	13	(1,348,096)	(2,102,895)
■ (increase)/decrease trading receivables	14	(2,627,505)	(3,156,721)
■ (increase)/decrease other assets held for trading	15	(795)	18,684
■ (increase)/decrease other receivables	16	(4,300)	(2,039)
■ increase/(decrease) financial liabilities held for trading	20	1,010,287	1,241,558
■ increase/(decrease) trading payables	21	2,964,091	4,149,876
■ increase/(decrease) other liabilities held for trading	22	1,739	(825)
■ increase/(decrease) other liabilities	23	(65,261)	(49,242)
■ Corporate income tax paid	11	(10,876)	(56,275)
Cash flows from operating activities		**24,615**	**168,328**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *In thousands of euro*

		For the six months ended 30 June	
		2022	**2021**
Cash flows from investing activities			
Investments and acquisitions of financial assets held at FVOCI or FVPL or in associates and joint ventures	17–19	(8,715)	-
Disposals or sales of financial assets held at FVOCI or FVPL or in associates and joint ventures	17–19	1,815	-
Acquisition of property and equipment		(3,657)	(1,141)
Acquisition of intangible assets		–	(1,422)
Cash flows from investing activities		**(10,557)**	**(2,563)**
Cash flows from financing activities			
Dividends paid		(15,305)	(110,005)
Payments of lease liabilities		(4,334)	(3,848)
Purchase / Sale of own shares and shares issued		5,177	(55,003)
Cash flows from financing activities		**(14,462)**	**(168,856)**
Effect of movements in exchange rates on cash and cash equivalents		156	125
Change in cash and cash equivalents		**(248)**	**(2,966)**
Changes in cash and cash equivalents			
Cash and cash equivalents at opening	12	4,949	8,345
Cash and cash equivalents at close	12	4,701	5,379
Changes in cash and cash equivalents		**(248)**	**(2,966)**

Notes to the condensed consolidated financial statements

All amounts in thousands of euro, unless stated otherwise.

1. *Reporting entity*

Flow Traders N.V. (referred to as the 'Company') is a public limited liability company (naamloze vennootschap) incorporated under the laws of the Netherlands, having its seat (statutaire zetel) in Amsterdam, the Netherlands, having its registered office at Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands and registered with the Trade Register of the Chamber of Commerce (Kamer van Koophandel, afdeling Handelsregister) under number 34294936.

These condensed consolidated interim 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 systematically increasing its presence in the global ecosystem through strategic partnerships and investments.

The condensed consolidated interim financial statements of the Group for the six months period ended 30 June 2022 incorporate financial information of Flow Traders N.V., its subsidiaries and associates. The condensed consolidated interim financial statements were authorized for issue by the Company's Management Board and the Supervisory Board on 21 July 2022.

2. *Basis of preparation*

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 2021.

3. *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 2021 except for the interpretation of the results designated at fair value through profit and loss. The Group has decided, based on the creation of Flow Traders Capital and the expected significance of this dedicated corporate venture capital unit on its results to report the fair value through profit and loss results under other income in profit and loss. This change is applied prospectively, as the comparative numbers are not affected by this new interpretation.

New amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

4. *Operating segments*

The management board examines the group performance from a regional perspective and has identified three reportable segments of its global trading business: Europe, the Americas and Asia.

Europe consists of the activities in the Netherlands with branches for institutional trading in France, UK, Italy, Jersey and IT activities in Romania. Americas consists of the subsidiaries in the USA. Asia contains our subsidiaries in Hong Kong and Singapore. The management board considers this segmentation to be relevant to understand the group's 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 result on 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 liquidity. 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. The Group's capital expenditures include additions to property, equipment and intangible assets

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**	**232,700**
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**
Employee expenses	57,532	20,624	12,172	90,328
Intercompany recharge	–	2,015	7,805	9,821
Other expenses	35,796	11,364	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 period	**56,502**	**1,567**	**5,445**	**63,514**
FTEs	**428**	**107**	**76**	**611**

SEGMENT REPORTING — For the six months ended 30 June 2021

	Europe	Americas	Asia	Total
Gross trading income	183,677	87,560	44,016	315,253
Fees related to the trading activities	28,124	15,372	4,566	48,062
Net financial expenses related to the trading activities	12,261	15,873	2,429	30,563
Net trading income	**143,292**	**56,315**	**37,021**	**236,628**
Other Income	–	–	–	–
Total income	**143,292**	**56,315**	**37,021**	**236,628**
Intercompany recharge	24,079	–	–	24,079
Total revenues	**167,371**	**56,315**	**37,021**	**260,707**
Employee expenses	55,057	19,106	10,620	84,783
Intercompany recharge	–	13,485	10,594	24,079
Other expenses	18,874	8,737	4,637	32,248
Total operating expenses	**73,931**	**41,328**	**25,851**	**141,110**
EBITDA	**93,440**	**14,987**	**11,170**	**119,597**
Depreciation of property and equipment	3,616	2,311	1,383	7,310
Amortization of intangible assets	227	16	13	256
Write off of (in) tangible assets	–	1	–	1
Operating result	**89,597**	**12,659**	**9,774**	**112,030**
Result/(impairment) of equity-accounted investees	9	44	–	53
Profit before tax	**89,606**	**12,703**	**9,774**	**112,083**
Tax expense	18,103	2,860	877	21,840
Profit for the period	**71,503**	**9,843**	**8,896**	**90,243**
FTEs	**400**	**101**	**77**	**577**

SEGMENT REPORTING — At 30 June 2022

	Europe	Americas	Asia	Total
Assets	**439,851**	**191,171**	**72,589**	**703,611**
Capital Expenditure	1,982	520	1,154	3,657
Liabilities	**67,552**	**31,158**	**22,767**	**121,477**

SEGMENT REPORTING — At 31 December 2021

	Europe	Americas	Asia	Total
Assets	**431,280**	**188,230**	**70,398**	**689,908**
Capital Expenditure	2,917	2,015	1,823	6,755
Liabilities	**100,596**	**49,872**	**31,271**	**181,739**

5. *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 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 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 valuated 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 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 volatilities 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).

For further analysis on the Company's risks, please refer to our full IFRS annual report.

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 CRO who is a member of the Management Board. The Risk and Operations department 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 the long and the short positions, is determined by reference to last traded prices from similar 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 traded closes. The Group's Risk and Mid-Office department checks the theoretical price independently. As part of its review, it monitors 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 facilitates 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

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

The 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 digit 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 loss, as the company uses its own fair value models based on quoted prices or observable inputs for the valuation of the borrowed digit assets, these liabilities are classified as Level 2.

Fair value hierarchy

				At 30 June 2022
	Level 1	Level 2	Level 3	Total
Long positions in equity securities trading	102,786	5,367,025	–	5,469,811
Long positions in debt securities trading	–	355,913	–	355,913
Mark to market derivatives assets	10	23,459	–	23,469
Financial assets held for trading	**102,796**	**5,746,397**	**–**	**5,849,193**
Trading receivables	8,786,021	1,722	–	8,787,743
Other assets held for trading	–	78,917	–	78,917
Investments measured at fair value through profit and loss	–	–	422	422
Investments measured at fair value through OCI	–	1,386	19,040	20,426
Total long positions	**8,888,817**	**5,828,422**	**19,462**	**14,736,701**
Short positions in equity securities trading	140,018	2,523,971	–	2,663,989
Short positions in debt securities trading	–	467,742	–	467,742
Mark to market derivatives liabilities	24	16,604	–	16,628
Financial liabilities held for trading	**140,042**	**3,008,317**	**–**	**3,148,359**
Trading payables	10,932,750	1,313	–	10,934,063
Other liabilities held for trading	–	27,510	–	27,510
Total short positions	**11,072,792**	**3,037,140**	**–**	**14,109,932**

				At 31 December 2021
	Level 1	Level 2	Level 3	Total
Long positions in equity securities trading	104,094	4,029,415	–	4,133,509
Long positions in debt securities trading	–	357,847	–	357,847
Mark to market derivatives assets	94	9,647	–	9,741
Financial assets held for trading	**104,188**	**4,396,909**	**–**	**4,501,097**
Trading receivables	6,159,201	1,037	–	6,160,238
Other assets held for trading	–	78,122	–	78,122
Investments measured at fair value through profit and loss	–	–	1,716	1,716
Investments measured at fair value through OCI	–	1,073	8,209	9,282
Total long positions	**6,263,389**	**4,477,141**	**9,925**	**10,750,455**
Short positions in equity securities trading	81,982	1,722,311	–	1,804,293
Short positions in debt securities trading	–	327,750	–	327,750
Mark to market derivatives liabilities	6	6,023	–	6,029
Financial liabilities held for trading	**81,988**	**2,056,084**	**–**	**2,138,072**
Trading payables	7,968,557	1,415	–	7,969,972
Other liabilities held for trading	–	25,771	–	25,771
Total short positions	**8,050,545**	**2,083,270**	**–**	**10,133,815**

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

The decline in the level 3 position for the investments in fair value in through profit and loss with €1.3 million is due to the disposal of one asset for €0.1 million and revaluation loss of €1.2m, for further details please refer to note 18. The increase in the current level 3 positions in investments measured at fair value through other comprehensive income with €10.8 million is due to investments of €8.7 million and fair value revaluations of € 3.7 million partially offset by the disposal of Eris X for €1.7 million, for further details please refer to note 17. During 2022 there have been no transfer into or out of level 3 investments.

Hedge of net investments in foreign operations

Included in financial liabilities held for trading at 30 June 2022 were borrowings of USD 57 million and USD 10 million, which has been designated as a hedge of the net investments in the United States and Singapore subsidiaries, respectively, which have their functional currencies in USD. This borrowing is being used to hedge the Group's exposure to the USD foreign exchange risk on these investments. 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:

			At 30 June 2022			At 31 December 2021
	Notional amount (US$000)	Carrying amount (€000)	Change in fair value used for measuring ineffectiveness for the period (€000)	Notional amount (US$000)	Carrying amount (€000)	Change in fair value used for measuring ineffectiveness for the period (€000)
Foreign currency denominated borrowing	67,000	64,087	5,178	37,000	32,536	6,340

The impact of the hedged item on the statement of financial position is as follows:

		At 30 June 2022		At 31 December 2021
	Change in fair value used for measuring ineffectiveness (€000)	Foreign currency translation reserve (€000)	Change in fair value used for measuring ineffectiveness (€000)	Foreign currency translation reserve (€000)
Net investment in foreign subsidiaries	5,178	5,178	6,340	6,340

6. *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.

EARNINGS PER SHARE	For the six months ended 30 June	
	2022	2021
Profit for the year	63,514	90,243
Profit attributable to ordinary shareholders	**63,514**	**90,243**
Weighted average number of ordinary shares for basic EPS	43,623,788	44,030,063
Dilutive effect of share-based payments	1,442,081	1,380,318
Weighted average number of ordinary shares for diluted net profit	**45,065,869**	**45,410,381**
Basic earnings per share	**1.46**	**2.05**
Diluted earnings per share	**1.41**	**1.99**

7. *Net trading income*

Gross trading income comprises the realized and unrealized income on financial instruments, digital assets, investments measured at fair value through PL 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.

8. *Other Income*

Other Income includes gains and losses from investments measured at fair value through profit and loss. The offsetting fair value movements are reported in the Net Trading Income.
For further details please refer to note 18.

9. *Employee expenses*

EMPLOYEE EXPENSES	For the six months ended 30 June	
	2022	2021
Wages and salaries	26,180	19,996
Social security charges	2,915	2,562
Recruitment and other employment costs	5,196	4,077
Variable compensation paid in cash	40,357	48,416
Variable compensation paid in shares	15,680	9,732
Employee expenses	**90,328**	**84,783**

The wages and salaries increased as FTE numbers grew from 577 as per 30 June 2021 to 611 as per 30 June 2022. Overall employee expenses increased by 7% due to the fixed salary increases effectuated in 2022. The decline in the variable compensation reflects the overall financial performance of the business during the first half. In addition to this, Flow Traders reduced its variable compensation allocation from 35% to 32.5%. This decrease is also reflected in the decrease in other liabilities.

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 based on their loyalty, sign-on package or as part of their variable compensation. The shares awarded under the 2019, company 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. Shares awards under the 2020 or 2021 share plan are gross awards, which entails that the employee income tax obligations are to be paid out of these awards.

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% in the Netherlands, for which future cash outflows are covered by the selling of part of the Treasury Shares kept in the Share Premium Account.

SHARE BASED PAYMENTS PER PLAN	For the six months ended 30 June	
	2022	2021
Variable remuneration share plans	14,965	8,481
Other share plans	715	1,251
Total expenses arising from equity settled share-based payments	**15,680**	**9,732**
Expenses arising from cash settled share-based payments	1,435	7,516
Total expenses arising from cash-settled share-based payments	**1,435**	**7,516**
Total	**17,115**	**17,248**

a) Company loyalty and sign-on package share plans

Under the company loyalty and sign-on package share plans, shares are granted as a part of variable compensation to certain employees, settled in equity. The shares vest over a period of three to five years subject, depending on the share plan and agreement with the employee, 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 year was €29.04 (2021: €32.51). The exercise price of the share option is equal to the market price of the underlying shares on the date of grant.

The following table illustrates the number of shares and movements in share awards during the year:

	30 June 2022	31 December 2021
Outstanding at 1 January	162,471	167,080
Changes in shares due to dividend reinvestment	1,076	33,895
Shares granted during the year	10,900	20,100
Shares vested during the year	(48,744)	(56,104)
Shares forfeited during the year	(4,136)	(2,500)
Total Outstanding at period end	**121,567**	**162,471**

b) 2020 share plan - equity settled

Under the 2020 share plan, shares are granted to employees as part of their variable compensation, settled in equity. The shares vest in four equal installments during the first open period of the year over a period of four years subject to the condition that the employee remains employed on the vesting date.

At yearend 2020, employees were granted shares based on a fixed monetary value of €96.3 million, reflecting a grant date fair value share price of €28.58. The final number of shares granted as at 31 December 2020 was determined based on the volume weighted average price (VWAP) of the first open period of 2021 of €32.20, resulting in an updated calculation of the shares awarded in 2021, as is shown in the table below.

The following table illustrates the number of shares and movements in share awards during the year:

	30 June 2022	31 December 2021
Outstanding at 1 January	1,968,689	3,370,127
Changes in shares due to dividend reinvestment	14,291	191,681
Shares vested during the year	(657,316)	(661,762)
Shares forfeited during the year	(68,603)	(128,967)
Change in shares recalculated based on final VWAP	-	(802,390)
Total Outstanding at period end	**1,257,061**	1,968,689

c) 2021 share plan – equity settled

Under the 2021 share plan, shares are granted to employees as part of their variable compensation. The shares vest in four equal instalments during the first open period of the year over a period of four years subject to the condition that the employee remains employed on the vesting date.

At yearend 2021, employees were granted shares based on a fixed monetary value of €20.9 million, reflecting a grant date fair value share price of €33.10. Employees are granted shares based on a fixed monetary value. The final number of shares granted as at 31 December 2021 was determined based on the volume weighted average price (VWAP) of the first open period of 2022 of €28.91, resulting in an updated calculation of the shares awarded, as is shown in the table below.

	30 June 2022	31 December 2021
Outstanding at 1 January	633,026	-
Changes in shares due to dividend reinvestment	5,781	-
Shares granted during the year	-	633,026
Shares vested during the year	(202,240)	-
Shares forfeited during the year	(42,534)	-
Change in shares recalculated based on final VWAP	114,448	-
Total Outstanding at period end	**508,482**	633,026

d) Share appreciation rights

Certain employees are awarded share appreciation rights (SARs) as part of their variable compensation, settled in cash. The SARs vest in equal installments over a period of four 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 2022 was €8.3 million (31 December 2021: €10.4 million).

10. *Other expenses*

OTHER EXPENSES	For the six months ended 30 June	
	2022	2021
Technology	28,732	24,158
Housing	1,655	1,308
Advisors and assurance	2,145	1,507
Strategic advisory costs	11,763	-
Regulatory costs	1,568	1,268
Fixed exchange costs	3,672	2,123
Travel expenses	1,105	480
Various expenses	2,081	1,404
Other expenses	**52,721**	**32,248**

Technology expenses for the first half of the year increased due to continued investment in initiatives that 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.

11. *Taxation*

CURRENT TAX EXPENSES	For the six months ended 30 June	
	2022	2021
Tax recognized in profit or loss	**16,806**	**21,840**
Current tax expense	15,182	20,101
Movement deferred tax asset	2,610	1,785
Movement deferred tax liability	(940)	(170)
Adjustment for prior years	(46)	124
Tax expense excluding share of tax of equity-accounted investees	**16,806**	**21,840**

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

RECONCILIATION OF EFFECTIVE TAX RATE	For the six months ended 30 June	
	2022	2021
Profit before tax	80,321	112,083
Dutch standard tax rate	25.8%	25.0%
Income tax expected	20,723	28,021
Actual income tax charge	16,806	21,840
In percentage	20.9%	19.5%
Difference in tax rate	**(4.9%)**	**(5.5%)**

RECONCILIATION OF EFFECTIVE TAX RATE	For the six months ended 30 June			
	2022 (€)	2022	2021 (€)	2021
Dutch standard tax rate	20,723	25.8%	28,021	25.0%
Different weighted average statutory rate of group	(1,264)	(1.6%)	(1,891)	(1.7%)
Income (partly) exempted	(5,354)	(6.7%)	(7,159)	(6.4%)
Other non-deductible costs	2,701	3.4%	2,869	2.6%
Subtotal	**(3,917)**	**(4.9%)**	**(6,181)**	**(5.5%)**
Effective tax rate	**16,806**	**20.9%**	**21,840**	**19.5%**

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.

EFFECTIVE TAX RATE PER REGION	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%	4.5%
Group	25.0%	20.9%

EFFECTIVE TAX RATE PER REGION	For the six months ended 30 June 2021	
	Statutory tax rate	Effective tax rate
Europe	25.0%	20.2%
Americas	21.0%	22.5%
Asia	16.6%	9.0%
Group	25.0%	19.5%

12. *Cash and cash equivalents*

CASH AND CASH EQUIVALENTS	At 30 June 2022	At 31 December 2021
Europe	2,764	1,643
Americas	211	1,379
Asia	1,726	1,927
Total cash and cash equivalents	**4,701**	**4,949**

Cash and cash equivalents include a bank guarantee of € 0.3 million for office rent (31 December 2021: € 0.3 million). The other cash and cash equivalents are available on demand.

13. *Financial assets held for trading*

FINANCIAL ASSETS HELD FOR TRADING

	At 30 June 2022	At 31 December 2021
Long position in equity securities-trading	5,469,812	4,133,510
Long position in debt securities-trading	355,913	357,847
Mark to market derivatives assets	23,468	9,740
Total financial assets held for trading	**5,849,193**	**4,501,097**

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 liquidity 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 customized 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.

Please also refer to notes 14, 15, 20, 21, and 22.

14. *Trading Receivables*

TRADING RECEIVABLES

	At 30 June 2022	At 31 December 2021
Receivables for securities sold	8,681,830	5,940,513
Due from brokers and exchanges	104,191	218,688
Mark to market derivatives assets	1,722	1,037
Total trading receivables	**8,787,743**	**6,160,238**

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.

Please also refer to notes 13, 15, 20, 21, and 22.

15. *Other assets held for trading*

OTHER ASSETS HELD FOR TRADING

	At 30 June 2022	At 31 December 2021
Other assets held for trading	78,917	78,122
Total other assets held for trading	**78,917**	**78,122**

Per year end the group held other assets with a total value of €78.9 million which comprises of digital assets.

16. *Other receivables*

OTHER RECEIVABLES

	At 30 June 2022	At 31 December 2021
Prepayments	9,083	7,692
Dividend withholding tax	1,823	1,042
Security deposits	1,624	1,551
Receivable from employees	972	12
Other receivables	5,525	4,430
Total other receivables	**19,027**	**14,727**

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

17. *Investment measured at fair value through Other Comprehensive income*

INVESTMENT MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2022	At 31 December 2021
Net book amount 1 January	9,282	3,622
Acquisitions / investments	8,715	2,928
Disposals	(1,680)	-
Unrealized gains/(losses)	3,422	2,495
Effect of movements in exchange rate	687	237
Total Investments measured at fair value through Other Comprehensive Income	**20,426**	**9,282**

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 2022 the Group made investments in Elwood Technologies, RFQ Hub Holdings, Thalex and BloXroute Inc.. The disposals in 2022 pertains to the sale of our share interest Eris X to CBOE Global Markets Inc., which was announced on 20 October 2021 and was closed in May 2022. Flow Traders received proceeds of €1.7 million, resulting in a gain on disposal of €1.2 million. The 2022 unrealized gains/(losses)are driven largely by fair value revaluations for the investment in Blockdaemon LLC and MEMX.

18. *Investment measured at fair value through profit and loss*

INVESTMENT MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

	At 30 June 2022	At 31 December 2021
Net book amount 1 January	1,716	-
Acquisitions / investments	-	1,725
Disposals	(135)	-
Remeasurement recognized in profit or loss	(1,260)	(44)
Effect of movements in exchange rate	101	35
Total Investments measured at fair value through Profit and loss	**422**	**1,716**

These investments relate to the Group's equity investments in unlisted digital assets trusts that are expected to list in 2022. In May 2022 one of the trusts was sold due to listing with total sale proceeds of € 0.1 million. The group has two remaining investments per end June 2022.

19. *Investment in immaterial associates*

INVESTMENT IN IMMATERIAL ASSOCIATES

	At 30 June 2022	At 31 December 2021
Net book amount 1 January	2,670	176
Investments	-	2,427
Cash distribution	(9)	(19)
Result from associates	(210)	40
Effect of movement in foreign exchange differences	169	46
Total investments in immaterial associates	**2,620**	**2,670**

20. *Financial liabilities held for trading*

FINANCIAL LIABILITIES HELD FOR TRADING

	At 30 June 2022	At 31 December 2021
Short positions in equity securities-trading	2,663,989	1,804,293
Short positions in debt securities- trading	467,742	327,750
Mark to market derivatives liabilities	16,628	6,029
Total financial liabilities held for trading	**3,148,359**	**2,138,072**

Please also refer to notes 13, 14, 15, 20 and 21.

21. *Trading payables*

TRADING PAYABLES

	At 30 June 2022	At 31 December 2021
Payables for cash market products	8,635,007	6,113,792
Borrowings	2,297,743	1,854,765
Mark to market derivatives liabilities	1,313	1,415
Total financial liabilities held for trading	**10,934,063**	**7,969,972**

Please also refer to notes 13, 14, 15, 20 and 22.

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), comprising of a EUR denominated facility of € 2,350 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, NatWest Markets, Goldman Sachs, Barclays Bank and 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 liquidation balance that exceeds the haircut calculated by the prime broker. Both the net liquidation 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, 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.

22. *Other liabilities held for trading*

OTHER LIABILITIES HELD FOR TRADING

	At 30 June 2022	At 31 December 2021
Other liabilities held for trading	27,510	25,771
Total other liabilities held for trading	**27,510**	**25,771**

Per year end the group had other liabilities held for trading with a total value of €27.5 million comprising of loans denominated in digital currencies or held with digital asset brokers.

23. *Other liabilities*

OTHER LIABILITIES

	At 30 June 2022	At 31 December 2021
Long-term variable compensation payable	20,322	30,344
Subtotal non-current liabilities	**20,322**	**30,344**
Wages and variable compensation payable	49,375	111,051
Wages tax payable	982	2,438
Creditors and accruals	26,367	18,284
Subtotal current liabilities	**76,724**	**131,773**
Total other liabilities	**97,046**	**162,117**

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 - cash settled (see note 9 - Employee expenses, note 25 - Other Contingent Liabilities). The cash variable 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.

24. *Equity*

Share capital and share premium

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

ORDINARY SHARES

	At 30 June 2022	At 31 December 2021
In issue 1 January	46,534,500	46,534,500
Treasury shares	(2,802,595)	(3,498,134)
Outstanding at 30 June	**43,731,905**	**43,036,366**

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.

Total authorized capital of the Company is €10 million consisting of 100 million shares of which currently 46,534,500 shares are issued. The nominal value per share is €0.10 each, and therefore the issued and paid up capital amounts to €4,653,000.

Share Premium Account / Treasury shares

As at 30 June 2022 Flow Traders NV and/or its subsidiaries hold 2,802,595 (31 December 2021: 3,498,134) of ordinary shares (treasury shares). Treasury shares held by the Group are not cancelled and are recognized at cost and deducted from Equity Share Premium Account. 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 the Share Premium Account. The purchases of these ordinary shares on the market are primarily intended to be used in relation to the variable remuneration share programs for employees.

Share Based Payment Reserve

The Share Based Payment 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 Payment Reserve and increasing the Share Premium Account. Please also refer to note 9.

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.

25. *Other contingent liabilities*

Claims

The group received a claim from a counterparty. Management has engaged legal advisors and has assessed the probability of the outflow, impact and recovery of this legal claim. Notwithstanding the fact that this claim is under dispute and without prejudicing the eventual outcome, management believes any potential impact is adequately provisioned for in our half year 2022 financials. The group is not involved in any other significant and material legal other procedures and/or claims.

Fiscal unity

The Group constitutes a fiscal unity with its fully owned Dutch subsidiaries for Dutch income tax purposes. Moreover, Flow Traders B.V. forms part of a fiscal unity for VAT purposes, covering part 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 fulfills the service obligation. Therefore, these costs will be recognized in the future years in the profit and loss. In 2022 the company recognized €0.9 million of cost relating to this plan (for the six months of 2021: €1.1 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. The SARS are expenses and recognized in the financial statements in line with the IFRS 2 Share based payment - cash settled accounting rules (refer also to note 9 - Employee Expenses).

The contingent liability from this plan per end June 2022 is as follows:

	2022	2023	2024	2025	2026	Total
Cash incentive plan 2017	176					176
Cash incentive plan 2018	511					511
Cash incentive plan 2019	228	456				684
Share appreciation rights 2020		595	1,245	1,313		3,153
Share appreciation rights 2021		288	543	643	426	1,901
Total	**915**	**1,339**	**1,789**	**1,956**	**426**	**6,425**

Guarantees

Flow Traders BV 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 BV and Flow Traders US Holding LLC to fulfil claims of Flow Traders 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. There is no monetary limit on the guarantee.

26. *Related parties*

General

The members of the Group's Supervisory Board and the Management Board are considered the persons responsible for managing, controlling the Group and supervising the group for the Supervisory Board.

In 2022 the Group made a prepayment of € 0.9 million to one of its board members This prepayment will be offset against future variable compensation paid to this board member.

Flow Traders Foundation

As some of Flow Traders' Supervisory 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.

In 2022 Flow Traders contributed a total value of €0.3 million (2021: €0.3 million) related to the Multiyear right to appoint charities the Foundation supports as the main shirt sponsor of a Dutch professional football club. In addition, as part of donation agreements between some of the Supervisory Board members with the Foundation, the Foundation is obligated to invest the donations received from these members into shares of the Group. In 2022 the Foundation received a donation of €0.5 million for which it purchased 16,626 shares against the VWAP of the first open period with a share price of €30.07 from the Group.

27. *Group companies*

SUBSIDIARIES

	Country of incorporation	Ownership interest	
		At June 2022	At 31 December 2021
Flow Traders Holding B.V.	Netherlands	100%	100%
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 London Ltd.	United Kingdom	100%	100%
Flow Traders UK Services Ltd.	United Kingdom	100%	100%
Flow Traders Investments Ltd	Jersey	100%	100%
Flow Traders Technologies SRL	Romania	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 U.S. Holding LLC	United States of America	100%	100%
Flow Traders U.S. LLC	United States of America	100%	100%
Flow Traders U.S. Institutional Trading LLC	United States of America	100%	100%
FTNY LLC	United States of America	100%	-

During the year, the Company incorporated one new entity within the Group, FTTNY LLC.

Other branches

The Group has the following branches:

	Country	Trading Name
London	United Kingdom	Flow Traders B.V. (London Branch)
Milan	Italy	Flow Traders B.V. (Milan Branch)
Paris	France	Flow Traders B.V. (Paris Branch)

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.

28. *Capital Management*

Objectives and processes of managing capital

The management board's policy is to maintain a strong capital base well above the required margin in order to maintain investor, creditor and market confidence and to sustain future development of the business. The management board monitors the regulatory capital and prime broker margin requirements ratio's consolidated and for its key regions, the return on its capital as well as the level of dividend to its shareholders. The process of allocation capital to different regions and activities is subject to review to the Risk Committee.

Regulatory Capital

Capital adequacy and the use of required regulatory capital are based on the guidelines developed by Investment Firm Regulation and Investment Firm EU Directives (IFR /IFD).
The group's lead regulator, the Dutch Central Bank, sets and monitors capital requirements for the group as a whole and for the operating company. In addition, the activities of our subsidiaries in the USA and APAC are supervised by their local regulators. The Dutch Central Bank adopted the IFR /IFD capital requirements as from June 26, 2021. As part of the IFR /IFD Capital Requirements Flow Traders NV is categorized as Category II Investment Firm and applying K-factor risk model, fixed overhead costs and minimum capital requirements as the Pillar I requirements. The Dutch Central bank on top of Pillar I has set additional Pillar II capital requirements.

The group and its individually regulated subsidiaries have complied with all externally imposed capital requirements.

CAPITAL POSITION ACCORDING TO IFR/IFD/CRR		**At 31 December**
	At June 2022	**At 31 December 2021**
Shareholders Equity EU-IFRS	582,134	508,169
Proposed Dividend	(30,612)	(15,442)
Share buy backs proposed and executed after period end	(25,000)	-
Deduction for intangible assets and investments	(11,602)	(10,125)
Available Common Equity Tier 1 Capital	**514,920**	**482,602**
Required regulatory capital	311,770	242,640
Excess regulatory capital	**203,150**	**239,962**

29. *Subsequent events*

No material subsequent events have occurred since 30 June 2022 that require recognition or disclosure in this year's condensed consolidated interim financial statements.

Independent auditor's review report

To: the supervisory board, the management board and shareholders of Flow Traders N.V.

Our conclusion

We have reviewed the condensed consolidated interim financial statements included in the half-yearly financial report of Flow Traders N.V. based in Amsterdam for the period from 1 January 2022 to 30 June 2022.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Flow Traders N.V. for the period from 1 January 2022 to 30 June 2022, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

The condensed consolidated interim financial statements comprises:

- The condensed consolidated statement of financial position as at 30 June 2022
- The following condensed consolidated statements for the period from 1 January 2022 to 30 June 2022: the statements of 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". 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 statements section of our report.

We are independent of Flow Traders N.V. 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 management and the supervisory board for the condensed consolidated interim financial statements

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

The supervisory board is responsible for overseeing the Company's financial reporting process.

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

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 statements 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 statements
- Obtaining assurance evidence that the condensed consolidated interim financial statements 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 management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements
- Considering whether the condensed consolidated interim financial statements has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, 21 July 2022

Ernst & Young Accountants LLP
Signed by R. Koekkoek

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.

FLOW TRADERS

Flow Traders N.V.
Jacob Bontiusplaats 9
1018 LL Amsterdam
The Netherlands
Tel: +31 20 799 6799
www.flowtraders.com