# Flow Traders Q2 2023 Results

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# Flow Traders Q2 2023 & HY 2023 Results

**Speaker:** Hello and welcome to Flow Traders Q2 23 results. My name is Melissa and I'll be your coordinator for today's event. Please note, this conference is being recorded and for the duration of the call your lines will be listen only. However, you will have the opportunity to ask questions. This can be done by pressing star one on your telephone keypad to register your question. If you require assistance at any point, please press star zero and you will be connected to an operator. I will now hand you over to your host, Eric Pan, Investor Relations Manager to begin today's conference. Thank you.

**Eric Pan:** Thank you, Melissa. Good morning and thank you for joining Flow Traders second quarter and half year 2023 results call. As you will have no doubt already seen, we released our results first thing this morning. I am joined here on the call by Flow Traders CEO Mike Kuehnel, as well as Chief Trading Officer Folkert Joling who will run through this results presentation. Afterwards, they will be happy to take any questions you may have.

Before we begin, let me draw your attention to the disclaimer on slide two. Please be advised that if you continue to listen to this presentation you are bound by this disclaimer. Also, please note that the results we will discuss in this presentation on – are unaudited. With the formalities out of the way, I would like to hand over to Mike for his opening remarks.

**Mike Kuehnel:** Thank you, Eric, and good morning and thank you all for joining this call where we will provide additional colour on our second quarter and half year 2023 results. The first half of 2023 saw a significant decline in the levels of market activity when compared to the same period in 2022, amidst a much lower volatility environment. Market ETP value traded decreased 26% year-on-year as there were fewer disruptive headline events compared to last year. The second quarter of 2023 was even less active than the first and this was reflected in ETP market value traded declining by 28% compared to Q2 of last year. Our own ETP value traded as a result also decreased significantly in the first half of 2023 compared to the same period last year, down 22% year-on-year. The decrease accelerated in the second quarter, down 26% compared to the Q2 of last year.

Value traded across each of our three asset class pillars in the period saw corresponding declines in line with the market with crypto seeing the largest decline year-on-year given the recent regulatory scrutiny facing the asset class. However, we believe more regulation in the near term bodes well for the asset class in the medium-to-long term and Flow Traders stands to benefit as a highly regulated market participant. Consequently, this subdued market environment translated into normalised total income of €47.3 million for the quarter. This comprises normalised net trading income of €49.5 million and a net loss in other income of €2.2 million. This is a deviation from the previously estimated €2-million gain as new information was presented post publication of our NPI preview on 4th July. As a reminder, the other income line reflects the performance of our strategic investments portfolio. The first half of 2023 saw normalised total income of €158.9 million which was 32% less than in the first half of 2022 as market turnover and volatility were significantly more elevated last year.

Despite one of the lowest market volume and volatility quarters since before Covid, we were able to generate positive normalised EBITDA of €5 million in Q2 given our flexible business model. For the first half of 2023 normalised EBITA was €52.9 million. As a reminder, our normalised income statement presentation removes the distorting impact of IFRS 2 in relation to share-based payments and excludes one-off, non-recurring advisory costs in order to provide a comparable view of performance across the financial period.

Q2 normalised net profit amounted to €0.4 million with normalised basic EPS of €0.01. For the first half of 2023 we recorded normalised net profit of €34.7 million with normalised basic EPS of €0.80. We had 653 FTEs at the end of June versus 667 at the end of March, which is in line with our previous guidance of keeping our headcount broadly flat for the year. Taking all of this into account Flow Traders proposes an interim dividend for 2023 of €0.30. This will be paid in mid-August. We remain steadfast in implementing our strategic growth agenda during the quarter despite the subdued market environment, which we believe to be a cyclical correction to the elevated market volumes and volatility we saw last year. Folkert will now read you recent ETP market dynamics on slide four.

**Folkert Joling:** Thank you, Mike, and good morning, all. As shown at the top-left hand side of this slide, ETP market value traded decreased significantly in the second quarter of 2023 compared to Q2 of last year, which dropped off further from the levels we saw last quarter, down 28% year-over-year. Implied volatility as represented by the VIX continued to decline in Q2 as there were a few headline events in the quarter. ETP assets under management increased by 19% since the start of 2023 predominantly due to the broader market recovery, complemented by continued positive inflows. However, ETP velocity continues to decline in Q2 across all regions. In summary, the structural trend across the ETP universe remains intact while the market is going through a period of lower turnover and volatility. I will now move into the dynamics within fixed income and crypto markets.

As shown on the top-left of the slide, the investment grade in high yield bond markets have remained reasonably robust from a volume perspective in the quarter, roughly flat compared to Q2 of last year, but down quarter-on-quarter. Average credit spreads, however, were narrower compared to Q2 of last year. There has also been a corresponding narrowing of the fixed income ETF spreads during the same period. From a crypto market perspective, bitcoin and other digital currencies saw further recovery in the second quarter but are still down versus the same period a year ago. However, bitcoin volumes traded in the quarter were down 50% compared to Q2 of 2022 given the increased regulatory scrutiny in the US. As a result, global crypto ETP value traded were down by more than two-thirds in the quarter compared to Q2 of 2022. Now I will brief you on Flow Traders regional performance.

On this slide we present an overview of some of the key performance indicators for the second quarter as well as for the first half of 2023 on a regional basis. As Mike mentioned earlier, the subdued market activity and lower volatility in the quarter resulted in depressed NTI across all regions in the second quarter. In Europe we maintained our position as leading liquidity provider in ETPs in the first half of 2023 amidst the broad decline in market trading volumes and volatility which resulted in lower turnover and tighter bid/ask spreads in the quarter. Our continued focus on further developing fixed income trading strategies resulted in an increase in euro investment grade average daily volume traded by more than 40% so far in the first half of the year. Within CCC increased synergies between the currency crypto commodities trading desk continued to support relationship expansion as exemplified by the 50% growth in CCC counterparty connectivity in the first half of 2023 and the provision of liquidity for the first European listed bitcoin futures on Eurex.

Moving to the Americas, we've refined our focus of the US fixed income trading strategy and operations to drive increased systematic trading, leveraging the growing electronification and automation trend of the asset class. We enhanced exposure to the counterparty and issuer network with the new office in Chicago and onboarded several new counterparties, bringing the number of US counterparties to nearly 500. And we further strengthened our existing footprint in the lead market making space by assisting with the launches and conversions of several fixed income ETFs focused on higher yield and treasury ETFs, as well as co-authoring a thematic ETFs thought leadership piece with BlackRock.

Lastly, with respect to Asia, we strengthened the regional presence with the enhancement of the local leadership team in APAC reflecting the importance of the hub in fostering trading capabilities and partnerships. We continued to build out our trading operation in China with new counterparty and issuer relationships following receipt of Flow Traders [inaudible] licence and the opening of the Shanghai office with the purpose of helping to develop the local ETF market in making domestic and international indices more efficient and available to investors. We also started making markets for the new RMB dual counter instruments on the Hong Kong stock exchange in the quarter, further underscoring the firm's strong commitment to improving the accessibility of these assets to investors. I will now hand back to Mike for the next slide where we will cover the cost base.

**Mike Kuehnel:** Thank you, Folkert. As you can see, normalised fixed operating expenses in the quarter increased by 9% compared to Q2 of last year primarily due to the increase in employee headcount and targeted base compensation increases implemented last year. Normalised fixed operating expenses declined by 2% when compared to last quarter. Despite the subdued market environment and significant decline in both market volume and volatility, the flexibility of our business model allows us to generate a healthy normalised EBITDA margin of 33% for the first half of 2023. Employee headcount declined by 2% in the quarter to 653 FTEs. While we remain committed to bringing on board additional talent in growth business areas, we continue to expect FTEs to remain broadly flat during 2023 given expected efficiency gains. Similarly, we continue to expect normalised fixed operating expenses for the year to be between €175 million and €185 million, in line with our former guidance. Now I will take a closer look at Flow Traders capital position.

We show Flow Traders shareholders' equity on the top-left hand part of the slide given we are no longer subject to CET1 regulatory requirements at the parent company level. After accounting for the 2022 final dividend shareholders' equity remains strong at €586 million and our normalised return on equity has averaged nearly 40% since our IPO.

On the top-right hand side of the slide you can see our trading capital position. Trading capital is the life blood of our business and has the ability to generate attractive returns, as shown on the chart. Our trading capital declined to €574 million at the end of the quarter after the payment of the final dividend and cash taxes related to 2022. It is also worth noting how the return on trading capital has consistently been in excess of 60% over the last few years. Considering all these developments and the growth opportunities we very much see ahead, Flow Traders has set the interim dividend for H1 2023 at €0.30 per share, a payout of 55% and in line with our dividend policy of paying out at least 50% of net profits.

With regards to share buybacks given the subdued market trading environment in the quarter the period of execution for the €15 million share repurchase announced on 27th October 2022 will be extended by 12 months.

Moving to the next slides, we will discuss now market trends, our strategy and recent achievements.

On this slide you can see the supportive megatrends which we outlined at the Capital Markets Update last year remain very much intact. These four key megatrends continue to shape our market environment acting as tailwinds to our business and offer increased commercial opportunities. Crucially these trends all feed into and reinforce each other. Particularly relevant to our core business is the ever-increasing acceptance of ETPs and growth in passive investing. Total industry ETP AuM is projected to grow 2.5x from today’s $10 trillion to $25 trillion by 2030 which underscores the strength and importance of the ecosystem we are a key part of.

Electronification of trading is critical for all of our activities but in particular it is within our fixed income business where this is the key structural trend in corporate credit and emerging market sovereign bonds. Increasing adoption of electronic trading ties into our core technology-enabled competency set. As we highlighted in our recently published fixed income white paper, credit [inaudible] have comprised almost 50% of executed volumes in Euro credit in the last 2-3 years, particularly in the sub-€1 million ticket sizes. Fixed income ETF AuM is also projected to triple from $2 trillion today to $6 trillion by 2030.

Despite the recent market events there are still considerable assets invested in crypto currencies, about $1.2 trillion as of today, with the first European-listed bitcoin future already live and the largest ETF issuer in the world, BlackRock, recently applying for a spot bitcoin ETF in the US for the first time. Moreover, digital assets remain a long-term growth opportunity with the underlying technology expected to drive significant transformation across global financial markets in the coming years.

Lastly, regulation continues to support our business in terms of creating a level playing field from the aspect of execution transparency, as exemplified by the recent proposals to adapt the consolidated tape in the EU. In addition, increased regulatory adoption of digital assets will also create some more opportunities for our firm and we are an active participant in accelerating these discussions with regulators. I will now hand over to Folkert to review our strategic objectives for 2023 and beyond.

**Folkert Joling:** Thank you, Mike. With those key market trends in mind, our strategic goals and objectives across the three asset class pillars are fully aligned with the ambitions outlined in the Capital Markets Update. We made significant achievements in the first half of 2023 and have clear focus areas for the rest of 2023 and beyond. Again, these are all entirely consistent with our long-term strategic outlook. From an equity standpoint we continue to deepen our product coverage and geographic footprint to align with structural industry growth. In the first half of 2023 we grew our counterparty base even further and traded on a large array of venues. We also increased onshore trading in China which is a significant component of our broader Asia expansion plan. For the rest of the year we will continue to focus on the enhancements to and expansion of our global core ETP business and expand our activities in China.

Within fixed income we have further expanded and diversified our trading activities during the first half of 2023. We increased our average daily volume traded in European investment grade bonds by 40% and the single bond market making proposition has grown globally in the past year. We will continue to develop our single bond market making capability and onboard additional fixed income institutional counterparties for the second half of 2023.

In terms of CCC the focus here remains to grow our presence and participation in digital assets, FX and commodities. We retain our long-term conviction around digital assets and accordingly have continued to grow our presence in the global crypto financial ecosystem. We continue to expand our coverage of crypto ETPs and make markets on numerous ETP launches. Work will continue in the second half of 2023 on expanding our footprint in ETP, spot and derivatives products, as well as expanding the OTC bilateral counterparty business across CCC as a whole.

To complete this picture our strategic ecosystem approach is complemented by third party capital which is covered in more detail on the next slide to be covered by Mike.

**Mike Kuehnel:** Thank you, Folkert. Last year we announced the establishment of Flow Traders Capital, our strategic principle investment unit which is a core part of our broader ecosystem strategy. Tremendous amounts of innovation continue to unfold across global financial markets. Given our position within the ecosystem, we believe Flow Traders can play a critical role in driving this change. Yet at the same time we believe that single firms acting alone cannot accomplish this and that there are opportunities to collaborate. Flow Traders Capital partners with ambitious entrepreneurs [inaudible] technology businesses that lead to innovation within the financial services industry to accelerate our overall strategy by driving themes of electronification and transparency. Flow Traders Capital holds over 20 strategic investments which has a current portfolio value of €30 million. This slide illustrates the focus, size and target [inaudible] of our investment strategy. I do not propose to run through each initiative shown on this slide in turn but as you can see our focus is split across platforms, connectivity, data and digital tokens. Interest in strategically partnering with Flow Traders remains high and while the pace of new investment activity has reduced, the pipeline for new investments involves digital assets and traditional finance ecosystems remains strong. I will now hand the call back to Eric.

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

## Questions and Answers

**Operator:** Thank you. As a reminder, if you would like to ask a question, please press star one on your telephone keypad. To withdraw your question for any reason, please press star two. You will be advised when to ask your question. Our first question comes from Reg Watson of ING. Please go ahead.

**Reg Watson (ING):** Morning all, thanks for taking my question. I had a couple. One relates to the other income line. So I think Mike you just finished the presentation on that with strategic capital. How are you valuing these assets? Because obviously there's quite a significant swing from one period to another. So that's question one.

And then question two is obviously I understand that the low level of cash generation has led to delay in your deadline for the share buyback but how did you arrive at 12 months rather than just pushing out let's just say a quarter given that we've had the weak quarter this quarter in the second quarter of this year?

**Mike Kuehnel:** So let me start Reg, and good morning, with the second question. So the share buyback is fully embedded in our let's say capital allocation strategy and plan. And given the fact that we want to remain as flexible as possible in making sure that we dedicate our capital to the most let's say economically attractive path, we wanted to ensure that we have a high degree of flexibility irrespective of market evolution and impact on our business. At this point in time, it's hard to predict and, as done in the past, we have never provided any outlook on market sentiment and evolution. But we feel that the current sentiment requires a higher degree of flexibility on our side to make sure that if a more favourable market environment would come back generating significantly higher NTI, then depending where the share price stands we want to remain the flexibility over a longer period of time to become active again on the share buyback. So that's to your second question.

On the first question I think there are two points to highlight. As I pointed out, the other income line relies – relates to the performance of our strategic investments portfolio. So on the normalised other income line, we have different valuation techniques or levels. Equity investments at fair value through P&L, equity investment at fair value through other comprehensive income and results from equity accounted participation. I think the key highlight to make here on this front is that whenever we do a valuation, we are looking for possible events or refinancing for instance in order to then have another data point. As you might not be surprised to hear, we are in close collaboration on these points with our auditor, making sure that we are following existing rules and create the highest level of transparency. As the business has grown or the venture business has grown over time, we also made sure that from a valuation perspective we bring back the key pieces of information to give you clarity a) on the evolution of the size of the portfolio and also as much as possible on the composition thereof. Under IFRS the other income line only includes equity investment and fair value through P&L. I think that's also important to highlight. But in Q2 specifically the discrepancy between the number we gave in the preliminary release and the final number related to additional information we got that then led to a revaluation of the entire portfolio. And the latest number is a reflection of those latest valuations we did for the portfolio.

**Reg Watson:** Okay, that's great. That's very clear. Thank you very much. And if I may be greedy and take a third question relating to revenue capture in Americas. Obviously for a period of time they'd have been depressed due to your desire to gain market share in fixed income. I thought we had seen a recovery in Americas revenue capture as you'd sort of taken your foot off the gas on that initiative and had succeeded in winning share. But I note that the revenue capture's down again in the quarter. I just want to check whether or not that's just simply market related or whether you are undertaking more initiatives in trying to win new markets there.

**Folkert Joling:** This is fully market related. So we did refine the strategy in fixed income in the US. That comes down to accelerating reaching synergies. So effectively merging indexed business and the dealer to a better extent. But in terms of the revenue capture in Q2 this is fully a combination of the lower volatility and lower volumes given our capability set and profile. And the KPIs are broadly in line with what we expect so there are no unusual patterns to be found. Which means on the – on the stronger areas the KPIs are broadly similar. Obviously with slightly lower volatility the competition element and the execution impact increases a bit which usually leads to a slightly lower market share on exchange but if we were compared to off exchange those market shares are stable or maybe even net positive but call them the same.

**Reg Watson:** Okay. No, that's superb. Thanks Folkert.

**Operator:** Thank you. Our next question comes from Julian Dobrovolschi of ABN AMRO and ODDO. Please go ahead.

**Julian Dobrovolschi (ABN AMRO ODDO BHF):** Hello, good morning, everyone. Thanks for the presentation. I have a couple of them, quite small so probably we can go through a couple of these rather quickly.

Maybe to start with I have a question on the one-off of €1.9 million. If I understand correctly this again kind of relates to benefit[?] optimisation. I'm just kind of wondering if there is something that to be [inaudible] say we see and, you know, have it our numbers. So this kind of came out of the – let's say out of the blue. And if that happens what can we assume for the H2 as well in terms of the one-offs? And then we can – then we can go through the other questions as well.

**Mike Kuehnel:** Yeah Julian, thank you so much and good morning. Very happy to take this one. So as shared before and starting last year we diligently started preparing for a potential debt raise and we have been vocal that we have been predominantly looking into what peers did in the past and are still doing, focusing on the US TLB[?] market. As part of these preparations there were different components which we had to embrace. One being rating, another one related to then external legal counsel for the underlying documentation and the contract. And last but not least also advisory services, however, this was just a smaller portion. And from an IFRS perspective, there is a possibility to capitalise these costs but then from quarter to quarter there is a test across these components with our auditor to look what is still related to the planned and upcoming debt raise and what is related more to general advisory services. And this discussion and decision making then led to a release of some capitalised costs which now hit the P&L for Q2.

As to your question on outlook, the remaining part of capitalised cost is minor. It's less than €1 million. And more importantly, and that was if I understood it the more broader question, we are not anticipating any additional extraordinary cost at this point in time.

**Julian Dobrovolschi:** Understood, thank you. And I think you also touched upon the – on the potential debt raise so if you just look at the debt rate – raise, sorry, that raise discussion that you just also touched upon, can you give us a bit of a current state of affairs? So how do we look at it at this point in time? Is it a good market to take the debt or it's probably a bit – a bit wise to wait a bit?

**Folkert Joling:** Yeah, thank you so much for the question. I think there are two components to that question which I would like to highlight. The first is the reason for originally looking into a TLB raise or debt raise and more specifically the continued logic to it, and this then relates to the scalability of our business. So we are still very much committed that there are structural opportunities for us and also technical opportunities in putting debt onto our balance sheet and bringing it into play. And into play meaning making it accretive given our trading capital return of 60-80%. So that's a message we can still give back. We still stick to that logic and premise. The second is then the timing and I've been vocal about that in the past.

So we are monitoring three things. One is what's happening in the secondary and primary markets and it seems as if there is still, specifically in the US, pressure on the primary market and specifically for let's say ones more opportunistic or one-time – first-time issuers. The second and third is then the prevailing spec levels and the OID levels. And what I highlighted in the past is we want to make sure that we catch the best window of opportunity and this then needs to come across as attractive from a spec level, attractive from an OID level and more importantly also a good point in time to really start initiating a strong credit story around our company.

So there's a strong link in our minds between our prevailing equity story and the growth opportunities around these and to the buildup of the credit story which is very much coming back to the first point. We very much believe and want to demonstrate over time the inherent scalability of our business model at very attractive trading capital returns. So this is currently being monitored, Julian, as we speak and I think the second half of the year will give us more data points in order to properly do this assessment.

**Julian Dobrovolschi:** Understood. Thank you. And then switching to the Chinese channel and trade – trading operations, I think Folkert highlighted that this is definitely positive and if I remember correctly based on the discussions that I had with you guys you basically assume for 2023 zero NTI contribution from China. So it seems to be definitely a positive surprise in my view. Just two questions on this level. If you can quantify how much of that – of that NTI from China was basically contributing to the topline NTI in Q2. And maybe the second one, how much visibility do you actually have here in terms of growth? But also perhaps as the onboarding counterparties and so on and so forth.

**Folkert Joling:** The contribution in Q2 was a significant sort of plus to [inaudible] but there is a positive – small positive to P&L. I think for the full year anticipating not completely zero but it's a buildup to a few million. But not significant enough to mention. So I think you rounded it to zero because of that. The way that we look at the full opportunity roughly speaking if you look at all the volumes that are trading and the type of products and the growth you see in those products, then applying a traditional market share which we usually capture you can make some expectations on what the potential is. So we're also looking at that, to realise it there are multiple aspects that need to come into play which also includes relationship building with the issuers because of the [inaudible] and redemption mechanisms and getting full connectivity with the local infrastructure that just takes a bit more time than – we cannot fully do it overnight. So that's the reason why we build it up. And then in terms of trading strategies we are already developing those along the way.

**Julian Dobrovolschi:** Right, okay, good to see that happening. Thank you. Then also another question on the – on the [inaudible] capital [inaudible] portfolio. Currently this looks to be at about €30 million. If I recall correctly the maximum size is set at €50 million and by now you have more than 20 investments. If you just look at the investment portfolio, can you roughly say how much of that is into all of the four investment themes that you have? So platforms, connectivity, data and tokens.

**Mike Kuehnel:** I think the prevailing themes are platform, connectivity and tokens at this point in time. But I think the key message to share here is the relevance or growing relevance of the CC[?] investment for our core business. So what I said before when we shared it when we did the implementation of it, that we are seeking investments that are immediately relevant for spurring growth in our core business. So this is the key area of focus. The point why we wanted to be multifaceted across the teams[?] is that we believe our core capabilities and insights on technology and trading capabilities make it very relevant in these four buckets in order to also be perceived as one of the best players in the market. And a player who can really provide significant benefits to these investments. So I wouldn't say that we are seeking a very specific let's say contribution on equal levels across these four themes. It's more I would say a theme filter to make sure that we are sticking to what we do best in bringing our capabilities to those investments and are able to lean in.

It's also fair to say this is very much driven by market dynamics and we had and still have a situation where there is rival platforms and new market participants trying to establish more aggregated and integrated business propositions, specifically on the crypto and digital asset side. I would expect that this is going to continue and might even accelerate down the road. So given that we have built a track record even on a global basis will – could lead to more activity on that front. I'm also a big believer if you really dive into global financial market evolution over the next 5-10 years data, for instance, and connectivity as to interoperability of liquidity pools, we remain a very important ingredient of the equation.

So in a way we are looking into these four fields to make sure that we understand how businesses are being built around us and clearly we have a perspective on the viability of these businesses and their ability to also then scale over time because that's clearly also the intention that through our buy in and the contributions of our capabilities, these opportunities become very significant in terms of size and impact on the ecosystem. I think that's a fair reflection on how we start to [inaudible] these.

**Julian Dobrovolschi:** Perfect, thanks Mike. And maybe a final one quick to wrap up. Is it possible to get a bit of a let's say sneak peak understanding of how trading – early trading in Q3 is going? And do we see a bit of pickup and recovery across all the markets or it's still kind of following on the June trend?

**Folkert Joling:** We're not going to comment on Q3 on our results obviously. Roughly speaking the markets are behaving similar to what we saw in June. Summer is approaching slowly so the statistics are more or less – the market statistics are more or less continuing the end of Q2 path.

**Julian Dobrovolschi:** Okay, and I think we can just like leave it here. Thank you so much for taking my questions and, yeah, enjoy the rest of the summer.

**Mike Kuehnel:** Thanks, same to you Julian. Thanks.

**Operator:** Thank you. Our next question comes from Amit Jagadeesh of UBS. Please go ahead.

**Amit Jagadeesh (UBS):** Hi, thank you for taking my question. Just one from me. Going back to slide eight, could you give some colour on the major pieces that resulted in the drop in the trading income in the quarter?

**Mike Kuehnel:** Other than the arguments we already provided with – it's mostly related to the market activity being lower, the volatility lower, the points lower. Do you want to have some specifics which we've not discussed yet?

**Amit Jagadeesh:** Sorry, I think I missed that part of the call. Could you just remind quickly the four points you just mentioned?

**Eric Pan:** Sorry, in slide eight which particular graph are you referring to?

**Amit Jagadeesh:** The trading capital.

**Folkert Joling:** The trading capital, okay, yeah. So we had for 2023 year-to-date a few portions to highlight. So one is that we paid €35 million in dividends for full year 2022 and €23 million in cash taxes related to full year 2022. And then on top of the first half of 2023 €7 million in taxes for that period and the rest is related to capex and other miscellaneous expenses. But the three or four big portions are the dividends and the cash taxes for last year and for the first half of 2023 and capex being the rest.

**Amit Jagadeesh:** Okay, great. Thank you.

**Operator:** Thank you. As a reminder, if you'd like to ask a question on today's call, please press star one on your telephone keypad. And it appears we have no further questions coming through. I'd like to hand it back over to Eric Pan.

**Eric Pan:** Great, thank you Melissa. We would like to thank the analysts for participating in today's call. Please note that we will host our next analyst call when we release our fourth quarter and full year 2023 results in February of next year. Details and timing for this call will follow in due course. Our third quarter trading update is scheduled to be released on 26th October 2023. This now ends the call. Thanks again and have a great day.

**Operator:** Thank you. That concludes the conference. You may now disconnect.

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