

FLOW TRADERS Q320 TRADING UPDATE

Amsterdam, the Netherlands - Flow Traders N.V. (Euronext: FLOW) announces its unaudited Q320 trading update.

Highlights

- Market ETP Value Traded fell 20% quarter-on-quarter and increased 52% YTD 9m20 vs YTD 9m19
- Flow Traders ETP Value Traded fell 14% quarter-on-quarter and increased 51 % YTD 9m20 vs YTD 9m19, outperforming the broader market in Q320 as Flow Traders continued to gain market share in all regions
- Flow Traders recorded NTI of €78.3m in Q320 reflecting lower activity levels as markets further normalised. This compares to NTI of €229.9m in Q220 and €53.3m in Q319. YTD 9m20 NTI was €803.2m vs €170.3m in YTD 9m19
- Initial funding of the Flow Traders Foundation was put in place in August with Flow Traders' commitment of €6.0m accounted for in Q320
- Total operating expenses of €46.5m incurred in Q320, which included €0.5m of COVID-related one-off expenses as well as the donation to the Flow Traders Foundation. One-off expenses in YTD 9m20 amounted to €8.0m out of total operating expenses of €307.0m
- 532 FTEs as at 30 September 2020 compared to 502 as at 30 June 2020 as new graduate intake classes joined on 1 September 2020 for both trading and technology
- Q320 Adjusted EBITDA reached €37.9m with an adjusted margin of 48% contributing to YTD 9m20 Adjusted EBITDA of €502.1m with an adjusted margin of 63%
- Q320 Adjusted Net Profit amounted to €29.0m with Adjusted EPS of €0.64. YTD 9m20 Adjusted Net Profit amounted to €404.3m with Adjusted EPS of €8.91
- Regulatory Own Funds Requirement (OFR) as at 30 September 2020 was €181m, resulting in excess capital of €276m as at 30 September 2020. Trading capital stood at €736m at the end of the third quarter

Financial Overview

€million	Adjusted Q320*	Q320	Q220	Adjusted YTD 9m20*	YTD 9m20	YTD 9m19
Net Trading Income	78.3	78.3	229.9	803.2	803.2	170.3
EMEA (Europe)	44.4	44.4	109.3	458.5	458.5	104.8
Americas	16.1	16.1	96.7	261.8	261.8	41.9
APAC	17.9	17.9	23.9	82.8	82.8	23.6
Net Trading Income	78.3	78.3	229.9	803.2	803.2	170.3
Employee expenses**	25.4	25.4	73.9	254.1	254.1	62.9
Technology expenses	11.3	11.3	11.5	34.2	34.2	28.8
Other expenses	3.2	3.2	3.3	10.7	10.7	11.4
One-off expenses	0.5	6.5	0.6	2.0	8.0	-
Total Operating Expenses	40.5	46.5	89.3	301.0	307.0	103.1
EBITDA	37.9	31.9	140.6	502.1	496.1	67.2
Depreciation/Amortisation	3.4	3.4	3.6	10.5	10.5	10.9
Write offs, tangible assets	-	-	-	-	-	-
Results subsidiaries	-	-	(0.1)	(0.1)	(0.1)	(0.1)
Profit Before Tax	34.4	28.4	137.0	491.6	485.6	56.3
Tax	5.4	5.4	24.0	87.3	87.3	10.4
Net Profit	29.0	23.0	113.0	404.3	398.3	45.9
EPS*** (in €)	0.64	0.51	2.51	8.91	8.78	0.99
EBITDA margin	48%	41%	61%	63%	62%	39%

* Adjusted for €6.0m one-off expense related to the Flow Traders Foundation donation

** Of which fixed employee expenses were: Q320 - €11.6m; Q220 - €11.0m; YTD 9m20 - €34.5m; YTD 9m19 - €32.0m

*** Weighted average number of shares outstanding during Q320 was 45,103,408 and during YTD 9m20 was 45,362,072. 45,126,431 shares were outstanding as at 30 September 2020

Value Traded Overview

€billion	Q320	Q220	Change	YTD 9m 20	YTD 9m 19	Change
Flow Traders ETP Value Traded	324.4	378.7	(14%)	1,144.6	758.0	51%
<i>EMEA (Europe)</i>	163.2	189.0	(14%)	585.0	382.5	53%
<i>Americas</i>	140.7	171.8	(18%)	501.4	344.7	45%
<i>APAC ex China</i>	20.4	17.9	14%	58.3	30.8	89%
Flow Traders' non-ETP Value Traded	726	989	(27%)	2,930	2,249	30%
Market ETP Value Traded¹	7,374	9,195	(20%)	27,516	18,108	52%
<i>EMEA (Europe)</i>	391	480	(19%)	1,550	1,104	40%
<i>Americas</i>	6,146	7,894	(22%)	23,461	15,567	51%
<i>APAC</i>	837	821	2%	2,506	1,437	74%
<i>APAC ex China</i>	337	487	(31)%	1,300	643	102%

1. Source - Flow Traders analysis

Q320 Regional Highlights

EMEA:

- Continued to gain market share in EMEA as ETP value traded outperformed market value traded year-on-year as well as quarter-on-quarter further cementing Flow Traders' leading market position
- Increased coverage of currency and commodities markets. Flow Traders continued to be a top three market maker on major FX ECNs in spot metals
- Announced the appointment of Ron Heydenrijk as EMEA Head of Sales to further deepen relationships with institutional counterparties and issuers
- Fully prepared for all Brexit outcomes

AMERICAS:

- Further market share gains with Flow Traders ETP value traded outperforming market ETP value traded in Q320
- Trading performance reflects significantly reduced market value traded and realised volatility compared to H1 as well as lower levels of primary market activity driven by decreased ETF inflows and outflows. Nonetheless, Q3 NTI was still 35% higher than the average quarterly NTI recorded in the Americas in 2019
- Members Exchange (MEMX) went live in September and Flow Traders is an active liquidity provider in ETFs
- Further enhanced Flow Traders presence in the US; joined the ICE ETF Hub as part of the drive to increase efficiency and reduce credit risk in the ETF ecosystem

APAC:

- Focused trading strategies led to a robust trading performance in APAC
- Partnered with HKEx on the successful launch of the MSCI futures. Flow Traders also acted as market maker in multiple new ETF launches on HKEx and is now the leading ETP liquidity provider in Hong Kong
- Continued progress made on enhancing the APAC trading footprint across other asset classes. Flow Traders began trading FX and spot metals in the APAC region out of both Hong Kong and Singapore in Q320

Flow Traders Foundation

- As announced on 31 August 2020, the initial funding of the Flow Traders Foundation has been put in place. Accordingly, Flow Traders' donation of €6.0 million was accounted for in Q320
- The Foundation will be making its first material contributions of up to €500,000 to health and wellbeing charities before year-end

Management Board Comments

CEO Dennis Dijkstra stated:

“Once again, our focus this quarter was on the health and wellbeing of our colleagues as well as ensuring the uninterrupted provision of liquidity to market participants. Our business continues to function as normal and the whole organisation has demonstrated considerable agility and resilience this year. We are closely monitoring the COVID-19 pandemic and are confident in our ability to manage any eventuality with our business continuity plan. We have also invested in delivering our strategy of expanding our global ETP footprint as well enhancing coverage of fixed income, currencies and crypto trading. We also maintained our strong cost discipline and conservative capital position while implementing this growth strategy. It is also pleasing to note that despite the pandemic, we are continuing to grow our business by attracting and recruiting the best talent. Indeed, we successfully onboarded a large intake of new graduates on 1 September.

“Now that the initial funding for the Flow Traders Foundation has been put in place, material charitable donations are expected to be made later this year. These donations will be in addition to the €2.5 million donated earlier this year by employees of Flow Traders to a select number of charitable foundations around the world. All of us here at Flow Traders feel that it is more important than ever to continue contributing to society’s health and well-being.”

Chief Trading Officer Folkert Joling added:

“Further market normalisation combined with the usual seasonal impacts resulted in lower levels of activity in the third quarter versus previous quarters in 2020. Nonetheless, volumes and volatility levels were higher compared to the same period in 2019 and this translated into better trading results globally. Trading in commodities related products continued to have a positive effect on our business. We have connected to additional counterparties and this has contributed to the rise in our market share this quarter.”

Preliminary Financial Calendar

15 January 2021	Start Silent Period ahead of Q420 / FY20 results
12 February 2021	Release Q420 / FY20 results (incl. analyst conference call)
5 March 2021	Release 2020 Annual Report
31 March 2021	Start Silent Period ahead of Q121 trading update
20 April 2021	Release Q121 trading update (no analyst conference call)
23 April 2021	AGM

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About Flow Traders

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