

## Flow Traders Q1 2024 Trading Update

Amsterdam, the Netherlands - Flow Traders Ltd. (Euronext: FLOW) announces its unaudited Q1 2024 trading update.

### Highlights

- Flow Traders recorded Net Trading Income of €127.1m and Total Income of €129.6m in Q124, compared to €72.7m and €74.3m, respectively, in Q423, and €110.5m for both in Q123.
- Flow Traders' Value Traded increased 7% in Q124 when compared to last quarter and was flat when compared to the same period last year.
- Total Operating Expenses were €68.5m in Q124, compared to €62.5m in Q423 and €70.3m in Q123, with Fixed Operating Expenses of €43.6m, compared to €40.4m in Q423 and €43.9m in Q123.
- EBITDA was €61.1m in Q124, generating an EBITDA margin of 47%, compared to €11.8m and 16% in Q423 and €40.2m and 36% in Q123.
- Net Profit was €45.9m in Q124, yielding a basic EPS of €1.06, compared to €6.4m of Net Profit and €0.15 of basic EPS in Q423 and €27.7m and €0.64 in Q123.
- Trading capital stood at €609m at the end of Q124 and generated a 52% return on trading capital<sup>1</sup> (84% on an annualized basis), compared to €583m and 51% in Q423 and €647m and 65% in Q123.
- Shareholders' equity was €631m at the end of Q124, compared to €586m at the end of Q423 and €622m at the end of Q123.
- Flow Traders employed 633 FTEs at the end of Q124, compared to 646 at the end of Q423 and 667 at the end of Q123.
- To reduce complexity in financial reporting and adhere to accounting best practices, the reporting of Normalized financials will cease going forward.
- A conference call with the financial analyst community will be webcasted on Flow Traders' website today at 10:00 CEST at <https://www.flowtraders.com/investors/results-centre>.

### Financial Overview

€million	Q124	Q423	Change	Q124	Q123	Change
<b>Net trading income</b>	<b>127.1</b>	<b>72.7</b>	75%	<b>127.1</b>	<b>110.5</b>	15%
Other income	2.5	1.6	55%	2.5	-	-
<b>Total income</b>	<b>129.6</b>	<b>74.3</b>	74%	<b>129.6</b>	<b>110.5</b>	17%
Employee expenses	44.5	39.6	12%	44.5	44.9	(1%)
Fixed employee expenses	19.6	17.5	12%	19.6	20.0	(2%)
Variable employee expenses	24.9	22.1	13%	24.9	24.9	0%
Technology expenses	15.8	15.3	3%	15.8	16.6	(5%)
Other expenses	8.2	7.6	8%	8.2	7.3	12%
One-off expenses <sup>2</sup>	-	-	-	-	1.5	(100%)
<b>Total operating expenses</b>	<b>68.5</b>	<b>62.5</b>	9%	<b>68.5</b>	<b>70.3</b>	(3%)
<b>EBITDA</b>	<b>61.1</b>	<b>11.8</b>	418%	<b>61.1</b>	<b>40.2</b>	52%
Depreciation / amortisation	4.3	4.2	1%	4.3	5.0	(14%)
Write off of (in) tangible assets	-	-	-	-	-	-
Profit/(loss) on equity-accounted investments	(0.4)	(0.1)	193%	(0.4)	(0.4)	(12%)
<b>Profit before tax</b>	<b>56.4</b>	<b>7.4</b>	660%	<b>56.4</b>	<b>34.7</b>	62%
Tax expense	10.5	1.1	897%	10.5	7.0	50%
<b>Net profit</b>	<b>45.9</b>	<b>6.4</b>	621%	<b>45.9</b>	<b>27.7</b>	66%
Basic EPS <sup>3</sup> (€)	1.06	0.15	615%	1.06	0.64	64%
Fully diluted EPS <sup>4</sup> (€)	1.04	0.14	630%	1.04	0.62	67%
EBITDA margin	47%	16%		47%	36%	

## Value Traded Overview

€billion	Q124	Q423	Change	Q124	Q123	Change
<b>Flow Traders Value Traded</b>	<b>1,555</b>	<b>1,450</b>	7%	<b>1,555</b>	<b>1,554</b>	0%
Equity	819	762	8%	819	826	(1%)
Fixed income	270	289	(7%)	270	348	(23%)
Currency, Crypto, Commodity	422	352	20%	422	340	24%
Other	44	48	(7%)	44	40	11%
<b>Average VIX</b>	<b>13.9</b>	<b>15.4</b>	<b>(10%)</b>	<b>13.9</b>	<b>21.0</b>	<b>(34%)</b>

## Market Environment

- Equity trading volumes and volatility remained muted in Q1. While volumes improved slightly compared to last quarter and the same period a year ago, volatility declined slightly in the period vs. last quarter despite a slight bounce back from the lows seen in December and remains significantly below the level seen in the same period a year ago.
- Fixed income trading volumes improved both on a quarter-on-quarter and year-on-year basis. However, volatility levels were down both on a quarter-on-quarter and year-on-year basis.
- Crypto saw a significant jump in trading volumes and volatility compared to last quarter and the same period a year ago given the U.S. spot Bitcoin ETF approval in January this year.

## Share Buyback

€4.3m worth of shares were repurchased in Q124 as part of the €15m share buyback program announced in October 2022, with €7.6m of the program remaining. A portion of the shares to be repurchased under this program could be allocated to employee incentive plans as needed.

## Outlook

Fixed operating expenses guidance for the year remains unchanged and is expected to be in the same range as FY23 as headcount is expected to be flat to down for the year, offset by continued technology investments and inflationary pressures. The firm remains fully focused on operational and cost efficiencies across the business while implementing its growth and diversification strategies and bolstering trading capital.

## **CEO Statement**

### **Mike Kuehnel, CEO**

“Flow Traders achieved a strong result in Q1 on the back of elevated trading activity in the digital assets space in the quarter, despite the relatively subdued market trading environment in other asset classes. This quarter serves as further validation of our growth and diversification strategy, given our initial investment in the digital assets space more than seven years ago and our continued investment in the asset class when others quickly left during the downturn merely a year ago. Our steadfast belief in the asset class, and the opportunities it can bring to traditional financial markets is unwavering. We were well prepared for the highly anticipated regulatory approval in the U.S. for spot Bitcoin ETFs that came through at the beginning in the quarter as institutional interest in digital assets continues to grow around the world.

Coming to the other areas of our trading capabilities, we have seen a slight increase in activity since the lows seen last December, although volatility is still down significantly when compared to a year ago. Regardless of the environment, we have been enhancing our trading capabilities and counterparty network in existing areas as well as exploring new potential opportunities. In terms of our strategic investments, we are well on track with our Euro-denominated stablecoin joint venture AllUnity with our partners DWS and Galaxy Digital, and in Q1 announced a strategic investment in ClearToken, further underpinning our strategy of investing in connectivity and financial market infrastructure.

Looking at our operations, as we continue to focus on cost and operational efficiencies while balancing our key growth initiatives, fixed operating expenses in the quarter came in-line with our expectations. As we continue to execute our growth and diversification strategy and invest in trading capabilities in different asset classes and regions, we believe we can accelerate the growth of the firm with additional trading capital and will look to bolster our trading capital.

In addition, we are thrilled to have Owain Lloyd join Flow Traders on 1 May as Chief Technology Officer. Owain brings with him over 20 years of senior leadership experience across traditional finance, market making, and digital assets trading technology and we look forward to his nomination as an Executive Director of the Board at our AGM on 13 June.”

## Preliminary Financial Calendar

13 June 2024	AGM
17 June 2024	FY23 final dividend proposed ex-dividend date
18 June 2024	FY23 final dividend proposed record date
20 June 2024	FY23 final dividend proposed payment date
30 June 2024	Start of silent period ahead of H124 results
25 July 2024	Release of H123 results

## Analyst Conference Call and Webcast

The Q124 trading update analyst conference call will be held at 10:00 am CEST on Thursday 25 April 2024. The presentation can be downloaded at <https://www.flowtraders.com/investors/results-centre> and the conference call can be followed via a listen-only audio webcast. A replay of the conference call will be available on the company website for at least 90 days.

## Contact Details

### Flow Traders Ltd.

#### *Investors*

Eric Pan

Phone: +31 20 7996180

Email: [investor.relations@flowtraders.com](mailto:investor.relations@flowtraders.com)

#### *Media*

Laura Peijs

Phone: +31 20 7996125

Email: [press@flowtraders.com](mailto:press@flowtraders.com)

## About Flow Traders

Flow Traders is a leading trading firm providing liquidity in multiple asset classes, covering all major exchanges. Founded in 2004, Flow Traders is a leading global ETP market maker and has leveraged its expertise in trading ETPs to expand into fixed income, commodities, digital assets and FX. Flow Traders' role in financial markets is to ensure the availability of liquidity and enabling investors to continue to buy or sell financial instruments under all market circumstances, thereby ensuring markets remain resilient and continue to function in an orderly manner. In addition to its trading activities, Flow Traders has established a strategic investment unit focused on fostering market innovation and aligned with our mission to bring greater transparency and efficiency to the financial ecosystem. With nearly two decades of experience, we have built a team of over 600 talented professionals, located globally, contributing to the firm's entrepreneurial culture and delivering the company's mission.

## Notes

1. Return on trading capital defined as LTM NTI divided by end of period trading capital.
2. One-off expenses related to the completed corporate holding structure update and balance sheet review work.
3. Weighted average shares outstanding: Q124 - 43,515,359; Q423 - 43,166,257; Q123 - 43,142,742.
4. Determined by adjusting the basic EPS for the effects of all dilutive share-based payments to employees.

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Efficiencies are net, before tax and on a run-rate basis, i.e. taking into account the full-year impact of any measure to be undertaken before the end of the period mentioned. The expected operating efficiencies and cost savings were prepared on the basis of a number of assumptions, projections and estimates, many of which depend on factors that are beyond Flow Traders' control. These assumptions, projections and estimates are inherently subject to significant uncertainties and actual results may differ, perhaps materially, from those projected. Flow Traders cannot provide any assurance that these assumptions are correct and that these projections and estimates will reflect Flow Traders' actual results of operations.

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