

FLOW TRADERS Q220 RESULTS

Amsterdam, the Netherlands - Flow Traders N.V. (Euronext: FLOW) announces its unaudited Q220 results and Half Year 2020 report.

Highlights

- Market ETP Value Traded fell 16% quarter-on-quarter and increased 69% H120 vs H119
- Flow Traders ETP Value Traded fell 14% quarter-on-quarter and increased 66% H120 vs H119, outperforming the broader market in Q220 as Flow Traders continued to gain market share. Flow Traders also facilitated an increasing amount of trading in fixed income and ESG ETFs during H120
- Flow Traders recorded NTI of €229.9m in Q220 as markets began to normalise following the exceptional market circumstances in Q120. This compares to NTI of €495.0m in Q120 and €53.9m in Q219. H120 NTI was €724.8m vs €117.0m in H1 19
- Total operating expenses of €89.3m incurred in Q220, which included €0.6m of one-off expenses from the continued activation of Flow Traders' business continuity plan. One-off expenses relating to the business continuity plan in H120 amounted to €1.5m out of total operating expenses of €260.5m
- 502 FTEs as at 30 June 2020 compared to 503 as at 31 March 2020
- Q220 EBITDA reached €140.6m with a margin of 61% contributing to H120 EBITDA of €464.3m with a margin of 64%
- Q220 Net Profit amounted to €113.0m with EPS of €2.51. H120 Net Profit amounted to €375.3m with EPS of €8.25
- Regulatory Own Funds Requirement (OFR) as at 30 June 2020 was €201m, resulting in excess capital of €255m as at 30 June 2020. Trading capital stood at €915m at the end of the second quarter
- Interim FY20 dividend set at €4 per share and the ex-dividend date is 18 August 2020

Financial Overview

€million	Q220	Q120	H120	H119
Net Trading Income	229.9	495.0	724.8	117.0
<i>EMEA (Europe)</i>	109.3	304.9	414.2	69.6
<i>Americas</i>	96.7	149.0	245.7	32.6
<i>APAC</i>	23.9	41.0	64.9	14.8
Net Trading Income	229.9	495.0	724.8	117.0
<i>Employee expenses*</i>	73.9	154.9	228.7	42.9
<i>Technology expenses</i>	11.5	11.4	22.9	18.8
<i>Other expenses</i>	3.3	4.1	7.4	7.6
<i>One-off expenses</i>	0.6	0.9	1.5	-
Total Operating Expenses	89.3	171.2	260.5	69.3
EBITDA	140.6	323.7	464.3	47.7
<i>Depreciation/Amortisation</i>	3.6	3.6	7.2	7.2
<i>Write offs, tangible assets</i>	-	-	-	-
<i>Results subsidiaries</i>	-	-	(0.1)	(0.1)
Profit Before Tax	137.0	320.1	457.2	40.5
<i>Tax</i>	24.0	57.8	81.9	7.5
Net Profit	113.0	262.3	375.3	33.0
<i>EPS** (in €)</i>	2.51	5.71	8.25	0.71
<i>EBITDA margin</i>	61%	65%	64%	41%

* Of which fixed employee expenses were: Q220 - €11.0m; Q120 - €11.8m; H120 - €22.9m; H119 - €20.9m

** Weighted average number of shares outstanding during Q220 was 45,072,162 and during H120 was 45,492,824. 45,058,106 number of shares were outstanding as at 30 June 2020

Value Traded Overview

€billion	Q220	Q120	Change	H120	H119	Change
Flow Traders ETP Value Traded	378.7	441.6	(14%)	820.2	494.0	66%
<i>EMEA (Europe)</i>	189.0	232.7	(19%)	421.7	249.7	69%
<i>Americas</i>	171.8	188.9	(9%)	360.6	226.2	59%
<i>APAC ex China</i>	17.9	20.0	(11%)	37.8	18.1	110%
Flow Traders' non-ETP Value Traded	989	1,215	(19%)	2,204	1,433	54%
Market ETP Value Traded¹	9,195	10,948	(16%)	20,143	11,934	69%
<i>EMEA (Europe)</i>	480	679	(29%)	1,159	710	63%
<i>Americas</i>	7,894	9,421	(16%)	17,314	10,283	68%
<i>APAC</i>	821	849	(3%)	1,669	941	77%
<i>APAC ex China</i>	487	476	2%	963	426	126%

1. Source - Flow Traders analysis

Q220 & H120 Regional Highlights
EMEA:

- Continued to be the leading liquidity provider in ETPs in EMEA and the region remained the largest NTI contributor and Flow Traders' most important market
- Flow Traders ETP value traded outperformed market value traded year-on-year as well as quarter-on-quarter given the leading competitive position in the region
- Now among top three market makers on major FX ECNs in spot metals
- Colleagues have commenced a part-time return to the main Amsterdam office. This situation will be closely monitored as the pandemic evolves and the business continuity plan is ready for all possible eventualities

AMERICAS:

- Flow Traders further enhanced its position in the region with robust NTI contribution from all desks and significant outperformance versus market ETP value traded in Q2
- Expanded the OTC footprint by connecting with additional counterparties and increasing OTC volumes
- Demonstrated the strength of Flow Traders in the US by successfully executing multi-billion dollar OTC trades during H1
- Confirmed long-term commitment to the US equities ecosystem by making a strategic investment in Members Exchange (MEMX)

APAC:

- Strong trading performance in APAC across the board, both on and off exchange
- Benefited from Hong Kong-specific investments with increased on-exchange presence as well as connecting with additional regional counterparties
- Flow Traders see increased adoption of MTF/RfQ systems in the region and further electrification of trading
- Deepened the relationship with the HKEX by becoming the lead liquidity provider for their new suite of MSCI futures

Regulatory Outlook

- Initial IFR / IFD analysis has been completed following the publication of the Level 2 text in June 2020. The outcome indicates that Flow Traders should receive some capital relief given that the incoming IFR/IFD requirements should be more tailored to Flow Traders' specific risk profile. Accordingly, capital requirements should be markedly lower once IFR/IFD comes into force in June 2021. It is envisaged that this capital relief will be partially offset by growth business activities

Management Board Comments

CEO Dennis Dijkstra stated:

"During the second quarter, we remained primarily focused on the health and wellbeing of our colleagues as well as ensuring the uninterrupted provision of liquidity to market participants. With our business continuity plan active, the vast majority of our employees were successfully and effectively working from home. Once again my colleagues have demonstrated considerable professionalism and resilience during the COVID-19 pandemic. We have commenced the gradual return of staff to our main office in Amsterdam, while split trading locations remain in place in all regions. We will monitor this situation carefully and are well prepared to manage any eventuality with our business continuity plan. The overall resilience and agility of the business in the first half of the year while responding to the COVID-19 pandemic was highly encouraging and will no doubt stand us in good stead for the coming months ahead. Despite the strong operational focus required so far in 2020, progress has also been made in driving forward our strategic plan in terms of expanding our global ETP footprint as well enhancing coverage of fixed income, currencies and crypto. We also maintained our strong cost discipline while implementing this growth strategy. Flow Traders' conservative capital position, as well our strong balance sheet, has meant that we are able to pay a €4 per share dividend to shareholders."

Chief Trading Officer Folkert Joling added:

"Markets began to normalise in the second quarter following the exceptional market circumstances experienced in the first quarter. Yet, volumes and volatility levels were elevated compared to the same period in 2019 and this translated in strong trading results across all desks and regions. Heightened market activity in commodity as well as high yield ETFs was also evident in the second quarter. The trading results reflect the investments we have made in the business, particularly in the US, fixed income and in spot metal trading. We have continued to connect to additional counterparties and this has contributed to the rise in our market share in the second quarter."

Preliminary Financial Calendar

18 August 2020	2020 interim dividend ex-dividend date
19 August 2020	2020 interim dividend record date
21 August 2020	2020 interim dividend payment date
30 September 2020	Silent period starts ahead of Q320 trading update
22 October 2020	Release Q320 trading update (no analyst conference call)

Analyst Conference Call and Webcast

The H120 results analyst conference call will be held at 10:00 am CEST on Friday 14 August 2020. The presentation will also be accessible via www.flowtraders.com/investors, where the presentation can be downloaded 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.

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About Flow Traders

Flow Traders is a leading global financial technology-enabled liquidity provider in financial products, historically specialized in Exchange Traded Products (ETPs), now expanding into other asset classes. Flow Traders ensures the provision of liquidity to support the uninterrupted functioning of financial markets. This allows investors to continue to buy or sell ETPs or other financial instruments under all market circumstances. We continuously grow our organization, ensuring that our trading desks in Europe, the Americas and Asia can provide liquidity across all major exchanges, globally, 24 hours a day. Founded in 2004, we continue to cultivate the entrepreneurial, innovative and team-oriented culture that has been with us since the beginning.

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