

FLOW TRADERS Q120 TRADING UPDATE

Amsterdam, the Netherlands - Flow Traders N.V. (Euronext: FLOW) releases its unaudited Q120 trading update.

Flow Traders' business and operations functioned as normal following the coronavirus (COVID-19) outbreak. A robust business continuity plan was successfully implemented in all regions with the primary focus being the health and wellbeing of employees. Flow Traders was able to continuously provide liquidity and pricing to the ETP markets on a global basis, which enabled issuers and counterparties to efficiently trade across all products in all circumstances

Highlights

- Exceptional and challenging market environment experienced globally during the first quarter across all products; particularly in March which saw record ETP Value Traded and extremely high levels of market activity. Overall, Market ETP Value Traded increased 100% quarter-on-quarter and 80% vs Q119
- Flow Traders ETP Value Traded increased 76% quarter-on-quarter and increased 71% vs Q119
- Flow Traders recorded NTI of €495.0m in Q120 reflecting this exceptional market environment with strong performance across all regions. This compares to NTI of €46.1m in Q419 and €63.1m in Q119
- Total operating expenses of €171.2m incurred in Q120. €0.9m of one-off expenses predominantly due to the activation and implementation of Flow Traders' business continuity plan
- 503 FTEs as at 31 March 2020 compared to 513 as at 31 December 2019
- Q120 EBITDA reached €323.7m with a margin of 65%
- Q120 Net Profit amounted to €262.3m with EPS of €5.71
- Regulatory Own Funds Requirement (OFR) as at 31 March 2020 was €261m, resulting in excess capital of €273m as at 31 March 2020. Trading capital stood at €771m at the end of the first quarter

Financial Overview

€million	Q120	Q419	Q120	Q119
Net Trading Income	495.0	46.1	495.0	63.1
<i>EMEA (Europe)</i>	304.9	33.4	304.9	37.5
<i>Americas</i>	149.0	5.7	149.0	17.3
<i>APAC</i>	41.0	7.0	41.0	8.3
Net Trading Income	495.0	46.1	495.0	63.1
<i>Employee expenses*</i>	154.9	18.4	154.9	23.3
<i>Technology expenses</i>	11.4	10.9	11.4	9.5
<i>Other expenses</i>	4.1	3.9	4.1	3.5
<i>One-off expenses</i>	0.9	1.2	0.9	-
Total Operating Expenses	171.2	34.4	171.2	36.3
EBITDA	323.7	11.7	323.7	26.8
<i>Depreciation/Amortisation</i>	3.6	3.7	3.6	3.6
<i>Write offs, tangible assets</i>	-	-	-	-
<i>Results subsidiaries</i>	-	1.0	-	-
Profit Before Tax	320.1	9.0	320.1	23.2
<i>Tax</i>	57.8	1.8	57.8	4.0
Net Profit	262.3	7.2	262.3	19.2
<i>EPS** (in €)</i>	5.71	0.16	5.71	0.41
<i>EBITDA margin (%)</i>	65%	25%	65%	42%

* Of which fixed employee expenses were: Q120 - €11.8m; Q419 - €11.6m; Q119 - €10.3m

** Weighted average number of shares outstanding during Q120 was 45,913,486 with 45,527,201 number of shares outstanding as at 31 March 2020

Management Board Comments

CEO Dennis Dijkstra stated:

“Our main focus during the quarter was on the health and wellbeing of our colleagues and their families and ensuring the uninterrupted provision of liquidity to market participants, in line with regulatory requirements, to help financial markets function in an orderly manner. During the period of extraordinary market activity following the COVID-19 outbreak, Flow Traders’ uninterrupted presence in the market allowed investors to continue to buy or sell ETPs or other financial instruments and manage their risk efficiently. By providing liquidity to markets under pressure, we enabled issuers and counterparties to keep on trading. More liquidity leads to less volatility and contributes to market stability. Our colleagues have all demonstrated considerable professionalism, skill, agility and strength during these most difficult circumstances. It is because of our colleagues that we continue to operate fully and provide liquidity to the market during these exceptional circumstances. Our business continuity plan was implemented smoothly with 80% of our workforce able to work from home in a matter of days. Moreover, our continued investment in technology and infrastructure over the last few years ensured that Flow Traders has a high degree of system resiliency and was able to cope with stressed and highly active markets. Flow Traders maintained its conservative capital position with significant excess capital and a strong balance sheet. This quarter also demonstrated Flow Traders’ operational leverage with strong cost discipline.

“In these unprecedented times, we feel that it is more important than ever to continue to contribute to society’s health and wellbeing globally. We have already accelerated the availability of our annual personal charitable budget and donated €2.5 million to a select number of charitable foundations around the world, including Erasmus MC, Voedselbank, VentilatorPAL, The Courage Fund, The Community Chest and Mount Sinai. In addition, we will shortly establish the Flow Traders Foundation with the aim of promoting and funding health and wellbeing charities globally on a significant, structured annual basis.”

Chief Trading Officer Folkert Joling added:

“During the exceptional circumstances of this past quarter, Flow Traders was able to continuously provide liquidity and pricing to the ETP markets on a global basis. Issuers and counterparties were reassured by our constant presence when markets were under pressure which enabled them to trade in all circumstances. On an ecosystem level, we saw that exchanges functioned almost flawlessly across the entire quarter and the ETF mechanism performed as intended. Given the market environment, we saw substantially increased volumes and heightened risk, as well as corresponding widening of spreads. From a trading systems perspective, no outages or downtime were experienced. The results and trading performance were balanced across all trading desks this quarter, including during the intense period in mid-March, and also reflect the focus and investment in recent quarters on our US operation as well as in fixed income.”

Value Traded Overview

€billion	Q120	Q419	Change	Q120	Q119	Change
Flow Traders ETP Value Traded	441.6	251.2	76%	441.6	258.6	71%
<i>EMEA (Europe)</i>	232.7	132.4	76%	232.7	128.7	81%
<i>Americas</i>	188.9	107.7	75%	188.9	121.2	56%
<i>APAC ex China</i>	20.0	11.1	79%	20.0	8.7	130%
Flow Traders' non-ETP Value Traded	1,215	746	63%	1,215	738	65%
Market ETP Value Traded¹	10,948	5,480	100%	10,948	6,093	80%
<i>EMEA (Europe)</i>	679	388	75%	679	355	91%
<i>Americas</i>	9,421	4,573	106%	9,421	5,281	78%
<i>APAC</i>	849	519	64%	849	456	86%
<i>APAC ex China</i>	476	201	137%	476	217	119%

1. Source - Flow Traders analysis

Business Continuity and Resilience

- Following the various additional measures implemented by governments around the world to halt the spread of the coronavirus (COVID-19), Flow Traders' business continuity plan has been enacted to its fullest extent
- Primary focus of this plan is the health and wellbeing of employees as well as continuing to fulfil Flow Traders' role with respect to the uninterrupted provision of liquidity globally to investors and the market. The business continuity plan has been implemented smoothly with a majority of employees working from home almost immediately after activation of the plan. Split teams are operational and back-up trading locations in Amsterdam, New York and Hong Kong have been activated. Flow Traders trading capabilities remained fully operational with continuous pricing and liquidity provided to the market throughout the quarter
- Flow Traders' robust risk management processes continued to be highly effective as the business operated within trading limits at all times. No loss days were recorded in the quarter and the trading results, reflecting the levels of market activity, were evenly distributed across regions, asset classes and trading days
- Flow Traders has tested and retested its systems to take into account the activation of the business continuity plan as well the significant increase in trading activity. Flow Traders' systems have demonstrated a high degree of resilience
- Despite challenging market circumstances, key market participants demonstrated considerable resilience with exchanges, issuers, counterparties, prime brokers and regulators all performing as intended

Annual General Meeting

- Following the implementation of additional measures by the Government of the Netherlands on 23 March 2020, Flow Traders announced the postponement of the Annual General Meeting which was originally scheduled to take place on Friday 24 April 2020. A new date for the meeting will be announced as soon as feasible

Dividend

- Given the postponement of the Annual General Meeting, the proposed final FY19 dividend of €0.55 will now take the form of an interim dividend which will be paid as per the previously announced timetable on 5 May 2020. This does not affect the 2020 interim dividend which will be announced as part of the half-year results
- As a result, a final dividend of €0 will be proposed at the rescheduled Annual General Meeting, resulting in a total dividend for FY19 of €0.90

Share Buyback

- As at 20 April 2020, the total number of shares purchased under the €20m share buyback programme announced on 7 February 2020 is 610,119 shares at an average price of €20.43 for a total consideration of €12.5m
- In addition, c. 200,000 shares have been purchased to satisfy the requirements of various employee incentive plans
- 1,007,299 shares were held in treasury as at 20 April 2020

Preliminary Financial Calendar

<i>Postponed</i>	<i>AGM</i>
28 April 2020	FY19 interim dividend ex-dividend date
29 April 2020	FY19 interim dividend record date
5 May 2020	FY19 interim dividend payment date
30 June 2020	Silent period starts ahead of 1H20 results
14 August 2020	1H20 results release (incl. analyst conference call)
18 August 2020	Proposed 2020 interim dividend ex-dividend date
19 August 2020	Proposed 2020 interim dividend record date
21 August 2020	Proposed 2020 interim dividend payment date

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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 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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