

FLOW TRADERS Q323 PRE-CLOSE CALL SCRIPT

Eric Pan – Investor Relations Manager, Flow Traders

Good afternoon and welcome to the Flow Traders Q3 2023 pre-close call. My name is Eric Pan, Investor Relations Manager at Flow Traders. This call is being conducted post the European market close on 28th September and we will publish this script on the Flow Traders Investor Relations website after the call today.

I will highlight relevant publicly available data and industry trends in our markets as well as previously published data by Flow Traders before the start of the silent period on 30th September and ahead of the publication of our Q3 trading update on 26th October. I will then relate these data points to their impact on our business for the quarter.

I will open for Q&A after the script but for the sake of regulatory compliance, I would like to emphasize that I will only answer questions related to previously disclosed publicly available information as of today unless otherwise noted. In addition, I want to stress that developments in specific industry trends may or may not always have the same effect on our performance.

Market Environment

As most of you are aware, trading volumes remain muted in the quarter, given the seasonally quiet summer period and a lack of notable economic or geopolitical events. Volatility declined significantly compared to the same period a year ago and compared to last quarter. Both of these market indicators have a direct negative impact on our business given our role as a market maker providing liquidity to trading exchanges and platforms.

Diving deeper into each of the relevant asset classes:

Equities

In equities, European exchange operators Euronext, Deutsche Börse, and London Stock Exchange reported volume declines of about 20% year-over-year on average in July and August, +/-10% depending on the exchange. In the Americas, volumes across Nasdaq and NYSE were roughly flat year-over-year, +/- 5% depending on the exchange. In APAC, volumes across the Hong Kong Stock Exchange and Tokyo Stock Exchange were down approximately 10% year-over-year, +/- 5% depending on the exchange. Volatility, as exemplified by the VSTOXX in Europe, VIX in the Americas, and JNIV in APAC, declined by approximately 35% year-over-year in Europe and the Americas and approximately 5% year-over-year in APAC.

Fixed Income

In the fixed income market, trading volumes in July and August saw a slight improvement in volumes year-over-year in the U.S. High-Grade and European credit markets but continued year-over-year declines in the U.S. High-Yield market, according to data published by TRACE, Tradeweb and MarketAxess. Fixed income volatility, as exemplified by the MOVE index, declined by approximately 15% year-over-year over the same period.

Digital Assets

Within digital assets, while the value of Bitcoin, the barometer of the industry, has increased by over 25% year-over-year, Bitcoin trading volumes declined by approximately 55% year-over-year in July and August. Volatility in digital assets, as exemplified by the BitVol index, declined by approximately 45% year-over-year over the same period.

ETP Market Volumes

The decline in market trading volumes reported by the exchanges and trading platforms is generally in-line with Flow Traders' previously published monthly ETP Market Statistics for July and August. Compared to the same period last year, On & Off Exchange Value Traded in July and August were down 13% year-over-year in EMEA, down 6% in the Americas, and up 18% in APAC. Given the seasonally slow summer period, market ETP valued traded declined in July compared to June and it is worth noting that the improvement in August compared to July is partially due to the 2 additional trading days in August, 23 vs. 21 in July.

Impact on Flow Traders

Coming to Flow Traders' performance, the continued decline in market trading volumes and volatility as described above has a direct impact on Net Trading Income, with the combination of the decline in both volumes and volatility in the quarter impacting our top-line being greater than either metric alone. Moreover, as the majority of our revenues come from the European ETP market, the decline in market trading volume and volatility on European exchanges have a greater impact on our overall business than other regions.

Given the seasonally slower summer months for the market, it is worth reminding investors that as a market maker providing liquidity on exchanges and trading platforms, there is a close correlation between the trading volume and volatility on these trading venues and Flow Traders' performance. It is also worth pointing out that financial markets go through cycles of heightened and subdued trading activity and volatility, and the current period merely reflects this cycle post the heightened activity and volatility we saw over the last few years.

On the cost front, Normalized Fixed Operating Expenses in the quarter are in-line with our previous guidance of €175-185m. We will continue to pursue efficiencies across the business as matter of course while implementing our growth strategy at the same time.

This concludes the initial comments in this pre-close call. Before we move on to the Q&A session, I would like to highlight that we enter our silent period on 30th September and we will publish our Q3 2023 results on 26th October at 07:30 CEST.

Contact Details

Flow Traders Ltd.

Investors

Eric Pan

Phone: +31 20 7996799

Email: investor.relations@flowtraders.com

Media

Laura Peijs

Phone: +31 20 7996799

Email: press@flowtraders.com

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. Please visit www.flowtraders.com for more information.