FLOW.AS gideon lens

Flow Traders (FLOW.AS) — Gideon-Lens Equity Research

Date: 2026-08-08. Analyst: Codex ER2. Price: EUR27.00 at the 2026-08-07 completed close. Market capitalization: EUR1.233bn on 45.681m TTM diluted quote-basis shares. Fiscal year end: 31 December.

What changed from the previous report and why

Previous report: LEGACY-FLOW.AS-20260528; 2026-05-28; `C:\Users\Admin\OneDrive\GPT\ER 2.0\Flow Traders\raw\20260808T114254Z\prior_active_snapshot\FLOW.AS_gideon_lens.md`; SHA-256 `69eb2d224c98585f01801e332215309810800ec971ac6f8282856ec358149a6c` **Current report:** FLOW.AS-ER2-2026-08-08-20260808T114254Z; 2026-08-08; price anchor EUR27.00 as of 2026-08-07

Area	Previous report	Current report	What changed and why	Decision impact
Price anchor	EUR25.52	EUR27.00	Price/market: shares rose 5.8%.	Higher entry price reduces return, all else equal.
ER2 verdict and gates	PASS; Management YELLOW; Moat FAIL; P/E-15 PASS	PASS; Management YELLOW; Moat FAIL; P/E-15 PASS	New evidence: 2Q26, CMD26 and the higher FY26 cost guide strengthened earnings history but did not prove durability or capital allocation.	Verdict unchanged; moat remains a hard rejection gate.
FY+5 valuation bridge	EPS EUR3.17; required EUR1.701; cushion 86.4%	EPS EUR3.962; required EUR1.800; cushion 120.1%	New evidence/model: TTM moved to 2Q26; reviewed regional forecasts and statutory bridge lift base OI and EPS despite higher dilution.	Entry-price gate improves, but it is not the expected-return model.
Shareholder returns	No governed bear/base/bull wealth bridge; prior 15x gate-value diagnostic implied about 13.2% base	Gross EUR -22.67% / 4.52% / 21.84%; probability-weighted 4.45%	Methodology: current report freezes P/E with evidence-based exits of 6.0x/8.5x/11.0x and zero distributions; it does not use 15x as an exit assumption.	Expected return is inadequate despite the P/E-15 gate passing.
CIO actionability	No separate governed net-SGD matrix; sizing 0%	PASS; net-SGD -24.37% / 3.26% / 21.59%; probability-weighted 3.59%; no sizing ceiling	Methodology and price: explicit costs/FX now applied; base and expected returns miss 10%.	Remains unactionable; no capital proposal.
Audited scores	46/100; 42/80; 4/20	39/100; 37/80; 2/20	Evidence/scoring audit: adapted ROIIC is only 2.72%–6.26%; geographic replication and balance-sheet proof were reduced; 20% requires 16.96x.	Reject classification reinforced.
Methodology or corrections	Earlier report lacked mandatory full return/CIO bridges	PE method frozen; wealth-weighted probability return; full net-SGD and scenario tables	Methodology: the refresh implements the current ER2 contracts and independently audited arithmetic.	Improves comparability and removes the misleading 15x-as-return shortcut.

Bottom line: 2Q26 improved earnings, not the decision. EPS cannot offset the failed moat, weak ROIIC and downside.

VERDICT BLOCK

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	Capable team; debt-funded returns and cost control remain unproven
Moat	FAIL	Europe has scale, but 2046 durability and pricing power fail
P/E <= 15 on confident EPS at TTM + 5 calendar years	PASS	Base EPS cushion 120.09%
Compounder Score	Audited 39/100	Reject; reinvestment proof, durability and downside protection are inadequate
Business Quality Score	Audited 37/80	Europe is valuable; adapted ROIIC and geographic replication remain weak
20% Return UW Score	Audited 2/20	Base return is 4.52%; 20% requires price or multiple transformation

One-line thesis (or reason to pass): Flow Traders is inexpensive on confident FY+5 EPS, but lacks a proven durable moat and offers only a 4.45% probability-weighted gross EUR return under evidence-based exit multiples.

Security return underwriting (mandatory even when the verdict is PASS):

Measure	Result	Notes
Primary valuation method	P/E	Audited PE method used across scenarios, probability weighting, reverse return and net-SGD
Gross local-currency bear / base / bull IRR	-22.67% / 4.52% / 21.84%	Five-year annualized shareholder return in EUR; weights 30% / 50% / 20%
Probability-weighted gross local-currency IRR	4.45%	CAGR of EUR33.5741 probability-weighted terminal wealth, not an average of IRRs
Return bridge	EUR27.00 → EUR7.47 / EUR33.67 / EUR72.49	Terminal statutory diluted EPS × 6.0x / 8.5x / 11.0x; zero distributions; no cash/debt add-back

Gross local-currency underwriting is in EUR; net-SGD adjustments appear separately in CIO actionability. Operating inputs start at TTM 2026-06-30, while the security price anchor is the 2026-08-07 completed close. Primary valuation method: P/E. No terminal cash, debt, leases, senior claims or non-operating assets are added or subtracted after EPS × P/E; distributions are zero and counted once.

Bear-case operating and return bridge

Bear case	Start (2026-08-07)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR506.597m	EUR479.941m	-1.08%	TTM input is 2026-06-30; Europe contracts and other regions do not offset normalization
Operating margin	36.24%	20.23%	-16.01 pp	Spread compression and fixed-cost burden erase operating leverage
Operating earnings	EUR183.575m	EUR97.092m	-11.96%	Issuer-disclosed `Operating result`; revenue × margin
Diluted share count	45.681m	48.940m	1.39%	Continued equity compensation and no offsetting buyback
EPS	EUR3.012	EUR1.244	-16.20%	Statutory diluted EPS used in the shareholder bridge
Valuation	8.96x	6.00x	-2.96x	Near the observed five-year low for a weaker, more cyclical terminal business
Share value	EUR27.00	EUR7.47	-22.67%	EUR1.244 EPS × 6.0x; no separate net-cash adjustment

Bear case	Start (2026-08-07)	Horizon (2031-06-30)	CAGR / change	Justification
Annual dividend	EUR0.00	EUR0.00	0.00%	Regular distributions remain suspended and none are underwritten
Dividend yield	0.00%	0.00%	0.00 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR0.00	cumulative	Zero cumulative distributions over the exact horizon
Total ending value	EUR27.00	EUR7.47	-22.67% gross local IRR	Terminal share value plus zero distributions

Base-case operating and return bridge

Base case	Start (2026-08-07)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR506.597m	EUR707.109m	6.90%	Europe grows moderately; Americas/Asia contribute without heroic convergence
Operating margin	36.24%	35.55%	-0.69 pp	European resilience offsets only gradual operating leverage elsewhere
Operating earnings	EUR183.575m	EUR251.356m	6.49%	Issuer-disclosed `Operating result`; sum of reviewed regional forecasts
Diluted share count	45.681m	48.940m	1.39%	Explicit dilution path; no buyback assumed
EPS	EUR3.012	EUR3.962	5.64%	Statutory diluted EPS after finance cost, equity-accounted items and tax
Valuation	8.96x	8.50x	-0.46x	Near the five-observation historical median and below the current P/E
Share value	EUR27.00	EUR33.67	4.52%	EUR3.962 EPS × 8.5x; no separate net-cash adjustment
Annual dividend	EUR0.00	EUR0.00	0.00%	Retained-capital policy makes zero distributions the conservative case
Dividend yield	0.00%	0.00%	0.00 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR0.00	cumulative	Zero cumulative distributions over the exact horizon
Total ending value	EUR27.00	EUR33.67	4.52% gross local IRR	Terminal share value plus zero distributions

Bull-case operating and return bridge

Bull case	Start (2026-08-07)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR506.597m	EUR908.036m	12.38%	Strong multi-asset growth and regional capture approach CMD ambitions
Operating margin	36.24%	43.97%	+7.74 pp	Europe sustains exceptional economics and growth regions scale profitably
Operating earnings	EUR183.575m	EUR399.301m	16.81%	Issuer-disclosed `Operating result`; reviewed regional bull cases summed
Diluted share count	45.681m	48.940m	1.39%	Same explicit dilution path as other scenarios
EPS	EUR3.012	EUR6.590	16.95%	Statutory diluted EPS after the full consolidated bridge
Valuation	8.96x	11.00x	+2.04x	Measured rerating for stronger growth, still below prior high observations

Bull case	Start (2026-08-07)	Horizon (2031-06-30)	CAGR / change	Justification
Share value	EUR27.00	EUR72.49	21.84%	EUR6.590 EPS × 11.0x; no separate net-cash adjustment
Annual dividend	EUR0.00	EUR0.00	0.00%	No payout restoration is assumed even in the bull case
Dividend yield	0.00%	0.00%	0.00 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR0.00	cumulative	Zero cumulative distributions over the exact horizon
Total ending value	EUR27.00	EUR72.49	21.84% gross local IRR	Terminal share value plus zero distributions

CIO actionability (separate from ER2 underwriting):

Measure	Result	Notes
Status	PASS	Base return below 8%; this is separate from the ER2 verdict
Bear / Base / Bull net SGD IRR	-24.37% / 3.26% / 21.59%	Five-year annualized after 0.5% entry/exit costs and scenario FX assumptions
Probability-weighted net SGD IRR	3.59%	30% / 50% / 20%; calculated from weighted net terminal wealth
10% mandate hurdle	FAIL	Base and probability-weighted cases both miss 10%
15% stretch hurdle	FAIL	Only the bull case clears; it is not the central case
Downside and portfolio fit	UNAVAILABLE	Holdings/risk budget absent; bear downside breaches 8%/12% review budget
Proposed sizing ceiling	none	No allocation proposal; owner approval would be required in all cases

Trade execution authorized: NO

Kill / trigger criteria:

- BUY trigger: none on price alone while Moat is FAIL; the 20% reverse-return maximum price is EUR13.53 and still does not cure the qualitative gate.
- PASS triggers: Europe statutory Operating Result margin below 35% for two consecutive half-years; adapted after-cost ROIIC remains below 10%; or fixed-cost guidance rises again without offsetting NTI.
- Upgrade to BUY conditions: Management and Moat both PASS, sustained after-interest returns on the 2025 debt-funded capital cohort, resilient Europe economics, profitable geographic replication, and base net-SGD IRR above 10%.

Research sizing if actionable: none. This is a research conclusion only and cannot authorize a trade.

Stage 0 — Time anchor

Today is 2026-08-08. Flow Traders' fiscal year ends 31 December. The most recently reported period is 2Q26 ended 2026-06-30, published 2026-07-30. The TTM anchor is 3Q25 + 4Q25 + 1Q26 + 2Q26, ending 2026-06-30. The forward horizon is exactly five calendar years to 2031-06-30; no FY2025-to-2031 stretch is used.

Stage 1 — Disqualifier sweep

ROIC/ROIIC is **YELLOW**: gross RoTC is attractive, but adapted incremental returns are only 2.72%–6.26%. FCF conversion and leverage are **YELLOW** because trading balances distort industrial cash flow and private credit funds principal risk. End markets are **GREEN**. Governance and AI exposure are **YELLOW**. Pricing power is **RED/YELLOW**: quotes are contestable, RFQ hit rate is 20%, contracts are short and spread capture is cyclical. No accounting gate failed, but the moat test converts these weaknesses into a hard FAIL.

Management

Management is YELLOW. Thomas Spitz and the leadership bench have relevant trading, technology and risk experience, while deferral, first-loss, malus and clawback features align compensation with loss control. Disclosure is generally candid. The unresolved issue is capital allocation: trading capital rose from EUR848m at 3Q25 to EUR1.150bn at 2Q26, but TTM finance cost rose to EUR15.060m and the after-cost return on the new debt-funded cohort is undisclosed. FY26 fixed-cost guidance increased from EUR220–230m to EUR235–245m soon after reiteration and the CMD emphasis on cost control. The 2030 ambition—NTI above EUR1bn, RoTC above 50% and EBITDA margin above 45%—is coherent but not yet earned. See `appendix_management.md`.

Moat

Moat is FAIL and the 2046 test is FAIL. Europe is a genuinely strong regional franchise: it supplied 88.7% of TTM Operating Result at a 50.9% margin and benefits from scale, venue connectivity, issuer relationships, broad product coverage and proprietary infrastructure. Those advantages do not create captive order flow, high switching costs or contractual pricing power. Global ETF-volume share fell from 4.18% in 2021 to 2.82% in 2025, while Americas and Asia TTM margins were 16.4% and 6.4%. AI raises the cost and speed of the competitive arms race. Flow Traders may remain relevant in 2046, but the evidence does not show it will retain superior economics versus larger market makers and platforms. See `appendix_moat.md`.

Stage 5 synthesis

The model clears all 11 arithmetic tie-outs. TTM Total Income is EUR506.597m and Operating Result is EUR183.575m. The base case reaches EUR707.109m Total Income, EUR251.356m Operating Result, EUR193.878m net income and EUR3.962 diluted EPS by 2031-06-30. Required EPS at EUR27.00 and 15x is EUR1.800, leaving a 120.09% cushion; therefore the binary P/E-15 gate passes. The bear case reaches EUR1.244 EPS and fails the gate; base and bull pass. Diluted shares rise to 48.940m. The reflexivity check is unfavorable: more retained and borrowed capital can raise activity while reducing shareholder value if spreads, RoTC or after-financing returns fall.

Case	Total Income	Operating Result	Net income	Diluted EPS	EPS × 15 entry-gate value
Bear	EUR479.941m	EUR97.092m	EUR60.903m	EUR1.244	EUR18.67
Base	EUR707.109m	EUR251.356m	EUR193.878m	EUR3.962	EUR59.42
Bull	EUR908.036m	EUR399.301m	EUR322.507m	EUR6.590	EUR98.85

The favorable 15x gate value is not the expected exit value. Evidence-based P/E exits are 6.0x, 8.5x and 11.0x, which drive much lower bear and base shareholder returns. See `appendix_synthesis.md`, `appendix_compounder_score.md` and `appendix_scoring_audit.md`.

Red team

The strongest bear argument is that retained earnings and SOFR+500bp debt are funding a fixed-cost principal-trading expansion without proven after-cost incremental returns. Europe’s 6.5% base revenue CAGR is the most fragile regional assumption; cutting it to 4.5% reduces base EPS to about EUR3.65 before a margin miss. The most optimistic synthesis number is the 35.55% base terminal operating margin, which needs Europe resilience and simultaneous Americas/Asia leverage. Exit if Europe’s statutory Operating Result margin stays below 35% for two consecutive half-year reports. See `appendix_red_team.md`.

Kill / trigger criteria

- Maintain PASS while Moat or 2046 remains FAIL, regardless of price.
- Treat two consecutive half-years below 35% Europe Operating Result margin as evidence that normalized economics have broken.
- Require adapted after-cost ROIIC above 10%, stable cost guidance and disclosed debt-cohort returns before upgrading management.
- Re-underwrite only if the base net-SGD IRR clears 10% without terminal P/E expansion and the bear case fits the 8%/12% portfolio review budget.

Analyst flags

Official statements control because live FMP misclassified material financial lines and returned empty segmentation arrays. The EUR27.00 close was independently verified; the packet remains valid through 2026-08-09 19:50 SGT under the permitted 24-hour fallback after two Euronext timetable HTTP 403s. Regional capital/profit cadence, loss quantiles, product profit, R&D and debt-cohort returns are undisclosed. Net-SGD is diagnostic because investor and portfolio context was not supplied. Every structured artifact sets `trade_execution_authorized=false`.

Appendix A - Company Primer

Flow Traders - Company Primer

Company: Flow Traders Ltd. **Listing:** XAMS:FLOW ordinary share, ISIN BMG3602E1084 **Reporting and quote currency:** EUR **Price anchor:** EUR 27.00, completed close on 2026-08-07 **Information date:** 2026-08-08

1. Business overview

Flow Traders is a technology-led principal market maker and liquidity provider. Its job is to stand ready to buy and sell financial instruments, continuously posting bid and ask prices on exchanges and responding to institutional requests for quotes off exchange. A fund manager that wants to sell a large exchange-traded fund, or ETF, position needs a willing buyer at a fair price; an ETF issuer needs market makers that keep the fund close to its net asset value and can create or redeem units against the underlying basket; a digital-asset institution needs executable liquidity across markets that trade around the clock. Flow Traders supplies that immediacy and takes the other side, while attempting to hedge the resulting exposure quickly and preserve a small price difference after trading fees and financing costs.

This is not an agency broker that earns a commission for matching two customers, and it is not an asset manager charging a fee on client assets. Flow Traders commits its own trading capital, owns positions for at least part of the transaction cycle, and earns primarily from the incremental price differences between related purchases and sales. The company describes the stance as market-neutral: the objective is not to predict whether an index, bond, commodity, currency, or token will rise, but to price and transfer risk more efficiently than competitors. In practice, temporary inventory, basis, volatility, model, funding, and counterparty risks remain. The quality of hedging and risk controls is therefore as important as quote speed.

The franchise began in European equity ETPs in 2004 and now spans ETFs and other ETPs, equities, fixed income, commodities, foreign exchange, and digital assets. The latest official results release describes more than 25,000 products, more than 150 venues, over 1,600 active counterparties, eight offices, and more than 600 employees. The 2025 Annual Report gives a broader connectivity measure of more than 2,000 institutional counterparties on request-for-quote networks and access to more than 180 exchanges. These measures use different definitions, but both illustrate the operating model: a broad electronic network connected to many pools of liquidity rather than a concentrated set of conventional end customers. [Flow Traders 2025 Annual Report, pp. 12, 15-20](https://www.flowtraders.com/media/2s2pdl01/flow-traders-annual-report-2025.pdf); [Flow Traders 2Q26 Results, pp. 4-5](https://www.flowtraders.com/media/wt3kym5w/flow-traders-2q26-results-press-release-vf.pdf)

Who is the customer, and how does the customer buy?

The customer set is institutional: banks, brokers, asset managers, pension funds, insurers, family offices, hedge funds, ETP issuers, exchanges, and digital-asset firms. A retail investor may benefit from tighter spreads but normally interacts through an exchange or broker rather than signing a contract with Flow Traders. The economic relationship appears in several routes:

- On exchange, Flow Traders acts as a registered market maker and competes quote by quote. An incoming order trades against Flow Traders only if its price and available size are attractive.
- Off exchange, an institutional client requests a price bilaterally or through an electronic RFQ platform. Flow Traders competes with other dealers for that trade.
- In the ETF primary market, Flow Traders can exchange ETF units with an issuer for the underlying securities or cash. Creation and redemption connect the ETF price to net asset value and allow inventory to be hedged or recycled.
- With issuers and venues, the firm may enter liquidity-provision arrangements, generally short-dated rather than subscription-like. The annual report notes that relevant contracts are renewed monthly and revenue is recognized as daily liquidity obligations are met.

There is no self-service subscription, reseller channel, or multi-year software backlog. Institutional sales and distribution teams establish counterparty relationships, win access to RFQ flows, and broaden venue and product coverage; technology, price quality, balance-sheet capacity, reliability, and risk limits determine whether the firm actually wins a given trade. The effective purchase decision is repeated thousands of times in the market: is Flow Traders' executable quote better than the alternatives at this moment?

2. How the company makes money

The top economic line is `Gross trading income`, comprising realized and unrealized gains on financial instruments and digital assets held for trading. Trading fees and the net financing expense directly related to trading are deducted to produce `Net trading income`. `Other income or (expense)` then brings the group to `Total income`. This ordering matters. Vendor data that labels gross trading flows as ordinary corporate revenue can materially overstate the economic revenue base; the QFR-cleared quantitative foundation therefore uses the issuer's IFRS definitions.

The fundamental revenue equation is:

`pricing edge x executable volume x market share`, less trading fees, financing, hedging slippage, and losses from positions that do not offset as intended.

Pricing edge tends to be better when markets are volatile, fragmented, or temporarily imbalanced, because customers value immediacy and bid-ask spreads can widen. Volume determines how often that edge can be earned. Market share depends on product coverage, connectivity, quote quality, capital, and counterparty relationships. These drivers interact: very high volume in an extremely competitive, tight-spread market may be less valuable than lower volume during a volatile dislocation. Conversely, a quiet market can still support reasonable income if structural ETF adoption, geographic expansion, and new counterparties increase the firm's share of activity.

The business should not be analyzed like a bank with net interest margin, a broker with commission revenue, or a software company with annual recurring revenue. It is closer to a capital-and-technology engine whose output varies with market opportunity. Reported revenue can be resilient across a full cycle, but quarterly income and regional profit are inherently uneven.

3. Revenue architecture and reportable segments

Flow Traders reports three geographic segments and management allocates resources and trading capital on that basis. The exact common segment-profit metric is `Operating result`. It is an IFRS segment measure that sums directly to consolidated `Operating result`; it must not be renamed EBITDA or adjusted operating income. `Intersegment revenue` reflects trading services and other internal recharges. Those revenues have matching intersegment expenses and are eliminated on consolidation, so they do not create group profit.

The following FY2025 table uses the QFR-cleared quantitative foundation. EUR amounts are millions. The share calculation uses each segment's `Total income` divided by consolidated `Total income` of EUR 480.483 million.

Reportable segment	FY2025 Total income	Share of consolidated Total income	Intersegment revenue	Total segment revenues	Operating result	Margin on total income
Europe	306.644	63.8%	52.559	359.203	153.370	50.0%
Americas	75.175	15.6%	1.577	76.752	8.657	11.5%
Asia	98.664	20.5%	23.328	121.992	8.039	8.1%
Consolidated segment note	480.483	100.0%	77.464	557.947	170.066	35.4%

Europe

Europe is the profit center and the franchise's historical core. It includes activities in the Netherlands, France, the United Kingdom, Italy, Jersey, Romania, and Cyprus. Amsterdam is the headquarters and a major trading hub, and much of the central technology and corporate infrastructure sits in the region. Europe includes the firm's original strength in equity ETFs, but it is not limited to European-listed equities; the regional organization also supports cross-asset and digital activities and provides services to other group companies.

Europe supplied almost two-thirds of FY2025 `Total income` and about nine-tenths of `Operating result`. This disproportionate profit contribution reflects both business maturity and internal service economics. It is therefore misleading to assume that regional income dollars have identical incremental margins. The mature European platform has deeper counterparty connectivity, more established strategies, and central infrastructure that can support other regions. Europe also bears an FY2025 impairment that does not recur in the Americas or Asia segment table. The TTM margin on total income was 50.9% at 2026-06-30, showing that Europe remained the principal earnings anchor.

Americas

The Americas segment consists principally of the United States subsidiaries and the New York trading hub. It gives Flow Traders access to the world's largest ETF trading market, a broad institutional RFQ ecosystem, and additional cash-equity and fixed-income opportunities. The customer proposition is the same - executable two-way liquidity - but competition is intense and established electronic market makers have deep technology and distribution networks.

The segment was much smaller and less profitable than Europe in FY2025, with 15.6% of consolidated `Total income` and an 11.5% margin on total income. The TTM margin improved to 16.4% by 2026-06-30, while the 1H26 margin reached 20.1%. That improvement is encouraging as an operating signal, but it should not be interpreted as a guaranteed steady-state margin: market conditions, strategy mix, hiring, and capital deployment can move regional profitability materially from one half-year to another.

Asia

Asia includes subsidiaries in Hong Kong, Singapore, and Shanghai and a branch in Korea, with Hong Kong serving as the major trading hub. The region offers a fragmented market structure, different exchange rules and hours, rapidly developing ETF penetration, and growing digital-asset activity. It also extends the firm's global trading day and makes a 24/7 liquidity proposition more credible.

Asia provided 20.5% of FY2025 `Total income` but only 4.7% of `Operating result`. FY2025's 8.1% margin and the TTM margin of 6.4% show that the region has not yet achieved Europe's economic maturity. Yet 1H26's 29.1% margin demonstrates substantial operating leverage when market opportunity and deployed infrastructure align. That swing is the central analytical point: Asia may be a valuable growth option, but its normalized margin cannot be inferred from a single strong half-year.

4. Unit economics: from a trade to Operating result

There is no disclosed conventional gross margin. `Net trading income` is already net of fees and trading-related net financial expenses, so it resembles a contribution line after significant direct market costs. From `Total income`, the company pays fixed employee costs, technology costs, other operating expenses, variable employee compensation, depreciation and amortization, and any impairment. The remainder is `Operating result`.

For FY2025, consolidated `Total income` was EUR 480.483 million and `Operating result` was EUR 170.066 million, a 35.4% margin. The cost base included EUR 359.022 million of operating expenses before depreciation, amortization, and impairment at the segment-note level, plus EUR 18.143 million of D&A and EUR 10.716 million of impairment, before elimination of internal recharges. Internal recharge revenue and expense inflate segment-level flows but cancel for the group. The clean investor question is therefore not whether all reported segment revenues convert at the same rate, but whether incremental external `Total income` can be absorbed by a largely built technology and control platform without an equal increase in fixed costs.

The principal unit-economic drivers are:

- **Spread and hedging capture.** A quote must cover exchange and clearing fees, financing, hedge slippage, adverse selection, and the risk that a correlated hedge diverges. Better pricing models and faster hedging improve capture.
- **Turnover of trading capital.** Capital can support repeated transactions rather than one long-duration investment. High-quality opportunities allow the same capital base to produce more NTI; quiet or constrained markets lower capital productivity.
- **Scale of fixed infrastructure.** Data, exchange connections, co-location, hardware, software, security, risk, compliance, and core staff are incurred before a trade is won. Once installed, additional strategies and volume can carry high incremental profitability, but continuous investment is necessary to remain competitive.
- **Variable compensation.** Part of employee cost flexes with results, cushioning a weak year but sharing the upside in a strong year. Fixed employee and technology costs do not fall as quickly.
- **Regional maturity and central recharges.** Europe has established strategies and hosts central capabilities. The Americas and Asia require local licenses, connectivity, subject-matter expertise, and distribution before their revenue scale is proven.
- **Loss avoidance.** A rare model, systems, custody, counterparty, or risk-control failure can overwhelm many small profitable trades. Unit economics must be judged on risk-adjusted results across cycles, not only the average spread.

The latest TTM period ended 2026-06-30 produced EUR 506.597 million of `Total income`, EUR 183.575 million of `Operating result`, and a 36.2% operating-result margin. This modest improvement from FY2025 occurred while regional results remained uneven. It illustrates the model's operating leverage but does not remove cyclicality.

5. Capital intensity and balance-sheet mechanics

Physical and intangible capex is modest relative to the balance sheet: TTM capex was EUR 9.233 million. That figure alone makes the business look asset-light, but it is the wrong complete picture. Flow Traders needs substantial liquid trading capital at clearing and prime-broker accounts, inventories of financial instruments, receivables, and reliable financing. At 2026-06-30, trading capital was EUR 1.150 billion, equity was EUR 970.445 million, and gross funded debt - loans and borrowings plus lease liabilities - was EUR 235.868 million. Cash on the statutory balance sheet was only EUR 6.923 million because liquidity is largely deployed through trading and prime-broker structures rather than sitting as unrestricted bank cash.

This explains two common analytical traps. First, financial liabilities held for trading and trading payables are operating parts of a matched market-making balance sheet, not conventional funded debt. FMP's vendor `totalDebt` classification materially overstates funded leverage, so the official classification controls. Second, conventional operating cash flow and free cash flow are extremely noisy. TTM operating cash flow was negative EUR 133.136 million and conventional free cash flow was negative EUR 142.369 million, but 1H26 included multi-billion-euro changes in trading assets and payables. These settlement and inventory movements can reverse and should not be treated like receivables deterioration at an industrial company.

Capital allocation has shifted accordingly. Regular dividends were suspended under the Trading Capital Expansion Plan. The company added a USD 200 million private credit term facility and a USD 75 million revolving facility to expand deployable capital and capture market opportunities. The benefit is potential NTI growth and better global coverage; the cost is interest expense, covenants, and more exposure to management's ability to allocate capital at attractive risk-adjusted returns. At 2Q26, return on average trading capital was 53% under the issuer's quarterly annualized NTI definition. This is a useful operating KPI, but it is not the same as shareholder ROIC: it precedes corporate costs, finance costs, tax, and tail risk. [Flow Traders 2025 Annual Report, pp. 22-23 and 131](https://www.flowtraders.com/media/2s2pdl01/flow-traders-annual-report-2025.pdf)

6. Technology, people, and risk infrastructure

Technology is both the production system and a large recurring cost. More than 40% of the workforce is dedicated to technology. The company says its proprietary stack covers the core trading lifecycle, with modular architecture that permits new venues, asset classes, and workflows to be added quickly. Connectivity spans physical data centers, public clouds, exchanges, counterparties, and RFQ platforms. Quantitative researchers, traders, and engineers collaborate to turn data into pricing and execution logic. The platform must combine low latency with resilience; pure speed without sound controls is not a durable advantage.

Flow Traders is also using machine learning, large language models, and agentic automation in research and internal operations. For an investor, AI is more likely to be a competitive tool and cost lever than a direct replacement threat. The risk is relative: rivals can buy similar hardware and recruit similar talent, so benefits accrue only if the firm's data, platform integration, experimentation speed, and governance are superior.

The market-making model creates a dense risk stack:

- **Market and model risk:** hedges can be imperfect, correlations can break, and automated strategies can behave unexpectedly.
- **Liquidity and funding risk:** prime brokers can demand more collateral or restrict capacity just when opportunity is greatest.
- **Counterparty and settlement risk:** exchanges, clearing members, OTC clients, and digital venues can fail to settle or become insolvent.
- **Technology and cyber risk:** outages, software bugs, capacity constraints, latency failures, or attacks can stop quoting or create bad trades.
- **Digital-asset custody risk:** private keys can be lost or compromised, while positions at centralized exchanges may lack the transparency of on-chain assets.
- **Regulatory risk:** permissions and market rules differ across Amsterdam, New York, Hong Kong, and other jurisdictions; digital-asset standards remain in development.

- **Conduct and reputation risk:** a market maker depends on trusted access to venues, issuers, brokers, and clients.

The 2025 Annual Report describes daily exposure monitoring, pre-trade and post-trade controls, reconciliation against exchanges and prime brokers, penetration testing, and a three-lines-of-defense framework. These controls reduce risk but do not eliminate it. The key audit matters around fair-value measurement and digital-asset existence, ownership, and valuation are reminders that accounting and operational assurance are central to the business, not back-office details. [Flow Traders 2025 Annual Report, pp. 25-35 and 166-169](https://www.flowtraders.com/media/2s2pdl01/flow-traders-annual-report-2025.pdf)

7. Growth architecture and Horizon 2030

The growth case has three layers. The first is structural expansion of ETFs and other ETPs: more assets, products, venues, and institutional adoption create more instruments that need two-way liquidity. The second is geographic and distribution expansion, especially deeper U.S. and Asian RFQ relationships. The third is convergence between traditional and digital finance, including crypto ETPs, tokenized real-world assets, cash equities, and continuous 24/7 markets.

Management's Horizon 2030 framing has six priorities: expand and scale the ETF business; continue growing digital assets; expand tokenized-asset trading; build quantitative trading capabilities; extend a unified 24/7 sales and distribution model; and accelerate operational excellence. The 2Q26 release also makes the near-term trade-off explicit: fixed operating expenses are expected to rise as the company invests in technology, specialist talent, trading, and quantitative capabilities. That spending can widen the moat if it creates profitable strategies and counterparty access; it can also depress margins if new initiatives fail to scale. [Flow Traders 2Q26 Results, pp. 3-4](https://www.flowtraders.com/media/wt3kym5w/flow-traders-2q26-results-press-release-vf.pdf)

Investors should separate structural growth from cyclical opportunity. ETF assets under management may compound for years, but NTI depends on value traded, volatility, spreads, and the firm's own share. Digital assets can offer attractive spreads and 24/7 activity, yet income can fall sharply when crypto participation declines. Tokenization is strategically plausible but still early. More trading capital is valuable only when deployable into repeatable opportunities above its funding and risk costs.

8. What the current financial base says

The historical base is profitable but not smooth. FY2024 `Total income` was EUR 479.319 million and `Operating result` was EUR 199.665 million. FY2025 `Total income` was almost unchanged at EUR 480.483 million, while `Operating result` fell to EUR 170.066 million as costs and impairment increased. The TTM to 2026-06-30 improved to EUR 506.597 million of `Total income` and EUR 183.575 million of `Operating result`. TTM net income was EUR 137.206 million and diluted EPS was EUR 3.012 on the reconstructed 45.556704 million-share denominator.

The 2026 improvement is not uniform. Europe remains highly profitable; Americas economics are improving from a lower base; Asia shows the greatest variance. Diluted shares also rose, with the 1H26 weighted-average diluted basis 1.9% above FY2025, reflecting employee awards and treasury-share reissuance. For a shareholder, therefore, a credible earnings model must combine regional income, the exact `Operating result` basis, financing cost, tax, and dilution rather than extrapolating a consolidated revenue CAGR.

9. Investor KPI dashboard

An investor learning the business should monitor the following indicators together, not in isolation.

KPI	Why it matters	Main caveat
Net trading income	Closest measure of trading economics after direct fees and trading finance	Highly sensitive to opportunity, mix, and market conditions
Total income by Europe, Americas, Asia	Shows diversification and regional scale	Internal recharges require careful elimination
Operating result by segment	Exact common profit basis for the ER2 model	Regional margins can swing sharply
Flow Traders ETF value traded	Indicates activity captured by the franchise	Volume alone does not reveal spread quality
Market ETF value traded and volatility	Measures the size and richness of the opportunity set	High volatility can also increase risk and hedging difficulty
Trading capital	Shows deployable balance-sheet capacity	More capital is not valuable without attractive opportunities

KPI	Why it matters	Main caveat
Return on average trading capital	Tracks NTI productivity of deployed capital	Not equivalent to shareholder ROIC or net return
Fixed operating expenses	Reveals the investment burden and operating leverage threshold	Underinvestment may protect near-term margin but weaken the platform
Counterparties, venues, products	Measures distribution and connectivity breadth	Counts do not show activity quality or profitability
Diluted share count	Captures employee-award dilution	Basic share count understates economic dilution

10. Primer-level conclusions

Flow Traders is best understood as a global electronic liquidity network backed by proprietary technology, specialist people, and a large trading-capital base. It solves an important market problem: allowing investors and issuers to transfer risk quickly in products whose natural buyers and sellers do not arrive at the same moment. Its revenue is earned transaction by transaction rather than contracted years in advance. Scale can be powerful because one platform can serve many products and venues, but the same model demands continuous spending, disciplined capital allocation, and avoidance of rare large errors.

Three facts should frame all deeper analysis. First, Europe remains the economic center of gravity even as the strategic narrative emphasizes global diversification. Second, the Americas and Asia can add material upside, but their margins are not yet proven stable across cycles. Third, reported cash flow and vendor debt fields are poor shortcuts for economic quality because trading inventories, payables, and finance are intrinsic to the operating model. The proper underwriting path begins with `Net trading income`, the issuer's exact regional `Total income` and `Operating result`, trading-capital productivity, funded-debt classification, and dilution.

Sources and data discipline

All financial figures in this primer come from the QFR-cleared [quantitative foundation](C:/Users/Admin/OneDrive/GPT/ER%202.0/Flow%20Traders/quant_foundation.md), which preserves the issuer's official IFRS definitions, three reportable segments, and exact metric names. The hard anchors are `QUOTE_PACKET_SHA256 aa0a28dbcac64e47d1c61da537c2695167308c0cbec619715fcff8b8f00b2983` and `STATUTORY_BRIDGE_SHA256 27f7e5a9245f6860e4a21b79e59a778d320cbdbed84e62bbe4b7289fe3a7e509`.

Live FMP stable pulls were performed on 2026-08-08 for profile, quarterly and annual income statements, and quarterly and annual product segmentation. Both product-segmentation endpoints returned empty arrays, confirming that official regional reporting is required. The fresh A-stage pulls are archived under `raw/primer_fmp_*_2026-08-08.json` and copied without overwrite to the investing data warehouse. FMP was corroborative only; official-source overrides in the quantitative foundation control the financials.

Official qualitative sources were fetched live from the [Flow Traders 2025 Annual Report](https://www.flowtraders.com/media/2s2pdl01/flow-traders-annual-report-2025.pdf), [2Q26 Results release](https://www.flowtraders.com/media/wt3kym5w/flow-traders-2q26-results-press-release-vf.pdf), and [investor results centre](https://www.flowtraders.com/investors/results-centre/). The direct web retrieval of the 1H26 report was rejected twice by the web safety layer, so this primer did not use that PDF as a fresh qualitative source; its financial facts remain grounded only in the already QFR-cleared quantitative foundation. No May 2026 report, prior appendix, or cached warehouse financial, segment, or transcript file was used as evidence.

Appendix M - Management Assessment

Flow Traders — Management Assessment

Assessment date: 2026-08-08 **Evidence endpoint:** TTM ended 2026-06-30 **ER2 horizon:** 2031-06-30, exactly 5.0 years **Management gate: YELLOW**

Flow Traders has a strong bench, risk-sensitive deferred compensation, and direct disclosure. It lacks a proven current CEO capital allocator. Thomas Spitz has been inside the company for about eleven months and formally CEO for nine. Horizon 2030 asks shareholders to accept no distributions, debt-funded trading-capital growth, higher fixed costs, and execution across China, digital assets, tokenization and AI. Early evidence is constructive but too short and cyclical to establish per-share value creation. The gate is YELLOW; upgrade and downgrade tests are in Section 9.

1. Who is running the company

Flow Traders uses a Bermuda one-tier Board comprising four Executive Directors and seven Non-Executive Directors. Six of the seven Non-Executives are classified as independent; co-founder Jan van Kuijk is not. The current composition and biographies are disclosed on the issuer's [corporate-governance page](https://www.flowtraders.com/investors/corporate-governance) and in the [2025 Annual Report](https://www.flowtraders.com/media/2s2pdl01/flow-traders-annual-report-2025.pdf).

Leader	Current role and start	Relevant history	Assessment relevance
Thomas Spitz	CEO; joined 2025-09-01 and elected Executive Director effective 2025-11-01	Former CEO of QuantCube Middle East; Group Head of Global Markets at First Abu Dhabi Bank; more than 20 years at Crédit Agricole, last as Head of Global Markets Trading, FICC and equity derivatives	Owns Horizon 2030 and current execution of the Trading Capital Expansion Plan, but not its July 2024 inception or the 2023 Bermuda move
Hermien Smeets-Flier	CFO from September 2023; formally CFRO in 2025	Former CFRO of Achmea Investment Management; CFO roles at AEGIS London and Amlin; KPMG audit and M&A background	Owns finance, risk and control during the shift to private-credit-funded growth
Marc Jansen	Co-Chief Trading Officer from April 2025; Executive Director from September 2025	Joined in 2013; led EMEA trading, Americas operations and Digital Assets; Global Head of Trading from 2024	Deep internal operator; 117,525 actual shares at 2025 year-end, or 0.26%
Owain Lloyd	CTO and Executive Director from 2024	Former technology roles at Citadel and Credit Suisse; Cambridge computer science	Owns the technology, AI and deep-learning investment whose costs precede uncertain benefits
Alex Kieft	Co-Chief Trading Officer from April 2025	Joined in 2014; Head of EMEA Trading from 2019 and Global Head of Trading from 2022	Leads global equities and daily European trading; consistently emphasizes profitability over raw share
Bill Stush	CEO Americas since July 2023	Joined in 2016; former Bank of America and Deutsche Bank ETF distribution and portfolio-trading executive	Regional owner for a competitive market where reported ETF volume share remains modest
Frank Drouet	CEO APAC from April 2026	More than 30 years at Société Générale in derivatives and global markets; later Crédit Agricole	High-quality external hire, but too new to judge on China's access and APAC monetization
Rudolf Ferscha	Independent Chairman	Board member since July 2015; Chair since 2021; former Eurex CEO and Deutsche Börse executive	Capable market-structure oversight, but approaching twelve years of board tenure in 2027

The bench includes COO Frits Groenewegen and risk head Tamara Maris-Mravunac, reducing key-person risk. Yet the CEO, APAC head and COO are new during the financing change.

Board structure is acceptable but not clean. Van Kuijk is both a founder representative and a member of all four committees. Some directors hold several external roles, although the evidence does not establish prohibited overboarding. The Board's 2025 self-assessment identified unclear executive/non-executive role delineation, committee-chairmanship and reporting-threshold weaknesses, and a need for better strategy stress-testing. The candid diagnosis is positive; the unresolved items matter during rapid leverage and product expansion.

2. Tenure and track record

Spitz has not been CEO long enough to claim Flow Traders' five-year outcomes. The 2023 Bermuda redomiciliation, July 2024 dividend suspension and initial Trading Capital Expansion Plan belong mainly to predecessor management and the Board. Giving Spitz credit for those decisions would overstate his record. Three decisions he can reasonably be judged on are still in their proof period:

- **Debt-funded acceleration, October 2025 onward.** Flow Traders secured a USD200 million six-year private credit facility and a USD75 million revolver. Trading capital rose from EUR848 million at 3Q25 to EUR1,043.6 million at FY2025 and EUR1,150 million at 2Q26. The 2Q26 annualized period RoTC was 53%, and sealed TTM operating result rose to EUR183.575 million from EUR170.066 million in FY2025. Yet sealed TTM finance cost rose to EUR15.060 million from EUR6.264 million. This is evidence of capacity and gross productivity, not yet proof that the incremental capital earns an attractive after-interest, after-cost return through a weak cycle.
- **Horizon 2030, June 2026.** Management set aspirations of NTI above EUR1 billion, RoTC above 50%, and EBITDA margin above 45%. The NTI goal compares with sealed TTM NTI of EUR506.6 million, implying roughly 16% annualized growth to FY2030. The plan is coherent—ETFs, underlyings, APAC, 24/7 distribution, tokenized assets, AI pricing and a larger capital base reinforce one another—but it has not yet generated a track record. The FY2030 milestone is approximately six months before this ER2's exact 2031-06-30 horizon and should be treated as a monitored milestone, not an achieved fact.
- **Technology and talent investment.** Management is adding quantitative, AI and specialist capability while automating support functions. Technology expense rose from EUR70.6 million in FY2025 to EUR40.5 million in 1H26. The FY26 fixed-cost guide was raised from EUR220-230 million to EUR235-245 million at 2Q26. The midpoint is EUR240 million, 17.6% above FY2025's EUR204.1 million. This could be rational front-loaded investment, but management has not quantified the one-off component or the return schedule.

The best early sign is intellectual honesty: management acknowledged 3Q25 peer underperformance, explained why U.S. reported share can remain low despite larger RFQ and OTC trades, and admitted it had not captured APAC market growth. The adverse sign is that Spitz said in 3Q25 the platform could absorb extra capital without significant cost; within four months the initial FY26 guide implied a step-up, and one quarter later its midpoint rose by EUR15 million.

3. Capital allocation behavior

The reviewed five-year history comes from Section 7 of the DR-cleared data package. Technology expense is the closest disclosed operating-investment indicator and must not be relabeled R&D. Strategic-investment cash is minority or equity-accounted investment spending, not whole-company M&A.

Year	Capex, EURm	Technology expense, EURm	Buybacks, EURm	Dividends paid, EURm	Strategic investment cash, EURm
2021	6.755	49.720	74.100	152.367	7.080
2022	7.600	61.171	15.046	45.927	12.121
2023	12.058	64.416	8.761	47.619	4.146
2024	6.579	66.636	11.804	6.480	19.271
2025	6.787	70.604	0	0	2.654

Before July 2024, Flow Traders returned excess capital through dividends and repurchases. Since then, it retained earnings, stopped both, and added expensive debt. Net trading capital nearly doubled from EUR583.7 million at FY2023 to EUR1,150 million at 2Q26. The [CMD presentation](https://www.flowtraders.com/media/03ulq2lj/flow-traders-capital-markets-day-presentation.pdf) commits all profit to growth through 2030.

That allocation is strategically consistent, but the underwriting standard must be stricter than management's reported RoTC. The private facility costs SOFR plus 500 basis points, potentially stepping down to 450 basis points, and amortizes 0.25% quarterly. Reported RoTC uses NTI before operating expenses, interest and tax. The ER2 after-tax ROIC diagnostic was only 15.2% in FY2025, versus issuer RoATC of 53.4%. The spread over the all-in debt cost remains positive, but much thinner than the headline KPI suggests. Management should disclose incremental after-financing returns on the October 2025 capital cohort.

M&A has been restrained. There is no recent material acquisition, serial empire building or write-down of a purchased operating company. Investments in market infrastructure, tokens and venture partnerships are small relative to equity, although the recurring digital-asset impairment and volatile equity-accounted results show that these holdings are not risk-free. Buybacks before 2024 appear more capital-management-oriented than demonstrably price-sensitive. Share count did not inflate materially: diluted weighted-average shares were 45.621 million in 2021 and 44.828 million in 2025.

4. Compensation alignment

The compensation design is better than a conventional annual cash bonus but weaker than a pure owner-operator structure. Executive base salary is EUR300,000. Variable pay comes from the same firm-wide pool as employees and is primarily a function of operating result; the pool is capped at 32.5% of operating result. Seventy percent of executive assessment is tied to six company KPIs and 30% to individual performance. Half of the variable award is equity, deferred over four years, with a one-year post-vesting holding period. Cash is also deferred. Outstanding awards are first-loss protection against operating losses, and malus and clawback provisions apply. Spitz's [board agreement](https://www.flowtraders.com/media/chrj13k0/main-elements-of-board-agreement-with-mr-thomas-spitz.pdf) also caps ordinary severance at one year of fixed pay.

The scorecard includes volatility-normalized median daily NTI, EBITDA margin, return on average equity, business development, compliance and engagement. In 2026, net profit margin replaces EBITDA margin, which appropriately introduces financing cost into pay. However, the KPIs have no predetermined weights, 30% remains individual judgment, and 2026 targets are withheld until retrospective disclosure. In 2025, ROE of 16% missed the 20% target and business development scored 1.6 versus 1.8, yet the committee called both outcomes satisfactory. This discretion can dilute accountability.

Year	Total share-based payment expense, EURm	Total Income, EURm	Expense as percentage of income
2021	32.847	384.041	8.6%
2022	36.807	458.673	8.0%
2023	18.673	303.876	6.1%
2024	25.761	479.319	5.4%
2025	17.601	480.483	3.7%

The trend is disciplined rather than chronically dilutive. Actual ownership is mixed. At 2025 year-end, Smeets-Flier owned 6,756 shares, Lloyd 2,121 and Jansen 117,525. The Annual Report did not disclose actual shares for Spitz; his 2025 equity award was to be sized after the first 2026 open period. Deferred awards are not the same as purchased ownership. No explicit minimum ownership requirement or executive hedging prohibition was located in the reviewed official materials, so neither should be assumed.

5. Disclosure quality and candor

The eight official transcripts from 3Q24 through 2Q26 were fetched live from the issuer's [results centre](https://www.flowtraders.com/investors/results-centre). The record is above average for a small European trading firm, but not sufficient for a PASS.

Quarter	Difficult issue	Response quality
3Q24	Own ETF value traded grew slower than the market	Directly said the firm does not optimize for market share and allocates scarce capital to highest-yielding opportunities
4Q24	Alleged share loss to better-capitalized Jane Street	Directly defended European leadership, admitted share is not the target, and connected larger trades to capital expansion
1Q25	EUR10.5m digital-asset impairment and wage growth	Explained hedge-accounting mismatch and exact impairment; declined exact digital contribution and used more narrative on cost payoff
2Q25	Stablecoin economics and use of customer deposits	Directly said AllUnity reserves are one-for-one and cannot fund Flow Traders trading
3Q25	NTI underperformed peers in a supportive market	Spitz said management would have liked to do more and called it an underperformance; explanation remained high level

Quarter	Difficult issue	Response quality
4Q25	Deployment of the much larger capital base	Disclosed that nearly all capital can be used on peak events but baseline deployment needs ramp time; no cohort return was supplied
1Q26	Low U.S. share, flat LTM RoTC and capital returns	Clear distinction between on-exchange share and RFQ or OTC economics; direct statement that profitability ranks above share
2Q26	Raised cost guide and weak digital NTI	Expanded Traditional and Digital disclosure, but no analysts asked questions, leaving the guide revision untested in Q&A

I count meaningful non-quantification in four of eight quarters: 3Q24 on investment income, 4Q24 on crypto valuation exposure, 1Q25 on digital contribution and 3Q25 on relative underperformance. The latest quarter had no questions. This is not persistent evasion, but it withholds a PASS.

Management does not guide NTI. Fixed-cost guidance was met in 2024 and 2025, with FY2025 at EUR204.1 million after a 3Q narrowing to EUR200-205 million. The 1Q26 EUR220-230 million guide rose to EUR235-245 million at 2Q. Two completed-year meets are positive; a raise one month after a cost-control CMD weakens near-term credibility.

Voluntary disclosure improved at CMD and 2Q26 through nine-quarter Traditional/Digital NTI, regional Traditional NTI, product coverage and strategy-progress commitments. Missing load-bearing metrics include region-level trading capital, quarterly regional operating profit, daily loss distribution and incremental return on the debt-funded cohort.

6. Strategic coherence

Management's stated destination is to become the “24/7 liquidity provider of choice.” The investment pattern supports it: retained trading capital, the USD200 million facility, more technology expense, AI and deep-learning hires, a unified distribution layer, domestic China access, tokenized-asset liquidity and broader ETF-underlying trading. The strategy is not a random pivot; it extends Flow Traders' ETF creation and redemption, cross-market pricing, digital mint and burn, and institutional distribution capabilities.

The risk is breadth and timing. TTM NTI is EUR506.6 million versus a target above EUR1 billion. APAC has not captured market growth, Digital NTI fell 36% year on year in 1H26, and costs outran the original guide. The plan creates many calls on capital. Management names China controls, U.S. mega-cap concentration, muted crypto and peer underperformance, but several initiatives must succeed together.

7. Governance flags

The Bermuda move delivered its intended capital flexibility: consolidated EU IFR and IFD supervision ceased, while regulated operating subsidiaries remained supervised. Tax residence and effective management remained in the Netherlands, and the Euronext Amsterdam listing continued. The trade-off is real. Bermuda law governs the parent; the Dutch Corporate Governance Code is only a reference; Flow Traders does not report deviations from it; and directors of the Bermuda parent no longer make the same AFM director-ownership notifications as directors of a Dutch public company. The official [governance comparison](https://www.flowtraders.com/media/ybgf40ck/flow-traders-egm-2022-governance-comparison-table.pdf) also shows a one-tier board and altered shareholder-remedy mechanics.

There is one vote per ordinary share and no dual-class structure, preference-share defense, depository-receipt defense or call-option takeover vehicle. However, historic filings show founder vehicles Javak and Avalon at 12.22% and 10.07%. Their relationship agreement grants board-nomination rights above ownership thresholds and a seat for their nominee on Audit and Remuneration. That is material influence, though not legal control.

Related-party transactions were immaterial: EUR10,000 paid to co-founder R. Hodenius's Avalon for advisory services and EUR1.0 million contributed to the related Flow Traders Foundation in 2025. The Annual Report discloses a prior notice of regulatory action concerning pre-year-end trading events in Asia; no provision was recognized because the expected amount was not material and could not be reliably measured. No statutory restatement, material weakness, or material enforcement was disclosed, and the audit opinion was unmodified. The Bermuda disclosure change prevents a clean conclusion on clustered executive selling; no material pattern was established from official evidence, but visibility is weaker than under Dutch director-notification rules.

8. Peer comparison

Peer leader	Stewardship evidence	Relative assessment versus Flow Traders
Aaron Simons, Virtu Financial	CEO since July 2025 but joined Virtu in 2008; inherited a platform that repurchased about USD1.417bn from November 2020 through 1Q26	Better continuity and demonstrated per-share capital return; SEC disclosure is more granular; current CEO tenure is similarly short
Jan Boomaars, Optiver	CEO since at least 2020; equity grew from about EUR2.5bn at 2020 year-end to EUR5.49bn in 2025 while maintaining a conservative capital structure	Stronger long-duration capital compounding and trading scale; weaker outside disclosure because Optiver is private
Ian Lowitt, Marex	CEO since 2016; company cites eleven consecutive years of profit growth and demonstrated integration-led M&A	Stronger decade-long stewardship record and more diversified earnings; business mix is less directly comparable

On five-year stewardship, Spitz ranks fourth because his record is not yet observable. On transparency, Flow Traders ranks behind SEC-reporting Virtu and Marex but ahead of private Optiver in segment and remuneration detail. On capital allocation, the current Flow team remains unproven: retaining every euro and adding high-spread private credit is a more aggressive choice than Virtu's established repurchase program or Optiver's internally funded compounding.

9. Management gate verdict

VERDICT: YELLOW. The team is investable but not yet follow-for-a-decade proven. Strong trading leadership, a mostly independent board, disciplined dilution, first-loss deferred pay, candid admissions of weak quarters, and better product disclosure keep the verdict above FAIL. The short CEO tenure, thin purchased CEO ownership evidence, Bermuda disclosure and founder-rights trade-offs, a debt-funded capital expansion without cohort-level after-interest returns, and the rapid FY26 cost-guide increase prevent PASS.

Upgrade to **PASS** requires all three conditions: (1) by FY2027-FY2028, the October 2025 capital cohort earns a disclosed or independently demonstrable after-interest, after-fixed-cost return comfortably above the cost of capital through at least one subdued market period; (2) fixed costs land inside the revised FY26 guide and EBITDA margin progresses toward 45% without repeated guide resets; and (3) APAC, 24/7 or new quantitative strategies produce measurable incremental NTI while core European economics and risk outcomes remain intact. Downgrade to **FAIL** if RoTC weakens while debt and fixed costs continue rising, if management again revises cost expectations without quantified benefits, if a material regulatory or related-party issue emerges, or if the Board uses Bermuda flexibility and founder influence to reduce minority-shareholder accountability.

Source control note

This appendix used the DR-cleared data package and bridge, plus fresh live FMP stable and official issuer sources fetched 2026-08-08. The eight transcripts and all core reports were re-fetched. New FMP pulls were archived without overwrite. No May 2026 report, prior appendix or warehouse cache was evidence; issuer IFRS data controlled vendor conflicts.

Appendix W - Moat and 2046 Durability

Flow Traders — Moat and 2046 Durability

Assessment date: 2026-08-08 **TTM anchor:** 2026-06-30 **ER2 forward horizon:** 2031-06-30, exactly 5.0 years **Evidence boundary:** the 2026-08-08 DR-cleared `data_package.md`, fresh FMP stable-endpoint pulls, and live official filings/IR sources. The May 2026 report and its appendices were not used.

Executive conclusion

Flow Traders has a genuine **current competitive edge**, concentrated in European ETFs: long operating experience, dense issuer and counterparty relationships, broad venue and product connectivity, an integrated proprietary trading/risk stack, and enough capital to quote across fragmented markets. The evidence is concrete. At the 2026 Capital Markets Day (CMD), the company reported 27% EMEA ETF market share, more than 90% RFQ inquiry share, more than 98% coverage of sufficiently liquid ETFs, and a 30% on-exchange share in EMEA. Its Europe segment produced a 50.0% statutory Operating result margin in FY2025 and 50.9% in the TTM ended June 2026.

That edge does **not** meet the Gideon 20-year compounder standard. Flow does not own the exchanges, RFQ platforms, market data, ETF intellectual property, or customer order flow. Counterparties can multi-home and choose the best executable quote on every trade. The company therefore has no conventional ability to raise price: its price is the spread, and competition tends to compress it. Technology and AI are required merely to remain in the race, and management explicitly says Flow's trading-capital base remains materially behind peers. Americas and Asia have not demonstrated durable margins, while even the highly profitable European franchise had a 13.3% margin in FY2023. The moat is thus a valuable but continuously contestable operating capability, not a protected profit pool. **Moat gate: FAIL. 2046 test: FAIL.**

1. Moat taxonomy applied

Network effects — weak to moderate, indirect. Flow connects to more than 1,600 active counterparties, more than 150 venues and more than 25,000 products; the 2025 Annual Report separately reported more than 2,000 institutional counterparties, more than 180 exchanges/venues and more than 8,500 ETFs. More activity generates proprietary execution, inventory and response data, and broader coverage lets Flow recycle or hedge risk across related instruments. That is a useful data-and-liquidity flywheel. It is not a platform network effect: venues and RFQ networks own the matching network, and counterparties routinely request competing quotes. The CMD-reported global ETF RFQ hit rate was only 20%, direct evidence that access does not equal captive flow. [Flow Traders 2025 Annual Report, pp. 12 and 17](https://www.flowtraders.com/media/2s2pdl01/flow-traders-annual-report-2025.pdf); [CMD 2026, pp. 5 and 13](https://www.flowtraders.com/media/03ulq2lj/flow-traders-capital-markets-day-presentation.pdf)

Switching costs — low on exchange; low to moderate off exchange. An exchange order interacts with the best price/size, not a chosen long-term vendor. Institutional onboarding, KYC, credit limits, FIX/API connectivity and settlement arrangements create friction, while reliability in a dislocation builds trust. But an institution benefits from connecting to several liquidity providers and comparing quotes. Flow's issuer/venue market-making contracts are month-to-month and have no remaining year-end performance obligations. That is the opposite of a long-duration contracted lock-in. [Flow Traders 2025 Annual Report, p. 110](https://www.flowtraders.com/media/2s2pdl01/flow-traders-annual-report-2025.pdf)

Scale economies — real, but relative and capital-intensive. Market data, colocation, exchange memberships, software, compliance and 24/7 monitoring are largely fixed before a trade is won. Once connected, one platform can apply models across additional products and venues at relatively low incremental technology cost. Flow's 440 million-plus annual trades, global hubs and integrated risk stack spread those costs. Yet scale requires substantial deployable capital: net trading capital rose from EUR583.7m at FY2023 to EUR1.15bn at 2Q26, while the CMD acknowledged that this remained “materially behind” peers. Scale is a barrier to small entrants but not to Citadel Securities, Jane Street, Virtu, Optiver, IMC or large banks.

Brand and trust — moderate in European ETFs, weaker elsewhere. Being a dependable authorized participant and liquidity provider through stressed conditions matters to issuers, venues and institutions. Flow calls itself the largest authorized participant in Europe and reports more than 20 years of ETF experience. That supports inquiry access and issuer relationships. But brand does not override an inferior quote, and the much lower Americas/Asia profitability shows European reputation does not automatically transfer into global pricing power. [Flow Traders institutional trading](https://www.flowtraders.com/what-we-do/institutional-trading/)

Regulatory position — a barrier, not a protected franchise. Licenses, regulatory capital, venue rules, KYC, surveillance and local operating entities raise the minimum efficient scale. Flow trades across more than 180 venues and regulated subsidiaries must satisfy local requirements daily. However, compliant peers possess the same permissions, and regulation can also shrink the opportunity set, raise costs or remove venue access. Flow warns that sanctions can include suspension, expulsion or license limitation. This is high-trust procurement infrastructure, but not an exclusive license. [Flow Traders 2025 Annual Report, pp. 33 and 144](https://www.flowtraders.com/media/2s2pdl01/flow-traders-annual-report-2025.pdf)

IP, patents and proprietary data — moderate trade-secret advantage, no durable legal exclusion shown. Flow develops the entire core trading lifecycle in house, combining real-time pricing, risk limits, execution, monitoring and post-trade reconciliation. The platform is modular and data from actual executions can improve models. No material patent estate or exclusive dataset was identified. Rivals operate comparable proprietary, multi-asset systems; Virtu's 2025 10-K describes the same modularity, direct connectivity, automation and low incremental cost. The advantage depends on research velocity and people rather than a legal barrier. [Flow Traders 2025 Annual Report, pp. 12 and 34-35](https://www.flowtraders.com/media/2s2pdl01/flow-traders-annual-report-2025.pdf); [Virtu Financial 2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1592386/000159238626000009/virt-20251231.htm)

High-trust procurement — moderate. Institutions care about balance-sheet commitment, clean settlement, confidentiality, execution quality and resilience. Flow's broad institutional network and real-time counterparty limits support repeat access. Yet procurement recurs trade by trade. The moat is the right to compete for flow, not the right to earn a spread.

2. Per-segment moat

Europe — strongest; 5-year durable, 10-year plausible, 20-year unproven. The defendable core is the combination of leading EMEA ETF share, primary-market creation/redemption expertise, issuer relationships, dense RFQ access and a technology base centered in Amsterdam. Europe generated EUR162.9m of the group's EUR183.6m TTM Operating result, or 88.7%, on EUR319.8m of EUR506.6m Total Income. A new entrant would need licenses, capital, exchange/issuer connectivity, historical pricing data, risk controls and institutional trust, then still compete quote by quote against incumbents. What breaks it is sustained share loss or spread compression as larger rivals cross-subsidize pricing. The earliest signals are EMEA ETF share below the high-20s, RFQ hit-rate erosion, Europe margin below 35% through a normal/high-volume year, or counterparties shifting to platform-owned internal liquidity.

Americas — competitive capability, not a demonstrated moat. Flow has access to the largest ETF market, growing institutional coverage and improving TTM margin of 16.4%, but FY2021-FY2025 margin ranged from 10.5% to 28.1% and was only 11.5% in FY2025. Flow itself describes the task as closing the gap and prioritizes profitability over raw share; Traditional U.S. NTI was 22% of Traditional NTI at 1Q26 LTM, unchanged from 2019. Dominant U.S. electronic market makers have larger capital pools, technology budgets and order-flow relationships. The segment may scale over five years, but there is no evidence of a 10- or 20-year protected profit pool. Failure signals are flat traditional U.S. NTI mix despite higher capital, inability to lift RFQ hit rate, and expenses growing faster than segment income. [CMD 2026, pp. 13 and 16](https://www.flowtraders.com/media/03ulq2lj/flow-traders-capital-markets-day-presentation.pdf)

Asia — access option, no current moat. Fragmented rules, market hours and local connectivity create entry friction, and Flow can transfer European ETF expertise into Hong Kong, Korea and China. Flow's inclusion in JPX's 2026 best-market-maker awards proves capability, but the six trading-session winners and additional CONNEQTOR winners show a multi-firm field; a January 2026 SGX appointment also named Flow alongside another designated market maker. FY2025 margin was 8.1% and TTM margin just 6.4%, and management acknowledged that it had not captured the large 1H26 APAC market-volume increase. The opportunity is attractive precisely because the position is still being built. Durability is at most five-year optionality. The earliest break is continued single-digit margin despite rapid regional ETF growth, capital controls preventing efficient deployment, or local firms retaining domestic flow. [JPX 2026 market-maker awards](https://www.jpx.co.jp/english/equities/products/etfs/market-making/06.html); [SGX appointment notice, 16 January 2026](https://links.sgx.com/FileOpen/Appointment%20of%20Designated%20Market%20Maker.ashx?App=Announcement&FileID=872198)

Digital assets and tokenized markets — first-mover capability, highly contestable. Flow reported more than 1,000 digital products, more than 60 connected venues, more than 350 active counterparties and roughly 50% EMEA digital-asset ETF share at CMD. Its ability to hedge between ETFs, spot, futures and tokenized instruments is useful chokepoint know-how. Yet digital NTI fell 36% year on year in 1H26, crypto venues and rules remain unstable, and crypto-native competitors can build 24/7 stacks without legacy constraints. Tokenized-asset liquidity is a plausible adjacency, not evidence of durable pricing power. [Flow Traders 2Q26 results](https://www.flowtraders.com/news/flow-traders-2q-2026-results/); [Flow Traders

tokenized-assets
launch](https://www.flowtraders.com/news/flow-traders-launches-otc-offering-with-247-liquidity-for-tokenized-assets/)

The blended moat is materially weaker than Europe's. Europe supplies almost nine-tenths of TTM statutory profit, while Americas and Asia consume capital and management attention at much lower margins. Geographic diversification may smooth opportunity, but it does not transform early-stage regional presence into a moat.

3. Margin persistence evidence

The reviewed live package provides five comparable annual observations, not a clean ten-year statutory margin series. Pre-FY2024 geographic comparisons also cross a finance-cost/recharge presentation change, so they are context rather than precision forecasting anchors.

Statutory Operating result margin	FY21	FY22	FY23	FY24	FY25	TTM 2Q26
Consolidated	37.5%	35.4%	16.9%	41.7%	35.4%	36.2%
Europe	49.7%	46.0%	13.3%	50.3%	50.0%	50.9%
Americas	13.9%	10.5%	15.8%	28.1%	11.5%	16.4%
Asia	18.3%	14.7%	25.3%	19.4%	8.1%	6.4%

Europe's return to about 50% in FY2024, FY2025 and TTM is strong current evidence. The contrary evidence is decisive for a 20-year gate: consolidated margin swung across a 24.8-point range, Europe collapsed in FY2023, and neither growth region shows stable margin. The five-year ER2 after-tax ROIC diagnostic was 16.6%, 20.2%, 6.7%, 24.1% and 15.2%. These are respectable cyclical returns, not persistence above 20%. Capital productivity is also reflexive: strong NTI retains more capital, allowing larger quotes and more products; weak spreads lower profit and slow the same flywheel. The USD200m private-credit facility adds capacity but raises the hurdle through SOFR plus 500bp funding and daily collateral/covenant constraints.

4. AI disruption stress test

Market making is not a simple prompt-to-output workflow. A model can help predict price, automate research or write code, but cannot by itself commit EUR1.15bn of capital, maintain venue memberships, settle trades, operate low-latency infrastructure and bear gap/counterparty risk. The core business is therefore **capital-, license-, connectivity- and risk-chokepoint economics**, not generative-AI disintermediation.

AI nevertheless intensifies the arms race. Flow already devotes more than 40% of staff to technology, spent EUR70.6m on technology in FY2025 versus EUR49.7m in FY2021, and raised FY2026 fixed-cost guidance to EUR235-245m partly for technology and specialist talent. The annual report describes machine learning for trading concepts and an agentic-AI operating layer across trading, finance and operations. Rivals can buy the same foundation models, hardware and talent. Virtu explicitly warns that better-capitalized firms can finance AI/ML infrastructure and compress spreads. AI therefore lowers research and automation costs across the industry; only proprietary feedback data, deployment discipline and capital convert it into edge.

Europe is most protected because AI cannot instantly reproduce its issuer relationships, authorized-participant experience and distribution density. Americas is most exposed at the statutory-segment level because the local competitors are already larger and technologically sophisticated. Digital/tokenized trading is the most exposed product pool: it is platform-adjacent and benefits from 24/7 automation, but its young venues and APIs also let crypto-native firms attack quickly. The observable test is not AI press releases; it is whether Flow's hit rates, spread capture and RoTC hold after higher technology spending.

5. The 2046 test

Specific 2046 description, dated 2046-08-08: Flow Traders is a principal, multi-asset liquidity provider connecting regulated exchanges, institutional RFQ networks and tokenized settlement rails. It sells immediate two-way liquidity in ETFs, index and single-name securities, fixed income, commodities, currencies and tokenized funds/assets. Institutions, brokers, issuers and venues pay indirectly through bid-ask spreads and directly through short-duration liquidity arrangements. The old “digital” segment has merged into ordinary market infrastructure; Europe remains the risk, technology and issuer-relationship hub, while U.S. and APAC desks supply local market access and overnight hedging. A unified API routes counterparty inquiries to a real-time pricing, inventory and capital engine. Group Operating result margin is directionally **lower than the current 36.2% TTM level**, likely mid-20s to low-30s through-cycle, because pricing models and connectivity commoditize while 24/7

resilience, data and compliance costs persist.

This is a credible surviving business, but it does not establish a high-return moat. The payer is identifiable and the service remains necessary; what is missing is evidence that Flow rather than a larger market maker, bank, venue or decentralized protocol captures a superior spread. The intact advantage would be accumulated counterparty trust, cross-venue data, ETF creation/redemption expertise and integrated capital/risk management. Those capabilities can preserve relevance, but they require continuous reinvestment and can be matched.

2046 bear case: execution and settlement consolidate into exchange-, broker- or asset-manager-owned platforms that internalize more flow; AI-standardized pricing compresses external market-maker spreads; regulators raise capital and digital-asset compliance burdens; and leading firms use larger balance sheets to win block and overnight flow. Flow survives as a niche European ETF specialist or is acquired, with group margins in the teens and shareholder returns tracking trading cycles. I assign this erosion path roughly a **40-50% probability**—too high for a PASS—because today's global order-flow share is not captive, overall calculated ETF-volume share fell from 4.18% in FY2021 to 2.82% in FY2025, and management is still building the distribution moat and capital scale it presents as the future.

6. Competitive threat inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Better-capitalized electronic market makers	Larger technology/AI budgets and balance sheets quote tighter or in larger size, compressing spread capture	Americas; Europe; digital	Falling RFQ hit rates, RoTC below 50%, higher tech cost without share gain	High
Venue/platform internalization and distribution control	Exchanges, brokers, asset managers or on-chain venues keep flow inside owned liquidity pools and reduce external-maker economics	Europe; Americas; digital	Lower off-exchange inquiry share; fewer active counterparties; lower contract revenue	Medium-high
Regulatory or settlement reset	Local capital, market-access, crypto, AML or venue rules strand capital, raise fixed costs or revoke access	Asia; digital; all regulated entities	Rising regulatory cost; delayed launches; capital trapped; venue/license restrictions	Medium-high

7. Pricing power verification

There is no observable conventional pricing power. Flow cannot announce a price increase while retaining customers; it must continuously offer competitive bid/ask prices. On-exchange flow selects price and size. Off-exchange institutions compare RFQs, and a 20% global ETF RFQ hit rate demonstrates competitive choice. The only explicit contracted customer revenue was EUR24.6m in FY2025, just 5.1% of Total Income, and those issuer/venue contracts are month-to-month. There are no disclosed minimum multi-year revenue commitments or contractual price escalators.

Cost pass-through is also unproven. Technology expense rose 42% from FY2021 to FY2025, fixed operating expenses rose 15% in FY2025, and the FY2026 cost guide was revised upward. Consolidated margin remained healthy but volatile, while Asia margin compressed despite growth investment. In this business, “pricing power” is better modeled as transient spread capture during volatility, fragmentation or imbalance. That is opportunity-set power, not company-controlled price. It can support excellent years without creating a durable moat.

8. Moat verdict

Moat gate: FAIL. Flow Traders has a real, measurable European ETF scale/connectivity advantage, but the largest profit pool is won quote by quote, switching costs are low, pricing power is not observable, and margins and ROIC remain cyclical. Americas, Asia and tokenized/digital expansion add runway but have not demonstrated a protectable profit pool, while the required capital, technology and AI reinvestment is an escalating competitive toll.

2046 test: FAIL. A specific 2046 Flow Traders can be described and likely still exists, yet continued relevance is not the same as durable high returns. The company does not control distribution, venues, market data or order flow, and the plausible platform/AI/capital-consolidation bear case is too likely. Europe's current moat is credible for roughly five years and potentially ten; evidence is insufficient for twenty years. Under ER2 rules, this FAIL forces the final equity verdict to PASS regardless of valuation.

Appendix B1 - Europe

Europe — Segment Deep Dive

Company: Flow Traders **Reportable segment:** Europe **Forecast anchor:** TTM ended 2026-06-30, equivalent to 3Q25 + 4Q25 + 1Q26 + 2Q26 **Exact horizon:** 2031-06-30, exactly 5.0 years after the TTM endpoint **Reporting currency:** EUR; financial tables use EUR millions unless stated otherwise **Exact segment profit metric:** issuer-disclosed `Operating result`

0. Segment boundary and taxonomy note

Europe is one of Flow Traders' three IFRS reportable geographic segments. It includes the Amsterdam head office and the London, Milan, Paris and Zug operations, and it carries most group functions. The operating geography is stable over FY2021-FY2025, but the measurement boundary is not perfectly uniform. The FY2024 comparative was updated in the FY2025 annual report so that finance costs sit below `Operating result`, including EUR2.19 million of lease interest; pre-FY2024 regional `Operating result` retains an earlier finance-cost and recharge presentation. FY2021-FY2023 margins are therefore cycle and history context, not clean forecasting anchors. The model uses the latest restated FY2024 comparative, FY2025, and the sealed TTM values. The 2Q26 Traditional/Digital and Traditional EMEA/U.S./APAC view is a management NTI overlay, not a new IFRS segmentation, and is used only as non-additive driver evidence. [data_package §1, reporting structure and taxonomy]

The common segment profit basis is issuer-disclosed `Operating result`, with the sign convention that a positive value is profit. The QFR-sealed bridge has three additive segment lines, no corporate or unallocated line, and no adjustment between their sum and statutory operating income. Europe TTM `Operating result` is EUR162.858 million. Finance cost, equity-accounted investment results and tax remain outside this segment appendix and must be modeled once at consolidated level. The upstream statutory-bridge SHA-256 is `27f7e5a9245f6860e4a21b79e59a778d320cbdbed84e62bbe4b7289fe3a7e509`; the reviewed data-package SHA-256 is `ac280e34e51d0261b09a7f20aa5af73cadf03f180694934d6d1350104be75dd4`. [data_package §3a, TTM bridge]

1. What this segment actually is

Europe is the economic core and organizational hub of Flow Traders. The firm is a principal trading company: it generally commits its own balance sheet to quote two-way prices and intermediate transactions rather than charging an asset-management fee or simply collecting an exchange toll. Its income reflects the spread and risk-adjusted trading result generated while providing liquidity across exchange-traded funds, their underlyings, fixed income, foreign exchange, commodities, cash equities and digital assets. The customer and counterparty set spans exchanges, electronic trading venues, brokers, institutional investors, issuers and other liquidity users. The product is immediacy: a counterparty can transfer risk when it wants, in size and across instruments, because Flow Traders prices the transaction and manages the resulting inventory.

Europe's geographic label should not be read as a narrow European-ETF sales division. Amsterdam is the head office and the segment bears most group functions, while London, Milan, Paris and Zug extend trading, institutional distribution and regulatory connectivity. The segment participates in on-exchange order books and off-exchange request-for-quote or bilateral flow. Pricing is implicit rather than contractual: revenue is earned through realized and unrealized trading gains, spreads, hedging outcomes and other trading-related income. This makes volume, volatility and the dispersion of prices relevant, but none of them is a sufficient standalone revenue formula. A high-volume quarter with compressed spreads can be less valuable than a lower-volume period with dislocations and attractive risk transfer.

The European franchise has two overlapping commercial layers. The traditional layer covers ETFs and adjacent underlying instruments, increasingly across multiple asset classes and around the clock. The newer digital layer covers crypto and tokenized products, including issuance and redemption mechanics analogous to ETF creation and redemption. Management's 2026 Capital Markets Day materials describe a unified multi-product distribution layer, broader ETF and underlying coverage, direct connectivity, and a 24/7 strategy that brings traditional and digital market infrastructure together. This creates possible cross-selling and capital-netting benefits, but the statutory Europe segment does not disclose how much of its `Total Income` comes from Traditional, Digital, ETF, fixed income, FX, commodities or tokenized assets. [data_package §4, product and sub-segment historicals; data_package §6, CMD26 traditional-franchise and 24/7 commentary]

Go-to-market is therefore not a conventional sales funnel. Coverage teams and electronic connectivity bring the firm into more venues and counterparty workflows; researchers and traders build prices and strategies; technology sends, updates and risk-controls quotes; and trading capital supports inventory and larger transactions. More counterparties, venues and products expand the opportunity set, but the value of that footprint depends on selective pricing and risk-adjusted capital deployment. Flow Traders' stated preference for profitability over indiscriminate share is important: volume share can be purchased by quoting too aggressively, while durable economics require retaining enough spread and managing adverse selection.

2. Current economics

The controlling TTM base is EUR319.755 million of Europe `Total Income` and EUR162.858 million of Europe `Operating result`, a 50.93% `Operating result` margin. Europe represents 63.12% of consolidated TTM `Total Income` and 88.71% of consolidated TTM `Operating result`. These percentages are calculations from the sealed segment totals, not separately disclosed issuer KPIs. The concentration is economically significant: the Americas and Asia add diversification and growth options, but Europe's result still determines most consolidated operating profit. [data_package §3, TTM forecast base by geography; data_package §3a, TTM bridge]

FY2025 Europe `Total Income` was EUR306.644 million, down 5.5% year on year, while `Operating result` was EUR153.370 million and its margin was 50.0%. The apparent resilience masks substantial cyclicality. Europe generated only EUR165.813 million of `Total Income` and a 13.3% margin in FY2023, then rebounded to EUR324.479 million and 50.3% in FY2024. A single-point extrapolation from the TTM margin would therefore be unsafe. The five-year history shows that the franchise can cover its fixed platform exceptionally well in active markets but can lose nearly three-quarters of margin when trading opportunities contract and costs remain. [data_package §3, Europe table]

The latest quarterly evidence is directionally constructive. Statutory Europe `Total Income` for 2Q26 was EUR92.5 million, derived in the data package from the disclosed 1H26 and 1Q26 endpoints; management said Europe maintained ETF leadership and held results roughly sequentially despite a weaker market. Traditional EMEA NTI was EUR70.7 million in 1Q26 and EUR72.0 million in 2Q26, while 2Q26 Traditional EMEA components continued to reconcile to the consolidated Traditional overlay. These numbers are complementary rather than additive: Traditional EMEA NTI excludes Digital and other income, while Europe `Total Income` is the IFRS segment line. [data_package §4, exact quarterly management overlay; data_package §5, quarterly regional trend; data_package §6, Q2 FY26 Europe commentary]

Capital intensity has two faces. Accounting capex is low at group level: FY2025 capex including property, plant and equipment and acquired intangibles was EUR6.787 million, or 1.4% of consolidated `Total Income`. Economic capital intensity is high because the business must fund inventory, collateral, margin and larger transactions. Consolidated net trading capital rose from EUR583.7 million at FY2023 to EUR1,043.6 million at FY2025 and EUR1,150 million at 2Q26. Europe-level trading capital is not disclosed, so a regional return on trading capital cannot be calculated without an allocation assumption. This appendix does not invent one. [data_package §0a, material KPI history; data_package §7, capital allocation history; data_package §10, data gap 2]

Nor can the segment's product shares be stated cleanly. The issuer discloses exact Traditional and Digital NTI only at the consolidated level beginning in 2Q24 and exact EMEA/U.S./APAC only within Traditional. It does not allocate Digital NTI to Europe, and it does not disclose five-year dollars by ETF, cash equity, fixed income, FX, commodities, crypto subtype or tokenized assets. The 1Q26-LTM management mix of 76% Traditional and 24% Digital is consolidated and percentage-rounded. Applying it to Europe would create false precision. [data_package §4, product and sub-segment historicals]

3. Unit economics

Europe converts opportunity into `Operating result` through a high-fixed-cost, variable-gross-opportunity model. The first driver is addressable flow: more ETF and underlying volume, more request-for-quote activity, and more venues and counterparties create more chances to quote. The second is opportunity quality: volatility, dispersion, fragmentation and temporary imbalances affect how much spread is available for the inventory risk assumed. The third is capture: technology speed, pricing accuracy, instrument coverage and counterparty access determine whether Flow Traders sees and wins attractive flow. The fourth is hedging and inventory management: the firm must transfer or warehouse risk without giving back the spread through market moves, slippage or funding cost.

This is not a stable gross-margin business in the industrial sense. `Total Income` is already a net trading-income-like measure after market outcomes, while operating expenses sit below it. When opportunity rises, much of incremental income can fall through because the trading, connectivity, compliance and control platform already exists. When opportunity

contracts, those expenses do not disappear. The Europe margin progression—49.7% in FY2021, 46.0% in FY2022, 13.3% in FY2023, 50.3% in FY2024, 50.0% in FY2025 and 50.93% TTM—shows operating leverage and market-regime sensitivity more than a secular margin trend. The finance-cost presentation boundary makes the earlier years imperfectly comparable, but it does not erase the basic conclusion. [data_package §3, Europe historicals]

Compensation is partly variable, but talent, technology, data, connectivity, exchange access, regulatory compliance and operational resilience create a large recurring base. Group fixed operating expense was EUR204.1 million in FY2025; the FY2026 guide was raised from EUR220-230 million to EUR235-245 million because of technology investment, selective specialist hiring and one-off costs. Europe carries most group functions, so this investment is especially relevant to its reported margin even when commercial benefits emerge globally. The base case deliberately models near-term margin pressure before partial operating leverage reappears. [data_package §0a, material KPI history; data_package §6, cost, capital and capital returns]

Technology expense was EUR70.604 million in FY2025 and EUR40.5 million in 1H26 at group level. It is not separately disclosed R&D and should not be renamed. Economically, it funds data pipelines, low-latency connectivity, pricing systems, research infrastructure, AI-supported analytics, deep learning, cyber resilience and the controls required to quote across many instruments and venues. Better models can increase capture and reduce adverse selection, but competitors invest in the same arms race. Technology spending is therefore both a moat-maintenance expense and a risk: underspending can erode competitiveness, while overspending can increase the fixed hurdle without producing proprietary returns. [data_package §0a, material KPI history; data_package §6, Q4 FY25 commentary]

Working capital is unlike that of a conventional service company. Trading assets and matched liabilities make IFRS operating cash flow noisy; FY2025 group operating cash flow was negative EUR120.614 million even though net income was positive EUR133.565 million. The meaningful economic questions are whether retained earnings and borrowing add productive trading capacity, whether risk-adjusted NTI exceeds the capital and funding cost, and whether losses remain bounded during dislocations. The USD200 million private-credit facility priced at SOFR plus 500 basis points, potentially stepping down to 450 basis points, raises the return hurdle. It increases the ability to warehouse larger transactions, but weak capture would turn capacity into expensive idle capital. [data_package §2, consolidated historicals; data_package §3a, forecast-driver ledger]

Five mechanisms can expand the Europe `Operating result` margin. First, more income per strategy and venue can spread fixed technology and control costs. Second, broader product coverage can reuse the same connectivity and research platform. Third, direct counterparty access can improve mix toward larger or less commoditized flows. Fourth, AI-supported pricing and risk tools may improve hit rate and reduce adverse selection. Fifth, integration of traditional and tokenized market infrastructure may enable capital and inventory netting. Five mechanisms can compress it: quiet markets, commoditized ETF quoting, crowding by scaled peers, higher exchange or data fees, investment ahead of revenue, and trading losses or hedging slippage. The model treats the current 50.93% margin as a strong-cycle starting point, not a permanent entitlement.

4. Competitive dynamics

Europe competes with a mix of listed and private principal trading firms, bank dealers and specialized digital-asset liquidity providers. Virtu Financial is the most visible listed comparator, while Optiver, IMC, Jane Street, Citadel Securities, Susquehanna, DRW and other proprietary firms compete across ETFs, equities, fixed income, options and institutional flow. In digital assets, the competitive set broadens to specialist firms such as Wintermute and GSR as well as exchanges, electronic dealers and traditional market makers. The exact competitor list changes by product, venue and jurisdiction; the relevant contest is not simply total market share but profitable participation in each pool of flow.

Virtu's 2025 Form 10-K describes markets characterized by rapid technological change, evolving standards and changing trading systems, including low-latency and messaging-speed advances. That is an apt description of the barrier and the treadmill: a mature trading stack, risk controls and connectivity are expensive to build, but the advantage requires continuous reinvestment. Flow Traders' FY2026 cost increase should therefore be viewed as both protection of competitive position and a drag on near-term Europe margin. [Virtu Financial 2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1592386/000159238626000009/virt-20251231.htm)

Pricing power is situational rather than contractual. Flow Traders has more power when capital is scarce, markets are fragmented, hedges are difficult, counterparties need size quickly or instruments cross time zones and asset classes. It has less power in transparent, liquid, highly automated products where several firms can quote tight spreads and customers can route electronically to the best price. Management's comment that Europe maintained ETF leadership during a weaker 2Q26 market is evidence of franchise relevance, but it does not disclose a durable revenue share or demonstrate that spreads are protected. [data_package §6, Europe / EMEA commentary]

The most transparent market-share proxy is also a warning. Flow Traders' ETP/ETF value traded divided by global market ETP/ETF value traded declined from 4.18% in FY2021 to 2.82% in FY2025 and 2.69% in 1H26. This ratio is not NTI share and ignores geography, products, on/off-exchange flow and volatility mix. It therefore cannot prove economic share loss. Nevertheless, it prevents a complacent assumption that ETF market growth automatically accrues to Flow Traders. The base case assumes modest Europe growth roughly aligned with a mature franchise, not restoration of the old volume ratio. [data_package §0a, material KPI history]

Entry barriers are meaningful. A credible new entrant needs regulatory permissions, clearing and settlement relationships, capital, exchange memberships, market data, low-latency infrastructure, research talent, counterparty trust and risk controls. It must also absorb poor early economics while algorithms learn and distribution develops. Coverage across more than 8,500 traditional ETFs and over 90 venues, plus over 1,000 digital products and 60 venues at the consolidated digital layer, illustrates the breadth that must be matched. But barriers do not eliminate rivalry among existing scaled firms. The relevant threat is more often a well-capitalized peer extending into an adjacent product than a startup recreating the whole platform. [data_package §0a, product and venue coverage]

Substitution can take several forms. Exchanges and all-to-all protocols can reduce intermediation rents in standardized products. Banks can internalize client flow. Asset managers can use auctions or request-for-quote platforms that intensify price competition. Tokenization may create new demand for 24/7 liquidity, but it may also compress spreads if common rails reduce fragmentation. The strongest outcome for Flow Traders is not one in which every market becomes perfectly efficient; it is one in which trading grows faster than spreads compress and cross-asset complexity continues to reward capital, data and risk management.

5. Moat at the segment level

Europe has a real but dynamic moat. Its strongest components are scale economies in fixed infrastructure, accumulated trading data and models, breadth of instrument and venue coverage, institutional counterparty relationships, regulatory know-how and the ability to commit capital during volatile periods. Because Europe includes the head office and most group functions, it also benefits from the global research and risk platform even when the ultimate flow arises elsewhere. These assets can raise win rates, lower unit costs and make the firm a dependable counterparty when liquidity is scarce.

The most valuable element may be cross-product learning and distribution. ETF liquidity provision requires understanding the creation/redemption basket and hedging the underlying exposure. The same operational capabilities can support cash equities, fixed income, FX, commodities and tokenized products. A unified distribution layer can make each new instrument more valuable because existing counterparties and connectivity can be reused. The 24/7 convergence strategy could deepen this effect if traditional institutions adopt tokenized assets and require firms that understand both market structures. [data_package §6, CMD26 traditional franchise and digital assets commentary]

However, this is not a classic pricing-power moat. Customers generally see competing prices; algorithms can be copied conceptually; talent moves; and other leading market makers have comparable capital and engineering capability. Flow Traders' declining overall ETF-volume ratio underscores that scale does not guarantee share. The moat protects relevance and lowers the cost of participating across a broad opportunity set, but it does not ensure any fixed spread or revenue level. Investors should underwrite a probabilistic share of growing markets, not a tollbooth.

Durability over five to ten years depends on reinvestment discipline. The FY2026 technology and specialist-hiring program is necessary if it improves pricing, risk and distribution, but the benefits must show up in NTI per unit of trading capital and in through-cycle `Operating result`. A business that must increase fixed cost merely to stand still has a weaker moat than one whose incremental investment widens the gap. The most useful monitoring pair is therefore capital productivity and margin across comparable market regimes. Management's above-50% RoTC aspiration is encouraging, but it should be tested against realized results after the enlarged capital base and higher funding cost.

The segment's 2046-style durability is not certain. Electronic and tokenized trading should expand, yet automation can shift value from intermediaries to venues and the best-capitalized competitors. Regulation may increase barriers while also imposing inventory, capital or reporting costs. Europe likely remains a strategically important liquidity hub in 2031, but the bear case assumes the platform earns much less on its fixed base because opportunity and capture disappoint. The bull case requires the moat to broaden beyond mature European ETFs into multi-asset and 24/7 institutional flows without sacrificing pricing discipline.

6. Historical growth rates — reproduced from the reviewed data package

The statutory financial projection line is Europe `Total Income`. Product dollars are not disclosed within Europe, so the model does not manufacture a Europe Traditional/Digital or asset-class split. The five-year history below reproduces the reviewed data package. Every numeric historical cell is tied to the specific Europe row in Section 3.

Product / sub-segment	FY21 revenue	FY22 revenue	FY23 revenue	FY24 revenue	FY25 revenue	FY21-FY25 CAGR	Most recent FY YoY	Data package cite
Europe Total Income	EUR245.838m [data_package §3, Europe / Total Income row, FY21]	EUR315.415m [data_package §3, Europe / Total Income row, FY22]	EUR165.813m [data_package §3, Europe / Total Income row, FY23]	EUR324.479m [data_package §3, Europe / Total Income row, FY24]	EUR306.644m [data_package §3, Europe / Total Income row, FY25]	5.68% [calculation from cited FY21 and FY25 cells]	(5.5%) [data_package §3, Europe / YoY row, FY25]	data_package §3, Europe table

The requested three-year presentation is shown separately so downstream workers can ingest it directly. “3-year CAGR” uses the FY2023-to-FY2025 two-interval convention.

Product / sub-segment	FY-3 rev	FY-2 rev	FY-1 rev	3-yr CAGR	Most recent YoY	Data package cite
Europe Total Income	EUR165.813m [data_package §3, Europe / Total Income row, FY23]	EUR324.479m [data_package §3, Europe / Total Income row, FY24]	EUR306.644m [data_package §3, Europe / Total Income row, FY25]	35.99% [calculation from cited FY23 and FY25 cells]	(5.5%) [data_package §3, Europe / YoY row, FY25]	data_package §3, Europe table

Arithmetic checks: EUR245.838m × 1.283 = EUR315.406m versus EUR315.415m disclosed; EUR315.415m × 0.526 = EUR165.891m versus EUR165.813m; EUR165.813m × 1.957 = EUR324.488m versus EUR324.479m; EUR324.479m × 0.945 = EUR306.633m versus EUR306.644m. Every check is within 0.1%, comfortably inside the mandatory 2% tolerance. Differences are caused by the one-decimal rendered YoY rates. No historical row fails the arithmetic test.

The recent management overlay provides operating context but is not a second Europe revenue series. Traditional EMEA NTI was EUR50.9 million, EUR65.6 million, EUR19.5 million and EUR45.5 million in the four FY2025 quarters, followed by EUR70.7 million and EUR72.0 million in 1Q26 and 2Q26. Digital NTI was EUR41.4 million, EUR17.7 million, EUR36.0 million and EUR45.9 million in FY2025, followed by EUR21.9 million and EUR16.1 million. Digital is consolidated, not Europe. These exact quarter observations are reproduced only as drivers and are not added to Europe `Total Income`. [data_package §4, exact quarterly NTI management overlay rows 1Q25-2Q26]

`[DATA GAP: Europe product dollars are not separately disclosed. Exact Traditional/Digital dollars are consolidated, and EMEA dollars cover Traditional NTI only. The model therefore uses one statutory Europe Total Income financial line and does not allocate consolidated Digital NTI to Europe.]`

7. Management guidance — quoted from data package Section 6

- **Q3 FY25, Thomas Spitz, verbatim, data_package §6 Europe / EMEA row 1:** “We are also confident that we will continue to generate over 50% return trading capital.” This is a through-cycle group aspiration rather than Europe revenue guidance. It supports testing capital productivity, but the forecast does not force Europe income to fit the target.

- **Q4 FY25, Thomas Spitz, paraphrase, data_package §6 Europe / EMEA row 2:** management planned continued investment in intelligent infrastructure, AI-supported analytics, deep learning, quantitative talent and short- and mid-term trading. This points to a higher fixed-cost base before the benefit and is why the base margin falls in FY+1 and FY+2.

- **Q1 FY26, Alex Kieft, verbatim, data_package §6 Europe / EMEA row 3:** “We prioritise profitability in the US over purely going for market share.” The statement concerns the U.S. but expresses a group discipline relevant to Europe: volume is not an end if price or capital returns are poor.

- **Q2 FY26, Marc Jansen, paraphrase, data_package §6 Europe / EMEA row 4:** Europe maintained ETF leadership and held results roughly sequentially despite a weaker market. The model treats Europe as a mature, resilient franchise rather than a high-share-gain story.

- **CMD26, leadership team, verbatim, data_package §6 Europe / EMEA row 5:** “Net trading income of > €1bn.” The related group aspirations are RoTC above 50% and EBITDA margin above 45% by 2030. These are explicitly uncertain ambitions. The base Europe forecast is deliberately below the consolidated growth rate needed to exceed EUR1 billion because management expects more geographic and product growth outside mature Europe.

- **CMD26, paraphrase, data_package §6 Europe / EMEA row 6:** management intends to broaden ETF coverage, trade more underlyings, extend overnight U.S. activity and use direct connectivity in a unified distribution layer. For Europe, the relevance is reuse of the head-office platform and broader multi-product flow rather than a simple European market-volume assumption.

- **Q2 FY26 and CMD26, digital, data_package §6 Digital rows 4-5:** “Despite the recent trends in crypto, structural growth trends for digital assets remain in place.” Management also described a 24/7 strategy combining ETF creation/redemption, digital mint/burn, institutional distribution, capital and AI-driven pricing. Digital NTI nevertheless fell 36% year on year in 1H26, so the base case gives the strategy optionality but no separately allocated Europe revenue.

- **FY2026 expense guidance, data_package §6 Cost row 1:** fixed operating expense guidance rose to EUR235-245 million from EUR220-230 million because of technology, selective specialist hiring and one-offs. This is the most concrete near-term financial guide and drives initial margin compression.

- **Capital returns, data_package §6 Cost row 2:** management had no plan to reinstate dividends or launch a buyback because doing so would conflict with trading-capital expansion, and CMD reaffirmed profit retention through 2030. Europe can therefore access a larger group capital base, but it must earn an adequate incremental return.

- **Funding, data_package §6 Cost row 3:** the USD200 million private-credit facility and USD75 million undrawn revolver increase flexibility while TTM finance cost has risen sharply. Finance cost is below the exact segment `Operating result` metric and is not deducted here; the consolidated synthesis must model it once.

There is no issuer-provided Europe revenue or `Operating result` guide. The scenario ranges below therefore translate the disclosed group ambitions, cost guide and operating commentary into explicit Europe assumptions rather than presenting management's targets as segment guidance.

8. Forward growth assumptions

Base case growth

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM→TTM+5y	Justification
Europe Total Income	35.99% [data_package §3, Europe row]	FY25 (5.5%) [data_package §3, Europe YoY row]	No Europe revenue guide; group fixed opex EUR235-245m and CMD NTI above EUR1bn ambition [data_package §6]	6.50%	Uses the more representative FY21-FY25 CAGR of 5.68%, adds modest multi-product and 24/7 expansion, and stays far below the cyclical 3-year rebound rate. Mature ETF share and intense competition prevent a double-digit base assumption.

The base path is 7.0%, 7.0%, 6.5%, 6.0% and 6.0%. It begins above the five-year historical CAGR because Traditional EMEA was resilient in 2Q26, product coverage is widening and group capital is larger. It then decelerates as mature ETF flow, spread competition and the declining broad volume-share proxy offset growth in new products. The path reaches EUR438.073 million on 2031-06-30, a 6.50% CAGR from the TTM base.

Bull case growth

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM→TTM+5y	Justification
Europe Total Income	35.99% [data_package §3, Europe row]	FY25 (5.5%) [data_package §3, Europe YoY row]	No Europe revenue guide; group NTI above EUR1bn, RoTC above 50% [data_package §6]	12.49%	Assumes Europe monetizes multi-asset and 24/7 infrastructure, wins larger institutional flows and benefits from recurring active markets. Growth still decelerates each year and remains below the recent cyclical rebound CAGR.

The bull path is 14.0%, 13.5%, 12.5%, 11.5% and 11.0%. It is consistent with—but does not simply copy—the consolidated growth needed for management's 2030 NTI ambition. Europe benefits from the group platform and capital, yet its mature starting position causes gradual deceleration. The path reaches EUR576.061 million at the exact horizon.

Bear case growth

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM→TTM+5y	Justification
Europe Total Income	35.99% [data_package §3, Europe row]	FY25 (5.5%) [data_package §3, Europe YoY row]	No Europe revenue guide; investment and profit retention continue [data_package §6]	(1.48%)	Assumes a quiet-market reset, spread compression and poor monetization of new infrastructure. Revenue falls first, then recovers only 1-2% annually as structural market growth is largely offset by share and yield pressure.

The bear path is (8.0%), (4.0%), 1.0%, 2.0% and 2.0%. This is not the FY2023 trough repeated forever; the endpoint remains above the FY2023 level because the opportunity set and capital base are larger. The two-year decline captures weak market opportunity and competitive compression, while the shallow recovery acknowledges secular ETF and electronic-market growth. The path reaches EUR296.755 million at 2031-06-30.

Explicit year-by-year revenue path

Horizon date	Bear growth	Bear revenue	Base growth	Base revenue	Bull growth	Bull revenue
TTM 2026-06-30	—	EUR319.755m	—	EUR319.755m	—	EUR319.755m
2027-06-30	(8.0%)	EUR294.175m	7.0%	EUR342.138m	14.0%	EUR364.521m
2028-06-30	(4.0%)	EUR282.408m	7.0%	EUR366.087m	13.5%	EUR413.731m
2029-06-30	1.0%	EUR285.232m	6.5%	EUR389.883m	12.5%	EUR465.447m
2030-06-30	2.0%	EUR290.936m	6.0%	EUR413.276m	11.5%	EUR518.974m
2031-06-30	2.0%	EUR296.755m	6.0%	EUR438.073m	11.0%	EUR576.061m

The model does not assume a 39%-style product deceleration because no Europe product begins at a disclosed 39% growth rate. It does explicitly bridge from the observed mature/cyclical Europe record to each endpoint. The base and bull paths taper; the bear case bottoms and slowly recovers. Traditional EMEA and consolidated Digital serve as leading indicators, but neither is a separately additive Europe forecast line.

9. Forward `Operating result` margin assumptions

The exact profit basis throughout this section is issuer-disclosed `Operating result`. The TTM margin is 50.93%, calculated as EUR162.858 million divided by EUR319.755 million. No product-level Europe `Operating result` is disclosed, so a product margin split would be fabricated. The financial model uses one Europe segment margin and keeps consolidated Digital and Traditional EMEA as non-additive driver evidence.

Case	TTM `Operating result` margin	FY+1 margin	FY+2 margin	FY+3 margin	FY+4 margin	TTM+5y margin	Mechanism
Bear	50.93%	40.0%	32.0%	28.0%	29.0%	30.0%	Revenue shock collides with fixed technology, talent and control costs; spreads compress and new strategies do not cover investment. Modest recovery follows cost adaptation.
Base	50.93%	48.5%	46.0%	46.0%	46.5%	47.0%	FY2026 investment raises the fixed base before multi-product revenue and automation restore partial leverage. Terminal margin remains below the current strong level.

Case	TTM `Operating result` margin	FY+1 margin	FY+2 margin	FY+3 margin	FY+4 margin	TTM+5y margin	Mechanism
Bull	50.93%	52.0%	53.0%	54.0%	54.5%	55.0%	Strong flow, higher income per strategy, reuse of infrastructure and favorable product mix produce scale leverage while pricing discipline holds.

Every scenario moves by more than 100 basis points, so the mechanisms warrant detail. In the base case, the 393-basis-point decline from TTM to the horizon is not a view that the moat disappears. It reflects the raised expense guide, normalized opportunity after a strong TTM and the fact that Europe carries most central functions. Scale benefits return after FY+2, but the terminal margin is capped at 47.0%, below FY2024, FY2025 and TTM.

In the bull case, the 407-basis-point expansion requires more than market volume. The segment must reuse technology and distribution across ETFs, underlyings and tokenized assets; win higher-value institutional flow; and maintain pricing discipline. The 55.0% terminal margin is above the recent statutory Europe range, making it genuinely optimistic, but the step-up is staged over five years rather than asserted immediately.

In the bear case, the 2,093-basis-point decline is the fixed-cost downside. FY2023 demonstrated that a much lower margin can occur, although pre-FY2024 accounting presentation is not perfectly comparable. The model does not force a return to 13.3% because the platform and market opportunity have expanded, but it recognizes that low opportunity, tighter spreads and investment under-absorption can push Europe to 28% before stabilization. Trading losses, operational incidents or severe risk-control failures could produce a worse outcome than this operating case and belong in consolidated stress testing.

The margin is applied only to Europe `Total Income`. Finance cost is below `Operating result` in the sealed FY2025 and TTM bridges and must not be allocated here. Equity-accounted investment income and tax also remain outside. This preserves exact profit-metric identity and avoids double counting.

10. Segment rollup — bottoms-up and tied

Because the issuer supplies no additive product revenue split within Europe, the narrowest auditable bottom-up line is the reportable segment itself. The rollup therefore has one financial line: Europe `Total Income`. Traditional EMEA NTI and consolidated Digital NTI are operational drivers, not components that can be summed into statutory Europe revenue. This is a data-constrained one-line rollup, not an assumption that Europe has only one product.

Case	Modeled financial line	TTM revenue	TTM→TTM+5y CAGR	TTM+5y revenue	`Operating result` margin	TTM+5y `Operating result`
Bear	Europe Total Income	EUR319.755m	(1.48%)	EUR296.755m	30.0%	EUR89.027m
Base	Europe Total Income	EUR319.755m	6.50%	EUR438.073m	47.0%	EUR205.894m
Bull	Europe Total Income	EUR319.755m	12.49%	EUR576.061m	55.0%	EUR316.834m

Case	Sum of product-level financial lines	Stated segment revenue	Revenue residual	Revenue tie	Profit calculation	Profit residual
Bear	EUR296.755m	EUR296.755m	EUR0.000m	100.00%	EUR296.755m × 30.0% = EUR89.027m	EUR0.000m
Base	EUR438.073m	EUR438.073m	EUR0.000m	100.00%	EUR438.073m × 47.0% = EUR205.894m	EUR0.000m
Bull	EUR576.061m	EUR576.061m	EUR0.000m	100.00%	EUR576.061m × 55.0% = EUR316.834m	EUR0.000m

All rollups reconcile exactly, within the required 1% tolerance. The one-line structure is more conservative than allocating Digital revenue or group functions by judgment because every financial number can be reconstructed from the sealed TTM anchor, the explicit annual growth path and the stated `Operating result` margin.

Interpretation of the three cases

The base case produces EUR438.073 million of Europe `Total Income` and EUR205.894 million of `Operating result` in 2031. Revenue grows only modestly faster than its FY2021-FY2025 compound rate and well below the recent cyclical three-year figure. The margin settles below the current level because the model assumes investment is permanent enough to share in the benefit it creates. This is a mature-core outcome, not a straight-line realization of the EUR1 billion group NTI

ambition.

The bull case produces EUR576.061 million of `Total Income` and EUR316.834 million of `Operating result`. It assumes that multi-product distribution, 24/7 liquidity and a larger capital base expand the opportunity captured without eroding price. Europe remains a major contributor even if faster geographic growth lowers its consolidated mix. This case needs several things to go right simultaneously and therefore receives only a 20% probability.

The bear case produces EUR296.755 million of `Total Income` and EUR89.027 million of `Operating result`. The revenue endpoint is close to FY2025, but the profit is far lower because the enlarged fixed-cost platform is under-absorbed. That distinction is central to underwriting Flow Traders: the bear is not merely “less revenue growth”; it is a deterioration in income per unit of infrastructure and capital. A deep one-year volatility trough could be worse, but the exact five-year endpoint represents a weak normalized franchise rather than the worst quarter.

11. Key risks and wildcards

Bear — market-regime dependence. Europe may experience several quiet or tightly priced years in which ETF volume grows but monetizable spreads and dislocations do not. FY2023 is evidence that income and margin can fall sharply. The danger is greatest if investors mistake secular ETF AUM growth for a guaranteed NTI trajectory.

Bear — competitive spread compression. Existing scaled firms can match technology, capital and venue access. More aggressive quoting may reduce the economic yield on volume, particularly in liquid flagship ETFs. Flow Traders' declining broad ETF-volume ratio is not proof of economic share loss, but it is a warning against assuming capture is stable.

Bear — fixed-cost overshoot. FY2026 fixed operating expense guidance was raised to EUR235-245 million at group level. Europe carries most group functions. If AI, deep learning, new strategies and specialist hires do not add sufficient income, the segment's operating leverage works in reverse. The bear margin path directly reflects this risk.

Bear — funding hurdle. The private-credit facility adds capacity at a meaningful spread over SOFR. Finance cost is below segment `Operating result`, so it does not reduce the margin here, but it can destroy shareholder value even if segment profit grows. Consolidated synthesis must compare incremental trading returns with funding cost and keep the interest schedule separate.

Bear — regulation and operational risk. Market making spans multiple venues, instruments and jurisdictions. Capital, reporting, market-conduct, crypto or operational-resilience requirements could raise cost or restrict activity. A control failure, cyber incident, model error or outsized trading loss can produce discontinuous downside not captured by a smooth margin scenario.

Base — mature-Europe mix. Management's geographic and product growth may occur chiefly in APAC, the Americas or Digital. Europe can still grow through shared infrastructure and global functions, but its mature ETF franchise may expand more slowly than consolidated NTI. The base case intentionally gives Europe only a mid-single-digit-to-high-single-digit annual path.

Bull — 24/7 convergence. Tokenized assets could require continuous liquidity, creation/redemption expertise and cross-asset hedging. If institutional adoption accelerates, Europe's head-office technology and distribution platform could monetize activity not visible in present statutory product disclosure. The upside is meaningful, but current Digital NTI weakness makes it optionality rather than a base assumption.

Bull — product and counterparty breadth. More underlyings, direct connectivity and larger institutional transactions can increase income per relationship and reuse fixed infrastructure. The bull case requires profitable capture rather than a volume-only land grab; management's stated profitability discipline is supportive but not proof.

All cases — measurement opacity. No Europe product revenue, product margin or regional trading-capital series is disclosed. A favorable total may conceal weakness in a strategic product, and a poor total may reflect deliberate investment. Monitoring must therefore combine statutory Europe `Total Income` and `Operating result` with Traditional EMEA NTI, Digital NTI, trading capital, RoTC, fixed cost and qualitative product progress. The absence of product attribution is a real underwriting limitation, not a reason to back-solve unsupported figures.

Monitoring framework through 2031

The model should be refreshed each half year because annualizing any single quarter would overstate precision. Four observations matter most. First, compare Europe `Total Income` and `Operating result` with similar market regimes, not only the immediately preceding quarter. Second, monitor whether Traditional EMEA NTI remains resilient when global ETF

volume shifts and whether the broad volume-share proxy stabilizes. Third, track group RoTC against growth in trading capital and debt; more capital is useful only if incremental returns clear the funding and risk hurdle. Fourth, test whether fixed expense growth produces higher multi-product income and eventually renewed operating leverage.

Base-case evidence would be Europe revenue broadly following the 6-7% path, a near-term margin dip toward the mid-40s, and later recovery without a rise in risk incidents. Bull evidence would include sustained double-digit Europe income growth, successful tokenized or multi-asset monetization, and margin expansion alongside above-50% group RoTC. Bear evidence would include revenue below the explicit path, a margin below 40% outside a brief trough, continued cost growth without capital productivity, or indications that Flow Traders is buying volume through poorer pricing.

The CMD targets should be treated as falsifiable milestones. If consolidated NTI approaches EUR1 billion but Europe margin deteriorates, value may have shifted toward other regions or the group may have incurred too much central cost. Conversely, Europe could undershoot the bull revenue path while still creating shareholder value if capital is redeployed to higher-return regions. This appendix forecasts the statutory Europe segment and should not be used to veto rational internal capital movement; it should be used to ensure that the legacy profit engine does not weaken unnoticed.

Summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	EUR296.755m	Operating result	30.0%	EUR89.027m	30%
Base	EUR438.073m	Operating result	47.0%	EUR205.894m	50%
Bull	EUR576.061m	Operating result	55.0%	EUR316.834m	20%

The probability-weighted horizon values are EUR423.275 million of Europe `Total Income` and EUR193.022 million of Europe `Operating result`; the implied probability-weighted margin is 45.60%. These are probability-weighted endpoint values, not a fourth scenario and not a substitute for the distribution of market-making outcomes.

Data provenance and limitations

All Flow Traders historical dollar values, growth rates, accounting classifications and management commentary in this appendix come from the reviewed `data_package.md`, whose controlling sources are live official annual, interim and results documents. A 2026-08-08 live FMP stable check returned empty arrays for annual geographic and product segmentation and reproduced the known material statement-classification mismatch; no warehouse cache was substituted. Fresh requests to the official 2Q26 release, 2026 Capital Markets Day deck and 1H26 report returned HTTP 200. The sealed historical anchors remain the reviewed data package rather than the vendor fields. No May 2026 appendix or report was used as evidence.

`[DATA GAP: Europe-level deployable trading capital is not disclosed; no regional RoTC or ROIC is calculated.]`

`[DATA GAP: Stand-alone quarterly Europe Operating result is not disclosed; consolidated quarterly EBITDA margins are not assigned to Europe.]`

`[DATA GAP: Europe product revenue and product Operating result are not disclosed. Traditional EMEA is a management NTI overlay and consolidated Digital cannot be allocated to Europe without fabrication.]`

`[DATA GAP: Exact Europe market share and profitable-flow share are not disclosed. The broad company ETF-volume ratio is contextual and not treated as NTI share.]`

Appendix B2 - Asia

Flow Traders Asia — Segment Deep Dive

As of: 2026-08-08 SGT **Forecast anchor:** TTM ended 2026-06-30, comprising 3Q25 + 4Q25 + 1Q26 + 2Q26 **Forecast horizon:** 2031-06-30, exactly 5.0 calendar years after the TTM endpoint **Reporting currency:** EUR millions unless stated otherwise **Exact forecast profit basis:** issuer-disclosed `Operating result` **Historical ground truth:** reviewed `data_package.md`, SHA-256 `ac280e34e51d0261b09a7f20aa5af73cadf03f180694934d6d1350104be75dd4` **Sealed statutory bridge:** SHA-256 `27f7e5a9245f6860e4a21b79e59a778d320cbdbed84e62bbe4b7289fe3a7e509`

0. Segment boundary and taxonomy note

Asia is one of Flow Traders' three IFRS reportable geographic segments and comprises the Singapore, Hong Kong, Shanghai and Korea activities. The geographic boundary is stable across FY2021-FY2025 and remains intact in the 2026 interim report. Two measurement boundaries nevertheless matter. First, the issuer's FY2024 segment presentation was updated in the FY2025 annual report so that finance costs sit below `Operating result`; pre-FY2024 segment margins therefore provide cycle context but are not perfectly like-for-like with FY2024, FY2025 or TTM. Second, the Traditional/Digital and Traditional EMEA/U.S./APAC disclosures introduced in 2Q26 are a management NTI overlay, not a replacement for the IFRS geography. This appendix forecasts the statutory Asia segment on `Total Income` and exact issuer-disclosed `Operating result`; it uses Traditional APAC only as a non-additive operating indicator. [data_package §1, lines 76-84; §3a, lines 141-190]

`STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING` appears in the reviewed package. Asia's FY2025 `Operating result` is EUR8.039m and its TTM `Operating result` is EUR6.325m. There are no corporate/unallocated or operating-bridge adjustments: the three segments sum directly to statutory operating income. This appendix does not allocate finance cost, equity-accounted investment income or tax to Asia; those lines belong once, at consolidated synthesis. [data_package §3a, rows 151, 169, and forecast-driver row 185]

1. What this segment actually is

Flow Traders Asia is a principal-liquidity business, not a fee-based agency broker. The firm commits its own trading capital, continuously or selectively quotes two-way prices, buys from a seller or sells to a buyer, and then manages or hedges the resulting inventory. The economic customer can be an ETF issuer, exchange, institutional investor, broker, bank or electronic venue. The immediate service is liquidity: tighter spreads, greater displayed or request-for-quote depth, and the ability to execute larger orders without waiting for a natural counterparty.

The segment's geographic operating footprint spans Singapore, Hong Kong, Shanghai and Korea. Its practical market perimeter is broader because Asia trading hours overlap with Europe, U.S. overnight sessions and 24/7 digital markets. Within traditional markets, the core competency is still ETFs and the underlying instruments used to price and hedge them, but the platform also reaches cash equities, fixed income, commodities and FX. Digital-asset and tokenized-product activity is captured in the issuer's consolidated management overlay rather than allocated cleanly to Asia, so it cannot be turned into a separate Asia revenue line without fabrication. [data_package §1; §4 rows 196-207]

Pricing is transaction-by-transaction. Flow Traders does not publish a fixed take rate. Revenue arises from realized and unrealized trading gains, the spread earned between purchases and sales, and the quality of hedging and inventory management, net of trading-related frictions embedded in the issuer's income presentation. A wider market spread can improve the gross opportunity, but only if the firm has the capital, venue access, model confidence and risk tolerance to quote. Conversely, very high underlying volume can be unhelpful when spreads are compressed, the product mix is poor, or competitors win the profitable flow.

Go-to-market is therefore a combination of technology and relationships rather than a conventional sales funnel. On-exchange business requires connectivity, exchange membership or access, product designation and the ability to satisfy quoting obligations. Off-exchange and RFQ flow requires institutional distribution, dependable balance sheet, fast prices and trust that the firm will respond in size. ETF creation/redemption additionally requires operational links with issuers, authorized participants, custodians, clearing networks and underlying markets. Domestic China adds local access, capital-deployment and regulatory complexity. Management's comment that China is a strategic focus while capital controls still require efficient structures captures the key difference between a large addressable market and monetizable revenue. [data_package §6 Asia/APAC rows 295-300]

Asia's value proposition is easiest to see through exchange evidence. Japan Exchange Group describes ETF market makers as continuous liquidity providers and operates CONNEQTOR for large institutional RFQs that may be difficult to execute in the auction book. The exchange's mechanism lets multiple market makers compete anonymously and shows investors the best price. That architecture rewards speed, balance-sheet willingness and pricing accuracy, but it also makes competition explicit and limits relationship-based pricing power. [JPX CONNEQTOR overview](https://www.jpx.co.jp/english/equities/products/etfs/rfq-platform/index.html)

The segment is not simply a bet on an expanding ETF asset base. ETF assets create an installed base of tradable products, while turnover, creations/redemptions, volatility, cross-market dispersion and client activity determine the opportunity set. Flow Traders' APAC traditional ETF value traded fell 1% year on year in 1H26 even as management described strong regional market-volume growth; it rose 13% sequentially in 2Q26. That divergence is why the model uses a staged capture rate instead of mapping market growth one-for-one into segment income. [data_package §4, row 231; §6 Asia/APAC]

2. Current economics

The clean current anchor is the TTM ended 2026-06-30. Asia generated EUR99.168m of `Total Income` and EUR6.325m of issuer-disclosed `Operating result`, a 6.38% margin. The FY2025 comparison was EUR98.664m of `Total Income`, EUR8.039m of `Operating result` and an 8.1% margin. TTM income is only 0.5% above FY2025, while TTM profit is 21.3% lower. The period comparison is not a formal year-on-year growth statistic, but it correctly shows that the latest twelve-month base has not yet translated the region's structural growth narrative into operating leverage. [data_package §3 Asia rows 134-139]

The latest half-year evidence is similarly mixed. Asia's statutory `Total Income` in 1H26 is EUR71.0m, using the exact EUR41.5m first-quarter regional figure plus the EUR29.5m derived second-quarter statutory figure. The corresponding 1H25 amount implied by the package's TTM formula is EUR70.496m, so 1H26 grew only about 0.7% year on year. That is an analyst calculation from reviewed package endpoints, not a separately reported issuer growth rate. It coexists with strong quarterly sequencing: 2Q26 statutory Asia income of EUR29.5m followed a seasonally and cyclically stronger EUR41.5m in 1Q26. [data_package §3 line 139; §5 rows 240-247]

The five-year history is volatile. `Total Income` fell 13.5% in FY2022 and 0.6% in FY2023, then rose 48.5% in FY2024 and 21.1% in FY2025. The FY2021-FY2025 CAGR was 11.5%, while the three-interval FY2022-FY2025 CAGR was 21.4%. Neither rate should be extrapolated mechanically: they mix market regimes, changing capital deployment and the initial stages of regional expansion. The margin range was even wider, from 8.1% to 25.3% across FY2021-FY2025, before falling to 6.38% on the TTM anchor. [data_package §3 Asia rows 132-139]

The key sub-product disclosure is a non-statutory overlay. Traditional APAC NTI was EUR11.0m, EUR16.6m, EUR37.9m and EUR33.1m in the four TTM quarters, respectively, or EUR98.6m in aggregate. That is almost the same numeric magnitude as Asia `Total Income`, but the resemblance must not be used as a bridge: Traditional APAC excludes digital assets and other income, while the statutory Asia segment follows legal geography and inter-segment allocations. The two series answer different questions and are not additive or substitutable. [data_package §4 rows 207-223]

Capital intensity is substantial even though physical capex is modest. The group deployed EUR1,150m of net trading capital at 2Q26, up from EUR1,043.6m at FY2025, and retained profits to fund growth. Asia-specific trading capital is not disclosed. `[DATA GAP: Flow Traders does not disclose deployable trading capital by region, so no Asia RoTC or capital-turnover ratio can be calculated without an allocation assumption.]` The absence matters: a revenue forecast can look attractive while destroying value if incremental positions earn less than the firm's funding and operating cost. [data_package §0a Material KPI history; §10 item 2]

Physical investment is less important than software, data, connectivity and people. Group technology expense was EUR70.604m in FY2025 and EUR40.5m in 1H26, but no regional split exists. Group fixed operating expense guidance for FY2026 rose to EUR235-245m from EUR220-230m because of technology investment, selective specialist hiring and one-offs. Asia is in an access-and-build phase, so it likely bears incremental staff, regulatory, venue and infrastructure costs before capturing enough profitable flow to absorb them. No Asia-specific expense amount is disclosed, and this appendix does not invent one. [data_package §0a; §6 Cost, capital and capital returns]

3. Unit economics

The segment's unit is best thought of as risk-adjusted trading capital deployed against an addressable stream of orders. At a simplified level, `Total Income` equals captured client and market-making opportunity less adverse selection, hedging

slippage and trading frictions included in the issuer's presentation. `Operating result` then deducts personnel, technology, market data, connectivity, premises, depreciation and other operating expenses attributable or allocated to the region. Because neither regional trading capital nor regional fixed expenses are disclosed, the exact contribution margin per euro of Asia volume cannot be calculated.

Four variables drive revenue per unit of capital. First is market activity: ETF turnover, creations and redemptions, institutional RFQs and underlying-market volume. Second is spread opportunity, which tends to improve with volatility, fragmentation or difficult hedging, but can also bring greater inventory risk. Third is Flow Traders' capture rate, determined by coverage, price quality, speed, capital and counterparty access. Fourth is capital productivity: the ability to recycle balance sheet across products and time zones without concentrating risk. A larger market is necessary but insufficient; 1H26 showed that Asia market growth can outpace Flow Traders' capture.

At the gross level, economies of scope should be meaningful. A pricing engine that already understands an index, its ETF basket and related futures can support additional products at lower incremental cost than the first product. Connectivity to an exchange or client can be reused. More counterparties provide more information about available liquidity and more chances to offset inventory internally. Cross-asset hedging and a global book may reduce the cost of warehousing risk. Those are potential scale advantages, but only when systems and controls can unify the information. Fragmented legal entities, capital controls and local market rules prevent perfect pooling.

At the operating level, the main fixed costs are quantitative traders, developers, network and market-data infrastructure, compliance, risk management and local leadership. Those costs arrive before revenue. The TTM margin of 6.38%, versus FY2021-FY2025 margins ranging from 8.1% to 25.3%, is consistent with either a cyclical revenue trough, a deliberate build phase, weaker capture, or some combination. Management explicitly says APAC has not fully captured market growth while access and presence are being built. The base case therefore gives the segment five years to lift margin to 14%, still below the five-year simple average of 17.2% and well below the FY2023 peak of 25.3%.

Margin can rise through four mechanisms. The first is fixed-cost absorption: existing staff and connectivity support more flow. The second is mix: larger institutional RFQs and more complex or less crowded products can carry better spreads than the most liquid index ETFs. The third is improved access, especially domestic China and cross-border connectivity, which expands the addressable pool. The fourth is higher capital efficiency as the global 24-hour platform recycles positions and hedges across venues. None is automatic. If growth comes from ultra-competitive large ETFs, incremental revenue could arrive at a low margin; if capital is trapped locally, group-level scale does not fully translate.

Margin can fall when spreads compress, competitors improve prices, local products require high quoting obligations for little flow, or investments run ahead of income. Adverse selection is another risk: a market maker that wins flow because its price is stale can grow turnover while losing money. Operational incidents, model errors or connectivity outages can also turn an apparently scalable franchise into a loss source. Regulatory capital, clearing and custody requirements may raise the economic capital needed for the same income. Currency translation from Asian entities into euros adds reported volatility even when local activity is stable.

The model deliberately separates revenue growth from margin recovery. Bear revenue still grows 2% because the regional ETF ecosystem expands, but terminal margin falls to 4% because Flow Traders fails to capture attractive flow efficiently. Base revenue grows 7% and margin rises to 14% as access and fixed-cost absorption improve gradually. Bull revenue grows 12% and margin reaches 22%, requiring both strong market development and competitive success. This prevents the common error of assuming that a large market automatically produces both high sales growth and high margins.

4. Competitive dynamics

The relevant competitor set is broad. Global electronic market makers include Jane Street, Optiver, IMC, Virtu and other proprietary firms. Regional specialists and local broker-dealers also compete, particularly where exchange membership, domestic relationships or balance-sheet structures confer access. Banks compete for institutional RFQs and can combine liquidity with financing and client coverage. ETF authorized participants and designated market makers may overlap with these groups. Competition takes place product by product and venue by venue, so a single regional market-share number would be misleading even if it were disclosed.

Japan offers unusually transparent evidence of competitive intensity. JPX's 2026 awards named six “Best Market Makers” for trading sessions: IMC Pacific, Optiver Australia, Grasshopper Asset Management, Jane Street Asia Trading, Nine Mile Financial and Flow Traders Hong Kong. It separately named five best CONNEQTOR market makers, including Flow Traders, and four “Good Market Makers,” including Virtu Financial Singapore, BNP Paribas and Mitsubishi UFJ Morgan Stanley

Securities. The award set covered performance from February 2025 through January 2026. Flow Traders' inclusion proves capability, but the long winner list also proves that the field is not winner-take-all. [JPX 2026 market-maker awards](https://www.jpx.co.jp/english/equities/products/etfs/market-making/06.html)

China and Hong Kong supply the largest visible growth runway. Shanghai Stock Exchange reported that domestic Chinese ETF assets passed RMB6tn in 2025, making mainland China Asia's largest ETF market; SSE itself ended 2025 with 797 ETFs, RMB4.2tn of assets and RMB61tn of annual turnover. The scale is not directly Flow Traders revenue, but it validates the addressable-market thesis. [SSE ETF market update, 18 March 2026](https://english.sse.com.cn/news/newsrelease/voice/c/c_20260318_10812181.shtml)

Hong Kong also accelerated: HKEX reported average daily ETF turnover of HKD33.3bn in 2025, up 108% from HKD16.0bn in 2024. That supports more potential orders, but the exchange's market-maker structure and fee incentives encourage multiple firms to quote. Flow Traders must convert volume into profitable capture, not simply be present. [HKEX December 2025 market highlights](https://www.hkex.com.hk/Market-Data/Statistics/Consolidated-Reports/HKEX-Monthly-Market-Highlights?sc_lang=en&select=%7BB874D9B6-E6B3-44CC-AC36-B566A6363CCD%7D)

Singapore evidence confirms ongoing franchise wins but not exclusivity. A January 2026 SGX announcement appointed Flow Traders Asia as a designated market maker for the CSOP CSAM CSI A500 Index ETF alongside North Point Global. A named appointment is valuable because it embeds quoting access and issuer relationships, yet the co-appointment illustrates limited pricing power: issuers and exchanges want competing liquidity sources. [SGX appointment notice, 16 January 2026](https://links.sgx.com/FileOpen/Appointment%20of%20Designated%20Market%20Maker.ashx?App=Announcement&FileID=872198)

Flow Traders' strongest competitive advantages are product breadth, cross-venue technology, capital, a global handoff and long ETF experience. Its JPX recognition and SGX appointments show that these advantages are operational, not purely promotional. The firm can price an ETF using its underlying instruments and related markets, hedge across venues, and serve counterparties across time zones. Broader institutional distribution may improve RFQ response rates and allow inventory offsets that a small local participant cannot match.

The limits are equally important. Large competitors possess comparable technology, capital and talent. Continuous electronic quoting exposes prices to instant comparison. Exchange schemes often specify spread and presence obligations, reducing room for differentiation. Banks may accept lower standalone trading economics to protect wider client relationships. Local firms may understand domestic microstructure better and face fewer access frictions. China's QFII and RQFII reforms expanded eligible products and eased access, but cross-border supervision, filing and local intermediation still create operational requirements. [CSRC QFII/RQFII measures](https://www.csrc.gov.cn/csrc_en/c102030/c1370479/content.shtml)

Pricing power is therefore episodic rather than contractual. It rises when risk is hard to warehouse, natural liquidity is scarce, products are complex, or clients value certainty in size. It falls in liquid benchmark ETFs, calm markets and standardized RFQs with many respondents. The bull case assumes Flow Traders expands in areas where complexity and capital matter. The bear case assumes the region grows mostly in commoditized flow and that competitors retain the economics.

5. Moat at the segment level

Asia has a credible but narrow operating moat, not a durable toll-road moat. The assets are an integrated pricing and risk stack, exchange and counterparty relationships, licenses and operational access, and the accumulated knowledge required to quote thousands of related instruments. Reproducing one algorithm is easier than reproducing a global system that moves risk across venues, products and time zones while remaining within regulatory and counterparty limits.

Scale can create a data-and-execution loop. More products and counterparties generate more observations about order flow, hedging costs and venue behavior. Better estimates can improve prices; better prices can win more flow; more flow can improve inventory netting and generate further data. Capital supports larger orders and protects credibility during volatile markets. The loop is valuable when risk controls are robust and when data are shared across the platform rather than trapped in local silos.

Relationships and designations provide some persistence. ETF issuers, exchanges and institutional clients prefer reliable market makers because poor liquidity damages product adoption. Operational onboarding, legal documentation and testing impose switching costs. Nevertheless, the SGX example shows that issuers can appoint multiple firms, while JPX's winner list shows that several competitors meet high standards. Relationships protect participation more than economics.

Regulatory and market-access barriers can help incumbents but are two-edged. Licenses, custodians, clearing arrangements and domestic-market structures slow entrants. Flow Traders' active China launch and APAC leadership investment may

improve its position as access opens. Yet those same requirements can trap capital, raise cost and favor domestic firms. Regulation is therefore not a pure moat; it can be an entry barrier and a source of incumbent disadvantage at the same time.

The moat's durability depends on maintaining technical parity. AI-supported analytics and better hardware are not exclusive to Flow Traders. If electronic competitors price the same risk with similar models, spreads accrue to the client. Talent can move between firms. A model or operational failure can destroy years of trust quickly. The business remains exposed to creative destruction in execution methods, tokenized settlement and venue design.

Over five to ten years, the most defensible part is the global coordination layer: using one capital and risk framework to connect Asian, European, U.S. and digital activity. The least defensible part is simple continuous quoting in liquid ETFs. Asia can become a valuable scale node, but current profitability does not demonstrate that the moat is already producing excess economics. A 6.38% TTM `Operating result` margin is evidence that the region is still earning below its historical potential. The base case gives partial credit for a developing moat; the bull case requires the moat to convert market access into measurable margin, and the bear case assumes the moat protects relevance but not profitability.

6. Historical growth rates

The statutory segment is the only additive forecast line. Flow Traders does not disclose Asia revenue by ETF, cash equity, fixed income, FX, commodity, crypto or tokenized sub-product. The Traditional APAC series begins in 2Q24 and excludes digital assets and other income; using it as if it were statutory Asia revenue would mix taxonomies. The main historical table therefore uses the finest dollar-disclosed additive line: Asia `Total Income`.

Product / sub-segment	FY23 revenue	FY24 revenue	FY25 revenue	3-year historical CAGR	Most recent YoY	Data package cite
Asia reportable segment / `Total Income` [data_package §3, row 134]	EUR54.868m [data_package §3, row 134]	EUR81.483m [data_package §3, row 134]	EUR98.664m [data_package §3, row 134]	21.4% from FY22 to FY25 [data_package §3, rows 134-135]	1H26 approximately +0.7% calculated [data_package §3, line 139; §5, rows 240-247]	`data_package.md` §3 Asia, table rows 134-137; TTM line 139

The required three-year CAGR uses three annual intervals, FY2022 to FY2025: EUR55.200m multiplied by 1.2136 cubed equals EUR98.664m. That is internally consistent with the data-package values. The disclosed annual year-on-year checks also tie within the required 2% tolerance: EUR55.200m multiplied by 0.994 equals approximately EUR54.869m for FY2023; EUR54.868m multiplied by 1.485 equals approximately EUR81.477m for FY2024; and EUR81.483m multiplied by 1.211 equals approximately EUR98.675m for FY2025. Differences are rounding only.

The latest year-on-year calculation is deliberately labeled rather than presented as issuer guidance. The package gives 1H26 statutory Asia `Total Income` of EUR71.0m through its quarterly endpoints and the TTM formula. Since TTM EUR99.168m equals FY2025 EUR98.664m minus 1H25 plus 1H26, 1H25 is EUR70.496m and the implied growth rate is about 0.7%. This weak current capture is more relevant to the first forecast year than the 21.4% historical CAGR.

The management overlay provides useful recency but not an additive product forecast. It is reproduced separately and will not be summed into Asia `Total Income`.

Traditional APAC NTI context	3Q25	4Q25	1Q26	2Q26	TTM total	Status and cite
Traditional APAC NTI	EUR11.0m [data_package §4, row 216]	EUR16.6m [data_package §4, row 217]	EUR37.9m [data_package §4, row 218]	EUR33.1m [data_package §4, row 219]	EUR98.6m calculated [data_package §4, rows 216-219]	Non-additive management overlay; excludes Digital assets and Other income [data_package §4, rows 207-223]

Overlay tie-out: EUR11.0m + EUR16.6m + EUR37.9m + EUR33.1m = EUR98.6m. The package separately verifies that each quarter's EMEA, U.S. and APAC components sum to Traditional NTI within EUR0.1m. No back-solved pre-2Q24 product dollars are used. `[DATA GAP: No exact Asia sub-product revenue history exists before or after the 2Q24 management-overlay boundary, so the product forecast cannot be decomposed without unsupported allocation assumptions.]`

Historical `Operating result` also demonstrates why revenue alone is insufficient. Asia profit rose from EUR8.100m in FY2022 to EUR13.890m in FY2023 and EUR15.831m in FY2024, then fell to EUR8.039m in FY2025 and EUR6.325m TTM. The corresponding margins were 14.7%, 25.3%, 19.4%, 8.1% and 6.38%. The profit decline despite revenue growth is the central modeling fact: a volume thesis without a cost-and-capture thesis is incomplete. [data_package §3 Asia, rows 136-139]

7. Management guidance

The data package contains no formal numerical Asia revenue or margin guide. It contains six relevant Asia/APAC entries, which are all reproduced here. Verbatim excerpts remain bounded to the exact short text already reviewed upstream.

- **Q3 FY25, Thomas Spitz, data_package §6 Asia/APAC row 295 — verbatim:** “China is part of our strategic focus.” Management also acknowledged capital controls and the need for efficient deployment structures. Interpretation: China is an explicit growth priority, but access and capital mobility are gating conditions. The statement supports investment, not an immediate revenue step-up.

- **Q4 FY25, Thomas Spitz, data_package §6 Asia/APAC row 296 — paraphrase:** Flow Traders had launched active trading in China and described the market as an attractive expansion aligned with its ETF strength. Interpretation: the strategy moved from planning to operating, yet the package gives no revenue or capital allocation. The base case assumes a gradual learning and access curve.

- **Q1 FY26, Alex Kieft, data_package §6 Asia/APAC row 297 — paraphrase:** Asian ETF market volumes were rising materially, but Flow Traders was not yet capturing the increase fully while building access and presence; APAC remained a core growth region. Interpretation: this is the most important near-term anchor. It contradicts a simple market-volume beta and supports a first-year growth rate well below the historical CAGR.

- **Q2 FY26, Marc Jansen, data_package §6 Asia/APAC row 298 — verbatim:** “We continue to view APAC as a core growth region.” He simultaneously said the firm had not yet captured the market's large first-half volume increase. Interpretation: conviction in the addressable market survived a weak capture period, but the operational proof remains absent. The model requires evidence of capture before awarding bull economics.

- **CMD26, data_package §6 Asia/APAC row 299 — paraphrase:** management aims to scale capital across all three regions, extend U.S. overnight trading, build domestic-China ETF capability and generate more NTI from fast-growing APAC. Interpretation: a global handoff can help Asia monetize trading outside narrow local hours. Domestic China is the largest optionality, but it also carries the highest access and capital-control risk.

- **Model implication, data_package §6 Asia/APAC row 300:** APAC has the clearest volume runway but the weakest FY2025 and TTM statutory `Operating result` margin. The package explicitly requires staged access, capital deployment and fixed-cost absorption rather than equating market growth with immediate profit. This is the controlling qualitative rule for the forecast.

Two group-wide guideposts constrain the Asia model. Horizon 2030 aspires to group NTI above EUR1bn, RoTC above 50% and EBITDA margin above 45%, but management labels those targets long-term and uncertain. FY2026 fixed operating expense guidance rose to EUR235-245m. The first guidepost argues that Asia must contribute if the group ambition is reached; the second warns that investment costs arrive before regional margin. Neither provides permission to force Asia into a residual that makes the group target work. [data_package §6 Europe/consolidated row 282; Cost, capital and capital returns]

8. Forward growth assumptions

Base case revenue growth

Product	3-year historical CAGR	Latest YoY	Management FY+1 guide	Base CAGR TTM to TTM+5y	Concise justification
Asia reportable segment / `Total Income`	21.4% [data_package §3, rows 134-135]	1H26 approximately +0.7% calculated [data_package §3 line 139; §5]	No numerical guide; APAC is a core growth region but capture lags [data_package §6, rows 297-300]	7.0%	Below history and market growth; assumes gradual China access and share capture

The base case starts from EUR99.168m TTM and compounds at 7.0% for exactly five years to EUR139.088m. Seven percent is materially below both the 11.5% FY2021-FY2025 CAGR and the 21.4% FY2022-FY2025 CAGR because current capture is weak and the region has already absorbed two unusually strong years. It is above the latest approximately 0.7% half-year growth because ETF ecosystems in mainland China and Hong Kong are expanding, Flow Traders has launched active China trading, and management continues to add access and distribution.

The comparable path is not a single company revenue series, because private market makers do not disclose APAC segment sales consistently. Exchange evidence is more appropriate. Hong Kong ETF average daily turnover grew 108% in 2025, while SSE ETF assets and turnover expanded sharply. Flow Traders nevertheless did not fully capture 1H26 APAC growth. The base case therefore assumes market growth decelerates from exceptional rates and Flow Traders captures only part of it. The 7% CAGR represents market expansion plus modest share improvement, not a direct extrapolation of exchange turnover.

Bull case revenue growth

Product	3-year historical CAGR	Latest YoY	Management FY+1 guide	Bull CAGR TTM to TTM+5y	Concise justification
Asia reportable segment / `Total Income`	21.4% [data_package §3, rows 134-135]	1H26 approximately +0.7% calculated [data_package §3 line 139; §5]	No numerical guide; China and APAC are strategic [data_package §6, rows 295-300]	12.0%	Domestic-China access scales, RFQ wins compound, and capital converts to profitable flow

The bull case reaches EUR174.768m by 2031-06-30. Twelve percent is slightly above the longer FY2021-FY2025 CAGR but still far below the 21.4% recent three-interval rate. It requires domestic-China capability to become material, continuing institutional ETF adoption, effective global handoffs and a rising capture rate. It also requires Flow Traders to keep winning designations such as the SGX CSI A500 appointment and remain among leading JPX RFQ participants.

The bull case is not justified by market size alone. It needs observable company-level conversion: Asia income must begin outgrowing regional market proxies or at least keeping pace while margins rise. The annual path is smooth for modeling, but real results will be lumpy. One high-volatility quarter could produce a large share of annual income; the bull case should be judged on multi-quarter capture and capital productivity rather than any single print.

Bear case revenue growth

Product	3-year historical CAGR	Latest YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Concise justification
Asia reportable segment / `Total Income`	21.4% [data_package §3, rows 134-135]	1H26 approximately +0.7% calculated [data_package §3 line 139; §5]	No numerical guide; management admits weak capture [data_package §6, rows 297-300]	2.0%	Market grows, but access friction and competition prevent economic share gains

The bear case still grows to EUR109.489m because the region's ETF and electronic-market infrastructure expands. The bear thesis is not structural market collapse; it is failure to monetize the opportunity. China access remains capital-inefficient, local and global competitors win the highest-quality flow, digital weakness persists, and incremental product coverage produces low-return obligations rather than attractive trades.

Two percent is close to the latest statutory growth signal and well below history. It is conservative without assuming that Flow Traders exits Asia. A true operational or regulatory shock could drive revenue below the TTM base, but that would be a stress case rather than the probability-weighted bear used for the five-year operating model.

Year-by-year capture path

Case	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Bear `Total Income`	EUR99.168m	EUR101.151m	EUR103.174m	EUR105.238m	EUR107.343m	EUR109.489m
Base `Total Income`	EUR99.168m	EUR106.110m	EUR113.537m	EUR121.485m	EUR129.989m	EUR139.088m
Bull `Total Income`	EUR99.168m	EUR111.068m	EUR124.396m	EUR139.324m	EUR156.043m	EUR174.768m

The table makes the deceleration from the FY2024 48.5% and FY2025 21.1% historical rates explicit; within each scenario, the forecast CAGR is deliberately held constant rather than claiming unsupported year-specific precision. The base case adds roughly EUR7-9m of annual income, the bull adds EUR12-19m, and the bear adds only EUR2m. This is more defensible than using a heroic first-year rebound followed by arbitrary maturation.

9. Forward `Operating result` margin assumptions

The exact issuer metric is `Operating result`. The starting margin is 6.38%, calculated from TTM `Operating result` of EUR6.325m divided by TTM `Total Income` of EUR99.168m. The segment has no separately disclosed product margins, so a product-level margin decomposition would be fabricated. The single additive segment line is therefore forecast directly.

Case	TTM margin	2027 margin	2028 margin	2029 margin	2030 margin	2031 margin	Terminal `Operating result`
Bear	6.38%	5.5%	5.0%	4.5%	4.2%	4.0%	EUR4.380m
Base	6.38%	7.5%	9.0%	11.0%	12.5%	14.0%	EUR19.472m
Bull	6.38%	9.0%	12.0%	16.0%	19.0%	22.0%	EUR38.449m

Bear mechanism. Margin compression of 238 basis points is driven by prolonged investment without capture. Local infrastructure, specialists, compliance and venue costs rise while revenue grows only 2%. The segment keeps enough presence to support the global network but accepts commoditized flow and low-return market-making obligations. A 4% terminal margin remains positive, recognizing that management could cut expansion before allowing persistent losses. The downside could be worse during an adverse-selection or operational event, but such an event is not embedded as a permanent terminal condition.

Base mechanism. Margin expands by 762 basis points to 14%. This is a large change and requires specific evidence: domestic-China and regional access become productive; existing technology and teams absorb additional flow; the institutional RFQ mix improves; and capital is recycled more effectively across the 24-hour network. Fourteen percent remains below the simple FY2021-FY2025 average of 17.2% and below every annual margin except FY2025. It therefore represents partial normalization, not a return to peak economics.

The staged path matters. Margin rises only to 7.5% in the first year because FY2026 fixed-cost guidance was raised and management admits capture is incomplete. It then reaches 9%, 11%, 12.5% and 14% as access and utilization improve. This avoids granting immediate operating leverage before the data show it.

Bull mechanism. Margin expands by 1,562 basis points to 22%. This requires revenue to scale much faster than the regional fixed-cost base, a favorable mix of RFQs and complex products, successful China access, and no destructive price war. Twenty-two percent is below the FY2023 peak of 25.3% but above FY2024's 19.4%. The endpoint is plausible only if Asia becomes a mature profit center rather than an expansion node. If revenue grows 12% but margin stays near 10%, the bull case fails economically even though the top line looks strong.

No corporate or below-line item is included in these margins. Finance cost rose materially at group level after the private credit facility, but the sealed bridge classifies it below `Operating result`; synthesis must model it once. Likewise, equity-accounted results and tax are excluded. This preserves the exact statutory identity.

`[DATA GAP: Quarterly Asia Operating result is not disclosed, so the model cannot calibrate intra-year margin seasonality or test whether 1Q26 and 2Q26 had different regional profitability.]` The half-year and TTM values remain sufficient for the five-year anchor, but confidence in the first-year margin path is lower than the precision of the table may imply.

10. Segment rollup

Because no additive Asia sub-product revenue exists, the bottom-up rollup has one line. This is not a shortcut: it is the only taxonomy that reconciles to the sealed statutory bridge. The Traditional APAC overlay stays outside the sum.

Case	Additive forecast line	TTM revenue	Five-year CAGR	TTM+5y revenue	`Operating result` margin	TTM+5y `Operating result`	Rollup reconciliation
Bear	Asia reportable segment / `Total Income`	EUR99.168m	2.0%	EUR109.489m	4.0%	EUR4.380m	One-line sum equals segment total; 0.0% residual
Base	Asia reportable segment / `Total Income`	EUR99.168m	7.0%	EUR139.088m	14.0%	EUR19.472m	One-line sum equals segment total; 0.0% residual
Bull	Asia reportable segment / `Total Income`	EUR99.168m	12.0%	EUR174.768m	22.0%	EUR38.449m	One-line sum equals segment total; 0.0% residual

Arithmetic checks pass. Bear revenue equals EUR99.168m multiplied by 1.02 to the fifth power, or EUR109.489m; profit equals EUR109.489m multiplied by 4.0%, or EUR4.380m. Base revenue equals EUR99.168m multiplied by 1.07 to the fifth power, or EUR139.088m; profit equals EUR139.088m multiplied by 14.0%, or EUR19.472m. Bull revenue equals EUR99.168m multiplied by 1.12 to the fifth power, or EUR174.768m; profit equals EUR174.768m multiplied by 22.0%, or EUR38.449m. Rounding residuals are below EUR0.001m and well within the 1% contract.

The scenario spread is deliberately wider in profit than revenue. Bull revenue is 59.6% above bear revenue, while bull profit is almost nine times bear profit. That reflects the economics of a fixed-cost market-making platform: the difference between success and failure is not merely how much the region trades, but whether incremental trading income absorbs the operating base and earns an attractive return on capital.

At the group level, Asia represented 19.6% of TTM `Total Income` and only 3.4% of TTM `Operating result`. In the base case it becomes a meaningfully larger profit contributor, but this appendix does not force a group-mix target. Synthesis should sum Asia mechanically with the independently forecast Europe and Americas segments, then apply no corporate bridge adjustments because the sealed bridge has none.

11. Key risks and wildcards

- **Capture failure despite market growth — bear.** This is the primary risk. HKEX and SSE can grow quickly while Flow Traders' share of attractive orders stagnates. The 1H26 commentary already shows that market growth did not translate fully into company activity. Monitor statutory Asia income, Traditional APAC NTI, ETF value traded and multi-quarter margin together.

- **Domestic-China access and capital mobility — bear/base.** Local licensing, custody, clearing, broker intermediation and capital controls can slow deployment or trap capital. Management explicitly acknowledged the need for efficient structures. The base case assumes gradual progress; the bear assumes prolonged friction. A regulatory opening that permits efficient hedging and capital movement is a bull catalyst.

- **Competitive price compression — bear.** JPX recognizes multiple sophisticated market makers, and institutional RFQ platforms expose competing prices. Jane Street, Optiver, IMC, Virtu, banks and local firms can compress spreads. Flow Traders may grow volume while earning a lower return per unit of risk.

- **Fixed-cost overbuild — bear.** Regional leadership, quantitative hiring, data, venues and compliance arrive before revenue. Group FY2026 fixed-cost guidance was raised. If Asia remains near EUR100m of income while costs expand, the segment can stay profitable but fail to earn an adequate return on the capital and talent committed.

- **Trading-capital misallocation — bear.** Region-level capital is not disclosed, so investors cannot observe Asia RoTC. Incremental capital may chase low-return flow or become operationally trapped. The most important missing KPI is not another volume statistic but Asia profit relative to average capital deployed.

- **Market-regime volatility — all cases.** Calm, tightly priced markets can reduce opportunity; dislocated markets can widen spreads but increase adverse selection and inventory risk. Reported earnings will remain lumpy even if the five-year franchise grows. One strong quarter should not be annualized, and one weak quarter does not disprove the thesis.

- **Operational or model failure — bear.** A stale price, hedge failure, connectivity outage or risk-limit breach can turn high volume into losses and damage exchange or client trust. Global coordination increases efficiency but may increase the blast radius of common systems. Robust local kill switches and independent risk controls are essential.

- **Digital and 24/7 convergence — bull/bear wildcard.** Tokenized assets and round-the-clock trading could let Asia become a key global handoff and use existing ETF creation/redemption expertise. It could also create fragmented venues, custody risk and new competitors. Digital NTI fell 36% year on year in 1H26 at group level, so structural optimism must be separated from current economics. [data_package §6 Digital assets]

- **Product-mix opacity — all cases.** The issuer does not disclose Asia income by product. Investors cannot tell whether growth comes from durable institutional relationships, episodic volatility or low-margin benchmark flow. The 2Q26 overlay helps but does not map to the statutory segment. Better product-by-region disclosure would materially improve forecast confidence.

- **Currency translation — all cases.** Local revenue and costs span Asian currencies while the segment is reported in euros. Currency moves can change reported growth and margin even when local trading economics are stable. The scenarios do not add a separate FX forecast; they implicitly assume no sustained translation shock.

- **Management execution and leadership — base/bull.** Frank Drouet's April 2026 appointment as Asia-Pacific CEO raises accountability for regional expansion. Success should show up in access, capture and margin, not just product counts. Failure to improve the TTM 6.38% margin over the next several reporting periods would reduce the credibility of the base case.

Decision-relevant monitoring framework

The base case should be revised upward only when three conditions appear together: Asia statutory income begins to grow faster than the current low-single-digit signal; Traditional APAC activity demonstrates sustained capture across more than a volatility spike; and `Operating result` margin improves while group trading capital grows. Revenue growth without margin is not confirmation. Margin growth produced only by a temporary volatility event is also insufficient.

The bear case becomes more likely if Asia income remains near EUR100m through 2028, the segment margin stays below 8%, and management continues to describe access as “building” without disclosing capital productivity. A harder thesis break occurs if the segment requires materially more capital while profit falls, because that would contradict the economic rationale for retaining earnings and borrowing to expand.

The bull case needs evidence that domestic China and institutional RFQ activity are additive, not merely replacements for existing Singapore/Hong Kong/Japan flow. A terminal 22% margin is not justified by product-count growth alone. It requires visible fixed-cost absorption and disciplined risk-adjusted returns.

Scenario summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	EUR109.489m	Issuer-disclosed `Operating result`	4.0%	EUR4.380m	25%
Base	EUR139.088m	Issuer-disclosed `Operating result`	14.0%	EUR19.472m	50%
Bull	EUR174.768m	Issuer-disclosed `Operating result`	22.0%	EUR38.449m	25%

The 25% bear / 50% base / 25% bull weights are non-uniform and reflect two-sided evidence: weak 1H26 capture and the 6.38% TTM margin keep meaningful downside probability, while management's dated APAC commentary, active China build and the region's exchange-volume runway support a material upside tail. Base receives twice either tail because gradual access and partial fixed-cost absorption are better supported than either persistent capture failure or a rapid return to mature-region economics.

The probability-weighted terminal values are EUR140.608m of Asia `Total Income` and EUR20.443m of issuer-disclosed `Operating result`, equivalent to a 14.54% blended margin. These are probability-weighted scenario endpoints, not a fourth operating case and not a substitute for consolidated security valuation.

The Asia thesis is therefore conditional rather than proven. The addressable market is strong, exchange recognition confirms competitive relevance, and management is investing in access. Yet the sealed current economics show a EUR99.168m income base producing only EUR6.325m of `Operating result`. The base case earns its 7% growth and 14% terminal margin only if the next five years convert access into capture and capture into fixed-cost absorption. Until that conversion appears in statutory segment profit, Asia is a promising growth node with weak demonstrated economics, not an established compounder.

Appendix B3 - Americas

Flow Traders Americas — Segment Deep Dive

As of: 2026-08-08 **Forecast anchor:** TTM ended 2026-06-30, exactly 3Q25 + 4Q25 + 1Q26 + 2Q26 **Forecast horizon:** 2031-06-30, exactly 5.0 years **Currency:** EUR millions unless stated otherwise **Sealed segment-profit metric:** issuer-disclosed `Operating result` **Evidence hierarchy:** reviewed `data_package.md` and QFR-sealed `statutory_bridge.json` for all Flow Traders historical facts; current primary or industry sources only for external market context

0. Segment boundary and taxonomy note

Americas is the issuer's geographic reportable segment containing its U.S.-based trading operations. The geographic boundary was stable across FY2021-FY2025, but the measurement basis is not perfectly uniform: AR2025 restated FY2024 segment reporting so finance costs sit below `Operating result`, whereas pre-FY2024 geographic margins retain an older finance-cost and recharge presentation. Consequently, FY2025 and the TTM ended 2026-06-30 are the clean modeling anchors; FY2021-FY2023 are contextual cycle observations, not directly comparable terminal-margin precedents. The Traditional/Digital and EMEA/U.S./APAC view introduced in 2Q26 is a management NTI overlay, not a replacement for the IFRS segment. This appendix therefore forecasts Americas on statutory-geography `Total Income` and the exact sealed `Operating result` basis. It uses Traditional U.S. NTI only as a non-statutory driver and never substitutes it for Americas segment revenue or profit. [data_package §1, Reporting structure and taxonomy; §3a, Common segment profit basis; §10, cautions 6-7]

1. What the Americas segment actually is

Flow Traders Americas is a principal-risk electronic market maker operating from the United States. It continuously prices instruments, commits its own trading capital, buys from sellers, sells to buyers, hedges the resulting inventory, and earns the difference between its realized trading proceeds and the cost of acquiring and hedging positions. Unlike an exchange, it does not primarily collect a toll on every market transaction. Unlike an asset manager, it does not earn a recurring fee on client assets. Its economic output is trading income created from the interaction of market activity, spread opportunity, pricing accuracy, balance-sheet capacity and the quality of its risk controls.

The core customer set is institutional rather than consumer-facing. Relevant counterparties include ETF issuers and authorized participants, banks and broker-dealers, asset managers, hedge funds, other buy-side institutions, exchanges, alternative venues and request-for-quote platforms. Flow Traders' role differs by channel. On a lit venue it competes to post attractive two-sided quotes and manage adverse-selection risk. In a request-for-quote or bilateral transaction it competes on price, certainty, size and responsiveness. In ETF primary-market activity it can create or redeem shares against baskets, using its knowledge of the underlying securities and funding markets to keep ETF prices aligned with net asset value. The SEC's ETF framework confirms that ETF shares are created and redeemed in creation units by authorized participants against baskets and cash balancing amounts, which makes balance-sheet and basket-pricing capability central to the value chain rather than incidental. [SEC ETF Rule 6c-11 guide](https://www.sec.gov/investment/exchange-traded-funds-small-entity-compliance-guide)

The segment's traditional product set is broader than U.S. equity ETFs. Management describes an expanding ETF book, cash-equity and underlying trading, fixed income and other adjacent asset classes, plus more direct and overnight connectivity. The Q4 FY2025 commentary specifically separated rising U.S. equity-venue activity from the different sequential pattern in fixed income, showing why a one-factor VIX model is inadequate. The segment also participates in digital assets, crypto-linked products and tokenized markets, but the company does not disclose Americas digital NTI separately. Americas should thus be understood as a multi-product U.S. risk-and-distribution platform whose disclosed statutory output includes the region's full income and expenses, while the available product overlay reveals only Traditional U.S. NTI.

Pricing is transactional and endogenous. Flow Traders generally does not publish a fixed fee schedule and then wait for customer orders. Instead, the economic price is embedded in its bid and offer, adjusted for inventory, volatility, liquidity, hedge cost, capital use, expected holding period and the probability of being adversely selected. A larger or more complex flow may offer more gross spread but consume more balance sheet and carry more basis risk. A highly liquid mega-cap ETF may offer large volume but intense competition and a narrow spread. The segment's true unit of output is therefore risk-adjusted NTI per unit of trading capital and operating infrastructure, not volume alone.

Go-to-market has two linked layers. The first is electronic coverage: connections to exchanges, RFQ networks and bilateral client workflows, combined with enough instrument coverage to answer more inquiries. The second is capital deployment: the ability to quote larger size, warehouse risk temporarily and hedge across related instruments. The USD200m private-credit facility and USD75m undrawn revolver increased the capacity available to the group, and management connected the larger capital base to participation in larger U.S. transaction flows. Yet management also explicitly rejected a pure share-grab strategy. The distinction matters: increased coverage can improve the opportunity set, but only profitable flow capture should count as economic growth.

2. Current economics

The TTM ended 2026-06-30 is the required starting point. Americas generated EUR87.674m of `Total Income` and EUR14.392m of issuer-disclosed `Operating result`, a 16.42% margin. Revenue was 16.0% of group FY2025 revenue by region, while the TTM statutory segment represented 17.3% of consolidated Total Income and only 7.8% of consolidated `Operating result`. The segment is therefore material but structurally less profitable than Europe at the present disclosure point. [data_package §1, FY2025 revenue by region; §3, TTM forecast base; §3a, TTM bridge]

FY2025 Americas `Total Income` was EUR75.175m, up 2.5% from EUR73.357m in FY2024. FY2025 `Operating result` was EUR8.657m and the margin was 11.5%, down sharply from the restated FY2024 margin of 28.1%. The TTM recovery to EUR87.674m of income and EUR14.392m of `Operating result` is meaningful, but it does not establish a new normalized margin. The five-year record spans margins of 10.5% to 28.1%, and the two cleanest post-restatement observations are far apart. [data_package §3, Americas table]

Recent activity improved. Quarterly regional income was EUR14.9m in 3Q25, EUR20.2m in 4Q25, EUR28.0m in 1Q26 and a derived EUR25.4m in 2Q26. The first three observations are the issuer's quarterly `Revenue by region`; 2Q26 is IFRS-segment `Total Income` derived from 1H26 less 1Q26, so they are directionally useful but not a perfectly homogeneous series. Traditional U.S. NTI was EUR11.8m, EUR15.9m, EUR25.4m and EUR26.6m over those four quarters, totaling EUR79.7m. That overlay rose 24.5% from the comparable LTM-to-2Q25 sum of EUR64.0m. It is a driver, not statutory segment revenue. [data_package §4, Traditional U.S. quarterly rows; §5, quarterly regional trend]

For modeling only, this appendix builds an explicit bridge from the EUR87.674m statutory TTM base: EUR79.700m of disclosed Traditional U.S. NTI plus an EUR7.974m analytical residual. The residual is simple subtraction; it is not issuer-disclosed Americas digital revenue. It may include Americas digital NTI, other income and taxonomy/geographic differences between the management overlay and statutory segment. The bridge is valuable because it prevents a hidden assumption: the forecast can apply one growth rate to the observable Traditional U.S. engine and a different rate to the small unallocated residual, then reconcile exactly to statutory Americas Total Income.

Capital intensity is high economically but low in conventional fixed assets. Group net trading capital increased from EUR774.9m at FY2024 to EUR1,043.6m at FY2025 and EUR1,150m at 2Q26, while conventional group capex was only EUR6.787m in FY2025. Technology expense, at EUR70.604m group-wide in FY2025, is a more relevant operating-investment proxy than plant capex, but it is not separately disclosed for Americas. The segment also consumes regulatory capital, liquidity, exchange collateral and hedging capacity. [data_package §0a, Material KPI history; §7, Capital allocation history]

[DATA GAP: Deployable trading capital, technology expense and conventional capex are not disclosed by geography. An Americas return-on-capital calculation would require an allocation assumption and is therefore not presented as issuer fact.]

[DATA GAP: Americas digital-asset NTI, ETF-only NTI, cash-equity NTI, fixed-income NTI and other product-level dollars are not separately disclosed.]

3. Unit economics

Americas revenue begins with opportunity rather than customer count. More trading activity, wider or more variable spreads, greater cross-asset dislocation, large rebalance events and new product launches expand the set of trades that can be priced. But market volume is not revenue. Flow Traders must win the flow at a spread that covers expected hedge cost, adverse selection, funding, exchange and clearing charges, and the incremental use of scarce trading capital. The data package's clearest proof is management's emphasis on profitable U.S. participation instead of market share for its own sake.

At the transaction level, gross economics can be framed as quoted spread plus any favorable inventory or hedge outcome, less adverse selection, hedge slippage, venue fees, financing and clearing. Thousands or millions of these small outcomes aggregate into NTI. A strong platform improves that distribution in four ways: faster and more accurate prices reduce adverse

selection; broader cross-asset coverage creates cheaper or more complete hedges; more counterparties and venues increase flow diversity; and more capital allows larger quotes without breaching risk limits. None guarantees profit because competitors observe much of the same public data and continuously adapt.

The ETF mechanism adds a structural source of demand. When an ETF trades away from the value of its basket, authorized participants can create or redeem shares, while market makers hedge ETF inventory with the underlying securities or related derivatives. The process rewards firms that can price baskets, source underlying liquidity and finance short-lived inventory. U.S. ETF adoption remains an attractive backdrop: at year-end 2025, the United States had 4,495 ETFs, 288 sponsors and EUR-equivalent scale far larger than Flow Traders' current capital base; ICI reported USD13.4tn of net assets and record USD1.5tn of 2025 net issuance. These numbers support a growing opportunity pool, not an automatic revenue growth rate, because competition can compress the economics per dollar traded. [ICI, US ETF Market FAQ, April 2026](https://www.ici.org/faqs/faqs_etfs_market); [ICI 2026 Fact Book release](https://www.ici.org/news-release/ici-fact-book-showcases-broad-array-of-fund-industry-statistics)

Variable costs include exchange, brokerage and clearing fees, financing of inventory, market data, connectivity and some compensation. Fixed and semi-fixed costs include quantitative researchers, traders, engineers, risk and compliance staff, software, colocated infrastructure, data feeds, network connections, offices and shared corporate services. This creates operating leverage: once technology and regulatory infrastructure exist, additional profitable flow can carry a high incremental contribution. It also creates negative leverage when the opportunity set contracts because staff, data and infrastructure cannot be removed immediately without damaging the franchise.

The historical `Operating result` margin illustrates that convexity. Americas earned only 10.5% in FY2022, 15.8% in FY2023 and 11.5% in FY2025, but 28.1% in FY2024. The dispersion is too large to describe the business as a steady annuity. It reflects both trading conditions and the utilization of a regional cost base. The TTM margin of 16.42% is a sensible middle anchor because it includes a weak 3Q25, stronger 4Q25 and stronger 1H26 rather than a single event-driven quarter. [data_package §3, Americas table; §5, quarterly trend]

The balance-sheet flywheel is central. Retained earnings and borrowed capital can increase quote size, product coverage and strategy capacity. If the incremental capital earns an attractive return, more NTI supports more retained earnings, which supports further scale. The flywheel reverses if spreads compress or risk is mispriced: finance expense remains, capital is tied up, and operating costs continue. Group TTM finance cost rose to EUR15.060m from EUR6.264m in FY2025 after the private-credit funding, and that cost is below `Operating result`; it must not be allocated to Americas in this appendix. The synthesis model must separately judge whether incremental group profit covers the expensive debt schedule. [data_package §3a, forecast-driver ledger; §6, Cost, capital and capital returns]

Margin improvement requires more than revenue growth. The base case assumes that coverage, larger-flow participation and fixed-cost absorption lift the Americas `Operating result` margin from 16.42% to 20.0% by 2031. The mechanism is modest operating leverage after the current investment program, not a European-margin convergence assumption. The bull case requires sustained high-value flow capture and technology productivity; the bear case assumes that spread compression, weaker opportunity and a still-rising cost base overwhelm scale.

4. Competitive dynamics

The direct competitors are sophisticated electronic market makers and proprietary trading firms, including Jane Street, Citadel Securities, Virtu Financial, Susquehanna, Optiver, IMC and Hudson River Trading, alongside bank trading desks and product-specific specialists. Most are private and do not publish comparable U.S. ETF economics, so exact market-share claims would be false precision. Public Virtu provides a useful benchmark for the shape of competition. Its FY2025 Form 10-K describes market making across equities, fixed income, currencies, crypto and commodities, interactions with hundreds of retail and institutional channels, trading in more than 50,000 securities, access to 17 U.S. SEC-registered exchanges and more than 150 private liquidity pools. The filing also says competition turns on price, execution quality, speed, market coverage and service, and warns that larger firms may deploy more capital and fund more AI and infrastructure. [Virtu Financial FY2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1592386/000159238626000009/virt-20251231.htm)

Flow Traders enters this field with a differentiated heritage in ETFs and cross-asset liquidity, but not with an obvious scale advantage in U.S. equities. Management's CMD disclosure showed Traditional U.S. NTI at 22% of Traditional NTI for the LTM to 1Q26, unchanged from 2019. APAC gained mix while EMEA declined. This means the Americas thesis cannot rely on a six-year regional mix-share trend that has not occurred. The underwriting case instead rests on growing the absolute U.S. opportunity pool, broadening product depth, using more capital on larger trades and lifting profitability within a roughly stable geographic mix. [data_package §6, Americas CMD row]

Pricing power is situational, not structural in the ordinary consumer-brand sense. In the most liquid mega-cap ETFs, many firms can price the same public instruments, competition is intense and spreads are narrow. Flow Traders has limited ability to dictate terms. Pricing is better in complex baskets, less liquid products, larger RFQs, volatile transitions and cross-market situations where balance sheet, speed and hedge breadth matter. Even there, the advantage is earned trade by trade and can migrate to a faster or better-capitalized rival.

Entry barriers are high in absolute terms but do not prevent rivalry among incumbents. A credible entrant needs capital, regulatory permissions, exchange and clearing relationships, market data, low-latency systems, experienced quantitative staff, risk controls, cyber resilience and the ability to operate reliably during stress. It also needs counterparties willing to send meaningful flow. These requirements keep ordinary new entrants out. They do not protect Flow Traders from Jane Street, Citadel Securities or Virtu, which already possess those assets.

The U.S. market-structure regime can alter the profit pool. The SEC's Regulation NMS amendments introduced a USD0.005 tick for certain tightly quoted stocks and reduced access-fee caps, changes intended to improve price competition and lower transaction costs. Smaller pricing increments can compress the economic rent on tick-constrained instruments even if they also improve displayed liquidity. [SEC Regulation NMS amendments](https://www.sec.gov/newsroom/press-releases/2024-137) As of this report date, amended Rule 605 execution-quality FAQs took effect on 2026-08-01, expanding comparable reporting expectations and moving the industry toward more measurable execution quality. Better transparency can reward genuinely superior execution, but it can also make performance easier for clients to benchmark and switch. [SEC Rule 605 FAQ, April 2026](https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions/frequently-asked-questions-rule-605-regulation-nms)

Digital assets are both a substitute threat and an adjacent opportunity. Twenty-four-hour tokenized markets may erode distinctions between traditional exchange hours and digital venues. A market maker with digital infrastructure can follow the flow, while a traditional-only firm risks displacement. The SEC's 2025 decision to permit in-kind creations and redemptions for crypto ETPs reduced a structural friction for authorized participants and brought those products closer to ordinary ETF plumbing. That can expand efficient arbitrage opportunities but also invite stronger traditional-market competition into crypto-linked ETPs. [SEC crypto ETP in-kind order announcement](https://www.sec.gov/newsroom/press-releases/2025-101-sec-permits-kind-creations-redemptions-crypto-etps)

[DATA GAP: The data package does not disclose Flow Traders' Americas share of U.S. ETF NTI, value traded, RFQ wins, exchange volume, or profitable addressable flow. The model therefore makes no market-share claim.]

5. Moat at the segment level

The Americas moat is real but narrower than the European franchise's. Its strongest element is the integrated technology, risk and capital stack. Pricing thousands of related instruments while managing inventory and hedges across venues is difficult to reproduce, and the cost of maintaining data, connectivity, models and controls is largely fixed. Flow Traders can reuse global infrastructure and ETF expertise in the U.S., giving the segment an advantage over a regional start-up. This is an economy-of-scope moat rather than a legal monopoly.

A second protection is counterparty and venue connectivity. Institutional flow is sensitive to reliability, price and settlement performance. A firm that has passed onboarding, credit, legal and technical integration can answer more RFQs and access more pools of liquidity. Repeated execution can improve model calibration and client trust. Still, multi-homing is common: sophisticated customers can request prices from several market makers, so relationships reduce friction but rarely lock in all flow.

The third protection is balance-sheet capacity. Large or complex trades need capital and temporary risk warehousing. The group's capital expansion and new facility allow the Americas desk to participate in transactions it previously could not size. Yet borrowed capital is not a moat by itself. Competitors can access capital too, and Flow Traders' private-credit spread of SOFR plus 500 basis points, potentially stepping down to 450 basis points, raises the hurdle rate. Capital creates advantage only when paired with superior selection and hedging.

The fourth protection is learning across products and geographies. Flow Traders' ETF creation/redemption expertise, traditional-market pricing and digital mint/burn experience can converge in tokenized and 24/7 markets. A unified pricing and distribution layer may reuse risk signals and client connectivity across products. That optionality is valuable, but it remains unproven in Americas segment dollars because digital NTI is not geographically disclosed and group digital NTI fell 36% year on year in 1H26. [data_package §4, recent growth table; §6, Digital assets commentary]

Against those strengths, the segment lacks durable unilateral pricing power. Algorithms can be replicated, employees can move, customers can multi-source, and competitors have formidable resources. There is no evidence that Americas has gained geographic mix share since 2019. The moat should therefore be graded as a moderate execution-and-scale advantage with high reinvestment needs, not a wide consumer-style moat. Over five to ten years it can preserve relevance if Flow Traders keeps investing and maintains risk discipline. It does not protect a 28% margin in all environments.

The most defensible underwriting stance is that the Americas franchise can grow faster than its FY2023-FY2025 statutory history because the U.S. ETF opportunity pool is expanding and capital deployment has increased, while terminal margins remain below Europe. The base case does not assume convergence to Europe's roughly 50% FY2025 margin. If the segment cannot reach a 20% `Operating result` margin by 2031 despite EUR130m of income, the thesis will have failed its central scale-leverage test.

6. Historical growth rates

The statutory historical series is reproduced from the reviewed data package. Every numerical cell below identifies the exact row. “3-year CAGR” follows the required FY-3 to FY-1 convention, which spans two compounding intervals from FY2023 to FY2025.

Product / sub-segment	FY-3 Total Income	FY-2 Total Income	FY-1 Total Income	3-yr CAGR	Most recent YoY	Data package cite
Americas Total Income	EUR83.195m [§3 Americas, Total Income]	EUR73.357m [§3 Americas, Total Income]	EUR75.175m [§3 Americas, Total Income]	(4.9%) [§3 Americas, Total Income]	2.5% [§3 Americas, YoY]	data_package §3, Americas table rows `Total Income` and `YoY`

Arithmetic checks: EUR83.195m × 0.882 = EUR73.378m versus reported EUR73.357m, a 0.03% rounding difference; EUR73.357m × 1.025 = EUR75.191m versus reported EUR75.175m, a 0.02% difference. Both are within the mandatory 2% tolerance. The FY2023-to-FY2025 CAGR is `(75.175 / 83.195)^(1/2) - 1 = -4.94%`.

The exact sealed `Operating result` history is included because the revenue path alone understates the volatility of segment economics.

Americas exact profit metric	FY-3	FY-2	FY-1	TTM ended 2026-06-30	Data package cite
Operating result	EUR13.153m [§3 Americas, Operating result]	EUR20.626m [§3 Americas, Operating result]	EUR8.657m [§3 Americas, Operating result]	EUR14.392m [§3 TTM base; §3a TTM bridge]	data_package §3 and §3a
Operating result margin	15.8% [§3 Americas, margin]	28.1% [§3 Americas, margin]	11.5% [§3 Americas, margin]	16.42% [§3 TTM base; §3a TTM bridge]	data_package §3 and §3a

Product-level dollar disclosure does not support a three-year Americas product table. The finest relevant disclosed series is the management overlay for Traditional U.S. NTI beginning in 2Q24. It is non-additive to statutory geography until bridged and is shown as a driver only.

Traditional U.S. driver	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26
Traditional U.S. NTI	EUR5.8m [§4 row 2Q24]	EUR12.9m [§4 row 3Q24]	EUR13.5m [§4 row 4Q24]	EUR9.1m [§4 row 1Q25]	EUR28.5m [§4 row 2Q25]	EUR11.8m [§4 row 3Q25]	EUR15.9m [§4 row 4Q25]	EUR25.4m [§4 row 1Q26]	EUR26.6m [§4 row 2Q26]

Row tie-out: LTM Traditional U.S. NTI to 2Q25 is EUR12.9m + EUR13.5m + EUR9.1m + EUR28.5m = EUR64.0m. LTM to 2Q26 is EUR11.8m + EUR15.9m + EUR25.4m + EUR26.6m = EUR79.7m. EUR64.0m × 1.2453 = EUR79.7m ✓. This 24.5% recent growth rate is informative but too short and too cycle-sensitive to extrapolate for five years.

[DATA GAP: No exact Americas product-dollar series exists before the 2Q24 Traditional U.S. overlay, and no geographic Digital assets series is disclosed. A three-year product CAGR cannot be calculated without fabrication.]

7. Management guidance and forward anchors

The following is the complete set of Americas-relevant forward commentary in data_package §6, including cross-segment capital, digital and cost items that directly constrain the regional forecast. No transcript was re-fetched and no quote comes from prior work.

- **Q3 FY2025, private-credit deployment — paraphrase.** Management said the USD200m facility was intended to increase baseline capital deployment into new strategies and larger trade sizes, with the growing ETF book among the

opportunities. Interpretation: capacity can support revenue growth, but the debt cost belongs below `Operating result` and must be handled by synthesis, not buried in Americas margin. [data_package §6, Americas row 1; Cost, capital row 3]

- **Q4 FY2025, market mix — paraphrase.** U.S. equity-venue volumes increased both year on year and sequentially, while fixed-income volumes increased year on year but declined sequentially. Interpretation: Americas earnings depend on product-specific opportunity and participation, so neither VIX nor aggregate ETF volume is a complete revenue driver. [data_package §6, Americas row 2]

- **Q1 FY2026, larger-flow participation — paraphrase.** Higher U.S. ETF volumes and a larger capital base enabled participation in larger transactions, but mega-cap ETFs remained concentrated. Management's discipline statement was: “We prioritise profitability in the US over purely going for market share.” Interpretation: the model should give credit for increased addressable ticket size but should not assume indiscriminate share gain. [data_package §6, Americas row 3]

- **Q2 FY2026, recent momentum — verbatim.** “The Americas saw continued NTI increases compared to the prior quarter.” Interpretation: the 2Q26 outcome supports a stronger TTM starting point, but the statement is sequential commentary, not multi-year guidance. [data_package §6, Americas row 4]

- **CMD26, unchanged U.S. mix — paraphrase.** Traditional U.S. NTI was 22% of Traditional NTI at LTM 1Q26, the same proportion as in 2019. Interpretation: a base case should not assume that U.S. mix expands automatically; absolute growth must come from market growth, product breadth and better profitable-flow capture. [data_package §6, Americas row 5]

- **CMD26, franchise expansion — paraphrase.** The traditional plan includes broader ETF coverage, more underlying instruments, U.S. overnight activity and direct connectivity in a unified multi-product distribution layer. Interpretation: these initiatives are the specific structural basis for an above-history base CAGR, but investment precedes payoff. [data_package §6, Europe and consolidated franchise row 6; Americas relevance]

- **Digital assets and tokenization — paraphrase.** Management described partnerships, institutional digital offerings, tokenized real-world assets and 24/7 liquidity as structural opportunities, while acknowledging weak recent crypto conditions. Interpretation: the residual bridge can grow faster than Traditional U.S. in base and bull cases, but it remains small because Americas digital dollars are undisclosed and group Digital NTI fell 36% year on year in 1H26. [data_package §6, Digital assets rows 1-5; §4 recent growth]

- **Cost guidance — disclosed range.** FY2026 fixed-operating-expense guidance rose from EUR220-230m to EUR235-245m due to technology investment, specialist hiring and one-off costs. Interpretation: near-term operating leverage is delayed; no scenario assumes immediate margin expansion in 2026. [data_package §6, Cost, capital row 1]

- **Capital retention — paraphrase.** Management had no current plan to reinstate dividends or begin a buyback and reaffirmed reinvestment through 2030. Interpretation: capital availability supports capacity, but shareholders bear the risk that retained capital earns below its cost. [data_package §6, Cost, capital row 2]

- **2030 group aspirations — disclosed targets.** The company targets more than EUR1bn of group NTI, RoTC above 50% and EBITDA margin above 45% by 2030. Interpretation: these are long-term, uncertain group aspirations, not Americas segment guidance. This appendix does not force its outcome to make the target work. [data_package §6, Europe and consolidated franchise row 5; Cost, capital row 4]

8. Forward growth assumptions

The statutory starting value is EUR87.674m of Americas Total Income. To make the forecast reconstructable, it is decomposed into the EUR79.700m disclosed TTM Traditional U.S. driver and the EUR7.974m analytical residual described in

Section 2. “Historical CAGR” is marked unavailable for the driver lines because the overlay starts in 2Q24. The statutory segment's FY2023-FY2025 CAGR is negative 4.9%; its latest FY2025 growth was 2.5%; and the Traditional U.S. driver grew 24.5% on a rolling-year basis. The model deliberately lands between those cycle points.

Base case growth

Product / modeling line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM→TTM+5y	Justification
Traditional U.S. NTI driver	Not available; overlay starts 2Q24	24.5% LTM [§4 rows 212-219]	No numerical guide	8.0%	ETF growth, larger tickets and broader coverage are offset by normalization and competition.
Digital / other / basis residual	Not disclosed	Group Digital 1H26 (36%) [§4 recent growth]	No numerical Americas guide	10.0%	Small base and tokenization optionality outweigh weak current crypto, without assuming a step-change.
Americas Total Income	(4.9%) FY23-FY25 [§3]	2.5% FY25 [§3]	No numerical segment guide	8.19% implied	Reconciles the two modeled lines; acceleration requires profitable flow capture and scale.

The 8.0% Traditional U.S. assumption is well below the 24.5% latest rolling growth because the latter begins with a low and uneven 2024 base and includes a strong 1H26. It is above the negative statutory FY2023-FY2025 CAGR because U.S. ETF assets and issuance are growing, capital is higher, and management has documented larger-flow participation. The 10.0% residual assumption gives some credit to tokenized markets and adjacent products but contributes only EUR4.9m of the EUR42.3m segment increase.

Bull case growth

Product / modeling line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM→TTM+5y	Justification
Traditional U.S. NTI driver	Not available; overlay starts 2Q24	24.5% LTM [§4 rows 212-219]	No numerical guide	12.0%	High ETF issuance, successful overnight coverage and larger RFQs sustain share of profitable flow.
Digital / other / basis residual	Not disclosed	Group Digital 1H26 (36%) [§4 recent growth]	No numerical Americas guide	16.0%	In-kind crypto ETP plumbing and tokenized assets convert optionality into a still-small revenue stream.
Americas Total Income	(4.9%) FY23-FY25 [§3]	2.5% FY25 [§3]	No numerical segment guide	12.39% implied	Mix grows faster while Traditional remains the dominant engine.

The bull case still does not extrapolate the latest 24.5% Traditional U.S. growth. A 12% five-year CAGR nearly doubles that driver from EUR79.7m to EUR140.5m and therefore requires sustained product breadth and execution quality, not just a single volatility spike. The 16% residual CAGR sounds high but starts from only EUR8.0m; it adds EUR8.8m in absolute terms.

Bear case growth

Product / modeling line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM→TTM+5y	Justification
Traditional U.S. NTI driver	Not available; overlay starts 2Q24	24.5% LTM [§4 rows 212-219]	No numerical guide	(3.0%)	Tighter ticks, aggressive incumbents and weaker opportunity reduce economics despite ETF asset growth.
Digital / other / basis residual	Not disclosed	Group Digital 1H26 (36%) [§4 recent growth]	No numerical Americas guide	(8.0%)	Crypto conditions stay weak and tokenization commercialization is delayed.
Americas Total Income	(4.9%) FY23-FY25 [§3]	2.5% FY25 [§3]	No numerical segment guide	(3.41%) implied	Returns the segment near its FY2024-FY2025 income range after five years.

The bear case is not a catastrophe scenario. It assumes the platform remains viable and ETF markets continue to exist, but Flow Traders fails to translate industry expansion into revenue because competition compresses spreads and the product pipeline disappoints. Terminal Total Income of EUR73.7m is close to FY2024's EUR73.4m, providing a grounded cyclical and execution-downside anchor.

Year-by-year deceleration and path check

The modeled paths avoid an unsupported cliff from the latest growth rate. Each line compounds at the stated case CAGR; values reconcile to Section 10.

Case and line	TTM Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31
Bear Traditional U.S.	79.700	77.309	74.990	72.740	70.558	68.441
Bear residual	7.974	7.336	6.749	6.209	5.713	5.256
Base Traditional U.S.	79.700	86.076	92.962	100.399	108.431	117.105
Base residual	7.974	8.771	9.649	10.613	11.675	12.842
Bull Traditional U.S.	79.700	89.264	99.976	111.973	125.409	140.459
Bull residual	7.974	9.250	10.730	12.447	14.438	16.748

The base case's first-year segment growth is 8.2%, not 24.5%. The deceleration is justified because the latest figure compares an uneven four-quarter base and because U.S. market making is highly competitive. The path does not assume a sudden market collapse; it assumes normalization immediately and then steady structural growth. The bull case sustains 12.4% segment growth and therefore requires repeated successful strategy launches. The bear case declines gradually, consistent with spread compression and delayed commercialization rather than an abrupt loss of licenses or market access.

9. Forward `Operating result` margin assumptions

No product-level `Operating result` is disclosed, so assigning different margins to Traditional U.S. and the analytical residual would create false precision. Margin is therefore modeled once at the Americas segment level and applied to the exactly reconciled Total Income rollup. No finance cost, tax, equity-accounted result or corporate adjustment is inserted here; the sealed bridge has none between segment `Operating result` and statutory operating income.

Case	Current Operating result margin	TTM+5y Operating result margin	Change	Specific mechanism
Bear	16.42%	5.0%	(1,142) bps	Revenue contraction, tight spreads and fixed technology/compliance costs create negative leverage.
Base	16.42%	20.0%	+358 bps	Coverage and capital support higher flow while the post-investment cost base is absorbed gradually.
Bull	16.42%	28.0%	+1,158 bps	Larger complex RFQs, strong strategy productivity and sustained revenue growth approach the FY2024 peak.

The base terminal margin sits above the TTM level but below the restated FY2024 peak of 28.1%. A 358-basis-point gain is not free: Total Income rises 48%, while fixed and semi-fixed regional costs grow more slowly after the current technology and hiring program. This is the central operating-leverage assumption. If costs continue to rise in line with income, the segment will remain near its TTM margin and terminal `Operating result` would be only about EUR21.3m rather than EUR26.0m.

The bull terminal margin of 28.0% deliberately stops at the FY2024 precedent rather than extrapolating Europe's margin. It requires strong mix and utilization, but it is grounded in an observed post-restatement Americas result. The path does not assume a 28% margin immediately; it reaches the level in steps as revenue exceeds EUR150m.

The bear margin of 5.0% assumes Flow Traders protects the franchise rather than cutting investment to maximize short-term profit. That may look severe relative to the historical low of 10.5%, but the case combines declining income with a structurally higher global fixed-cost program and more demanding U.S. reporting and technology requirements. It leaves the segment profitable, avoiding an ungrounded insolvency assumption.

Case	TTM Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31
Bear Operating result margin	16.42%	13.5%	11.0%	8.5%	6.5%	5.0%
Base Operating result margin	16.42%	17.2%	18.0%	18.8%	19.4%	20.0%

Case	TTM Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31
Bull Operating result margin	16.42%	18.5%	21.0%	23.5%	26.0%	28.0%

10. Segment rollup

Product-driver revenue rollup

Case	Traditional U.S. TTM base	Traditional U.S. TTM+5y	Residual TTM base	Residual TTM+5y	Americas TTM+5y Total Income	Reconciliation
Bear	79.700	68.441	7.974	5.256	73.697	68.441 + 5.256 = 73.697
Base	79.700	117.105	7.974	12.842	129.948	117.105 + 12.842 = 129.947; 0.001 rounding
Bull	79.700	140.459	7.974	16.748	157.207	140.459 + 16.748 = 157.207

Every case reconciles within 0.001m, far inside the 1% requirement. The starting bridge also ties exactly: EUR79.700m + EUR7.974m = EUR87.674m. Because the residual is analytical rather than disclosed, the output should be interpreted as a transparent driver decomposition, not a claim about issuer product mix.

Americas `Operating result` rollup

Case	Americas TTM+5y Total Income	Operating result margin	Americas TTM+5y Operating result	Arithmetic
Bear	73.697	5.0%	3.685	73.697 × 5.0% = 3.685
Base	129.948	20.0%	25.990	129.948 × 20.0% = 25.990
Bull	157.207	28.0%	44.018	157.207 × 28.0% = 44.018

Annual path and arithmetic control

Case	Metric	TTM Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31
Bear	Total Income	87.674	84.645	81.739	78.949	76.270	73.697
Bear	Operating result	14.392	11.427	8.991	6.711	4.958	3.685
Base	Total Income	87.674	94.847	102.611	111.012	120.106	129.948
Base	Operating result	14.392	16.314	18.470	20.870	23.301	25.990
Bull	Total Income	87.674	98.514	110.705	124.419	139.848	157.207
Bull	Operating result	14.392	18.225	23.248	29.239	36.360	44.018

The starting `Operating result` is the sealed EUR14.392m, not an approximation from consolidated EBITDA. The base case adds EUR11.598m of segment profit over five years. The bull adds EUR29.626m; the bear loses EUR10.707m. These ranges are appropriately wide for an outcome driven by market activity, spreads and operating leverage.

Probability weights are 25% bear, 55% base and 20% bull. The higher bear weight reflects limited product disclosure, an unchanged U.S. Traditional mix since 2019 and strong incumbents. The bull is not assigned equal probability to base because it requires both sustained double-digit revenue growth and a return to the historical peak margin. Probability-weighted TTM+5y Total Income is EUR121.337m and probability-weighted Americas `Operating result` is EUR24.019m; these are expected values, not a fourth operating scenario.

11. Key risks and wildcards

Bear — spread compression and tick reform. Smaller ticks and lower access-fee caps can reduce the economic rent on tight-spread U.S. securities. Even if market quality improves, the gross spread available to market makers may shrink. The risk is greatest in liquid products where competition can match prices quickly.

Bear — capital earns below its cost. The group expanded trading capital and added expensive private credit. If the Americas desk uses more balance sheet to win low-quality flow, NTI can grow while economic value falls. This appendix excludes finance cost by accounting design, so synthesis must compare incremental group after-interest profit with capital employed.

Bear — incumbent response. Jane Street, Citadel Securities, Virtu and other large firms can respond to Flow Traders' coverage expansion with narrower prices, better service or greater quote size. The public Virtu benchmark shows the scale of global instrument and venue coverage already present in the competitive set.

Bear — fixed-cost ratchet. FY2026 group fixed-expense guidance was raised to EUR235-245m. Specialist hiring, market data, regulatory reporting and 24/7 infrastructure may create a higher permanent cost base before Americas revenue arrives. The bear case's 5% terminal margin captures this negative operating leverage.

Bear — model and operational failure. Principal trading exposes the company to faulty prices, stale data, bad hedges, exchange outages, cyber incidents and correlated positions. A severe event can erase many ordinary profitable days. The company does not disclose the daily NTI distribution or loss-day tail, which limits independent calibration. [data_package §10, caution 5]

Base — ETF structural growth does not equal NTI growth. U.S. ETF assets and issuance can grow while turnover, volatility or spreads fall. The base case therefore assumes only 8% Traditional U.S. growth, not growth matching recent ETF issuance. Monitoring must distinguish assets, flow, value traded and profitable captured NTI.

Base — market-share measurement. Management's 22% U.S. share of Traditional company NTI is an internal geographic mix, not U.S. market share. A future disclosure of RFQ wins, ETF value traded or U.S. segment capital would materially improve the model. Until then, the thesis should be judged on actual Americas Total Income and `Operating result`, not narrative share claims.

Base — regulatory transparency. Enhanced Rule 605 disclosures may reward execution quality if Flow Traders performs well, but they also make provider comparisons easier and may accelerate switching. This is not unambiguously positive or negative.

Bull — product breadth and larger RFQs. The clearest positive wildcard is successful deployment into larger, more complex trades where technology and balance sheet matter more than raw speed. This could raise both revenue and margin if the segment avoids adverse selection.

Bull — overnight and 24/7 convergence. More U.S. overnight trading and tokenized markets could create a global handoff advantage for a firm already operating across Europe, Americas and Asia. If Flow Traders connects traditional ETF creation/redemption with digital mint/burn and institutional distribution, the small residual line could grow faster than modeled.

Bull — crypto ETP plumbing. In-kind creations and redemptions can make crypto ETP arbitrage more operationally similar to traditional ETF activity. Flow Traders' cross-market skills could translate into profitable Americas flow if institutional adoption continues.

Bull — sustained volatility without disorder. The best environment is not necessarily a crash. Persistent dispersion, active rebalancing and reliable market functioning can support wider opportunity while keeping hedge markets liquid. This could drive the bull revenue path and 28% terminal margin.

Monitoring scorecard

Indicator	Bear signal	Base signal	Bull signal	Why it matters
Americas quarterly income	Sustained below EUR20m	EUR23-30m with cycle variation	Repeatedly above EUR30m	Tests the revenue path directly.
Traditional U.S. NTI	Negative rolling growth	Mid-to-high single-digit growth	Double-digit growth with discipline	Observable core driver.
Americas Operating result margin	Below 10% after investment phase	Progress toward 18-20%	Above 25% sustainably	Tests operating leverage.
Group RoTC	Below debt-adjusted hurdle	Around long-run targets	Above 50% with growing capital	Tests capital productivity, not segment accounting alone.
Fixed operating expense	Outgrows NTI	Growth moderates after FY2026	Strong revenue leverage	Determines whether scale becomes profit.
U.S. product disclosure	No improvement	Driver commentary improves	Product and capital data become measurable	Reduces model uncertainty.

Summary

Case	Segment TTM+5y Total Income	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	EUR73.697m	Operating result	5.0%	EUR3.685m	25%
Base	EUR129.948m	Operating result	20.0%	EUR25.990m	55%
Bull	EUR157.207m	Operating result	28.0%	EUR44.018m	20%

The base case is deliberately constructive on revenue and conservative on terminal profitability relative to Europe. It assumes that a rapidly expanding U.S. ETF ecosystem, larger-flow capability and broader product coverage can overcome the segment's negative FY2023-FY2025 statutory CAGR, but it does not assume geographic mix-share gains or European margins. The decisive question is whether retained and borrowed capital produces profitable flow rather than only more activity. Americas becomes a meaningful contributor if it reaches roughly EUR130m of Total Income and a 20% `Operating result` margin; it remains a weak link if income stagnates near EUR75m and the higher fixed-cost base compresses margin toward 5%.

Source and model control notes

- All Flow Traders historical dollars, growth rates, management commentary and accounting classifications are reproduced from the reviewed `data_package.md` and sealed `statutory_bridge.json`; no May 2026 prior work or warehouse cache was used.
- The sealed statutory hash supplied for this run is `27f7e5a9245f6860e4a21b79e59a778d320cbdbed84e62bbe4b7289fe3a7e509`; the data-package SHA supplied by the orchestrator is `ac280e34e51d0261b09a7f20aa5af73cadf03f180694934d6d1350104be75dd4`.
- The reviewed data package was built from live FMP stable endpoints and fresh issuer sources; this appendix uses that sealed record for Flow Traders historicals and current official SEC/issuer filings and ICI releases for external context. No warehouse cache was substituted.
- The model contains no corporate/unallocated line and no adjustment between segment `Operating result` and statutory operating income, consistent with the sealed bridge. Finance cost, equity-accounted results and tax remain synthesis-stage items.
- `trade_execution_authorized=false`.

Appendix S - Synthesis (Combined Earnings Model)

Flow Traders — Synthesis (Combined Earnings Model)

Assessment date: 2026-08-08 **Forecast anchor:** TTM ended 2026-06-30 **Valuation horizon:** 2031-06-30, exactly 5.0 calendar years after the TTM anchor **Reporting and quote currency:** EUR **Exact segment profit metric:** issuer-disclosed `Operating result`

This appendix mechanically consolidates the three independently reviewed geographic forecasts into statutory operating income, net income, and diluted EPS. It does not reclassify accounting lines, invent corporate allocations, or use the superseded May 2026 work. All historical bridge lines come from the DR-cleared data package and the byte-sealed statutory bridge. All forward segment values come from the reviewed Europe, Americas, and Asia appendices. The moat appendix returns FAIL; that qualitative disqualifier determines the later ER2 rejection but does not change or waive the valuation arithmetic below.

1. Anchors and sealed controls

- Today is 2026-08-08. Flow Traders' fiscal year ends 31 December.
- The TTM anchor is 2026-06-30 and comprises FY2025 less 1H25 plus 1H26, equivalent to the four non-overlapping quarters 3Q25, 4Q25, 1Q26, and 2Q26.
- The latest completed fiscal year used only for the historical sanity check is FY2025, ended 2025-12-31.
- The horizon is 2031-06-30. The date interval from 2026-06-30 to 2031-06-30 is exactly 5.0 calendar years; no forecast row compounds for six fiscal years.
- The sole valuation price is EUR27.00 per ordinary share, the XAMS:FLOW raw exchange close for the completed 2026-08-07 session. The instrument is one ordinary share of Flow Traders Ltd., ISIN BMG3602E1084, listed on Euronext Amsterdam. The packet expires at 2026-08-09T19:50:00+08:00 under its conservative 24-hour policy.
- The raw price evidence hash is `d788b7d1bcb7a619012f3e059bd17a0880e5a4133c7ab46cb7dcc729fd47f9e5`. The exact quote-packet hash is `aa0a28dbcac64e47d1c61da537c2695167308c0cbec619715fcff8b8f00b2983`. The strict validator returned `QUOTE_PACKET_VALID` at 2026-08-08T21:09:15+08:00, before expiry, and independently printed the same hash.
- The financial-statement and quote currencies are both EUR. The listed unit and financial-statement unit are both one ordinary share. There is no ADR and no second economic share class.
- At the 2026-06-30 financial-share basis date, 45,680,726 diluted financial shares multiplied by the 1.0 split factor equal 45,680,726 quote-basis diluted financial shares. No intervening split occurred through the 2026-08-07 quote date. The split evidence is the 2026 half-year report, archived hash `70088b8b5f26cc8870dcb1061397a839a73960df9a82ca1d7475079e51cf4b0b`.
- The depositary ratio of 1.0 multiplied by the share-class factor of 1.0 equals 1.0 financial share per listed unit. Therefore 45,680,726 quote-basis financial shares divided by 1.0 equal 45,680,726 listed-unit equivalents.
- FX is identity: EUR1.0 quote currency per EUR1.0 reporting currency on 2026-08-07. No currency conversion or second price is introduced.
- The statutory-bridge hash is `27f7e5a9245f6860e4a21b79e59a778d320cbdbed84e62bbe4b7289fe3a7e509`. The bridge validator returned `STATUTORY_BRIDGE_VALID` and the same hash. The durable gate manifest records `QUANT FOUNDATION VERIFIED — CLEARED FOR WAVE 1`, `STATUTORY BRIDGE VERIFIED — CLEARED FOR FORECASTING`, and `DATA PACKAGE VERIFIED — CLEARED FOR WAVE 2`.

The reviewed input hashes also match their manifest anchors: Europe `abffc9fec52f4442757292134ad2abfb14897d71969aafe2d186cbbd3be8b2d5`; Americas `845fda7458609f2720fde46d957fa53773e77d1a0592bbb677468bfa5228a71c`; Asia `555f20d55c818160267a94fd4c56df433251da3a22b13f2fa34eeeb1a913a528`; management `2ec3bd9a6e395b639c13a19d179fc0fe9cd50092c24be5941f295f082b5fc3f0`; moat `3ac26c89d2de7515a2998b2dfbfbafa56027a70d023b7715fbf34b8b34711eed`; and data package

ac280e34e51d0261b09a7f20aa5af73cadf03f180694934d6d1350104be75dd4.

2. Segment-level forward assumptions

The table reproduces, rather than re-derives, each reviewed segment endpoint. `Total Income` is the revenue line. `Operating result` is the sole common profit metric. Europe and Asia are one-line statutory segment rollups because additive product dollars are not disclosed. Americas contains a transparent Traditional U.S. driver plus analytical residual, but its final statutory segment revenue and margin control consolidation.

Segment	Exact profit metric	TTM revenue, EURbn	Bear TTM+5y revenue, EURbn	Base TTM+5y revenue, EURbn	Bull TTM+5y revenue, EURbn	Bear profit margin	Base profit margin	Bull profit margin	Source
Europe	Operating result	0.319755	0.296755	0.438073	0.576061	30.0%	47.0%	55.0%	`appendix_B_europe.md` Sections 8-10
Americas	Operating result	0.087674	0.073697	0.129948	0.157207	5.0%	20.0%	28.0%	`appendix_B_americas.md` Sections 8-10
Asia	Operating result	0.099168	0.109489	0.139088	0.174768	4.0%	14.0%	22.0%	`appendix_B_asia.md` Sections 8-10

The effective five-year revenue CAGRs reproduced from the rounded endpoints are Europe negative 1.4819%, 6.4991%, and 12.4942%; Americas negative 3.4136%, 8.1882%, and 12.3881%; and Asia 1.9999%, 7.0000%, and 12.0000% for bear, base, and bull, respectively. The small differences from displayed rounded CAGRs in the appendices are presentation rounding, not additional assumptions.

Europe remains the central earnings engine. Its base case deliberately assumes only 6.5% revenue growth and a terminal 47% margin, below the 50.93% TTM margin, because the raised fixed-cost program arrives before scale benefits. Americas assumes the clearest base-case operating leverage: revenue rises from EUR87.674m to EUR129.948m and margin rises from 16.42% to 20%. Asia's base margin rises from 6.38% to 14%, but remains below its five-year simple average. The bull scenarios require profitable flow capture rather than industry volume alone; the bear scenarios explicitly model fixed-cost under-absorption.

3. Combined revenue build

There are no corporate eliminations in the sealed historical bridge or Section 3a driver ledger. Therefore segment revenue sums directly to combined `Total Income`. The TTM base is EUR506.597m, exactly the sum of EUR319.755m, EUR87.674m, and EUR99.168m.

Line	Bear	Base	Bull
Sum of segment TTM+5y revenue, EURm	479.941	707.109	908.036
Corporate eliminations, EURm	0.000	0.000	0.000
Combined TTM+5y revenue, EURm	**479.941**	**707.109**	**908.036**
Implied TTM to TTM+5y CAGR over 5.0 years	(1.08%)	6.90%	12.38%

The bear endpoint is only 5.3% below the TTM revenue base, yet it produces far greater profit compression because Europe and Americas absorb a structurally larger technology, specialist, and control cost base. The base endpoint is 39.6% above TTM and remains well below management's aspiration for more than EUR1bn of group NTI around 2030. Total Income and NTI are not perfectly interchangeable, but they are close at the current anchor; the base case is therefore not forced to meet management's aspiration. The bull endpoint approaches, but does not exceed, EUR1bn and requires all three regions to execute.

4. Combined statutory operating income build

The sealed Section 3a ledger contains no corporate/unallocated adjustments and no operating bridge adjustments. That is an exact zero-line finding, not an analyst plug. Forecast segment `Operating result` therefore equals statutory operating income in every case. Finance cost and the equity-accounted result remain below operating income and appear only in Section 5.

Line	Bear	Base	Bull
Europe TTM+5y Operating result, EURm	89.027	205.894	316.834
Americas TTM+5y Operating result, EURm	3.685	25.990	44.018
Asia TTM+5y Operating result, EURm	4.380	19.472	38.449
Sum of segment profit on sealed common metric, EURm	97.092	251.356	399.301
Corporate/unallocated adjustments from Section 3a, EURm	0.000	0.000	0.000
Consolidated TTM+5y segment-profit metric, EURm	97.092	251.356	399.301
Operating bridge adjustments from Section 3a, EURm	0.000	0.000	0.000
Combined statutory TTM+5y operating income, EURm	**97.092**	**251.356**	**399.301**
Implied statutory OI margin	20.23%	35.55%	43.97%

The rule for each projected bridge line is explicit. Corporate/unallocated adjustments are zero because both the FY2025 and TTM sealed arrays are empty; no line exists to forecast. Operating bridge adjustments are likewise zero because the sealed arrays are empty. These zeros do not absorb differences and cannot change to make a scenario tie. The model never allocates finance costs into Europe, Americas, or Asia because the issuer and sealed packet classify finance cost below `Operating result`.

The base OI margin of 35.55% is slightly below the TTM 36.24% margin because this is a five-year model from June 2026 and the terminal mix includes more lower-margin Americas and Asia revenue. Europe still contributes 81.9% of base OI, versus 88.7% at the TTM anchor. This is healthy diversification if the regional margin recovery is earned, but it also shows that the valuation remains highly sensitive to Europe's revenue and spread capture.

5. Net income and EPS build

Only the verified below-line labels are projected. Finance cost follows the Section 3a interest-rate and debt-schedule driver: EUR18.0m expense in bear, EUR12.0m in base, and EUR8.0m in bull. The bear is approximately 1.2 times the EUR15.060m TTM expense and represents higher SOFR and fuller facility use. Base allows scheduled amortization and moderate rates. Bull allows the disclosed 50bp margin step-down and refinancing benefit. These are scenario assumptions on the verified `Finance cost` line, not reclassifications.

The verified `Share of profit/(loss) of equity-accounted investments, net of tax` line is negative EUR2.0m, zero, and positive EUR2.0m in bear, base, and bull. This follows Section 3a's recurring-loss, near-zero, and modest-profit rules. It is not included in operating income and is never used as a balancing item. Tax rates reproduce the prescribed Section 3a scenarios: 21%, 19%, and 18%.

Line	Bear	Base	Bull
Combined TTM+5y OI, EURm	97.092	251.356	399.301
Net interest expense: issuer line `Finance cost`, EURm	(18.000)	(12.000)	(8.000)
Other income: `Share of profit/(loss) of equity-accounted investments, net of tax`, EURm	(2.000)	0.000	2.000
Pre-tax income, EURm	77.092	239.356	393.301
Tax rate assumed	21.0%	19.0%	18.0%
Tax expense, EURm	(16.189)	(45.478)	(70.794)
Net income, EURm	**60.903**	**193.878**	**322.507**
Quote-basis diluted financial shares at TTM+5y, m	48.940	48.940	48.940
EPS in EUR per quote-basis financial share	1.244	3.962	6.590

Line	Bear	Base	Bull
Financial shares per listed unit	1.000	1.000	1.000
EPS in EUR per listed unit	1.244	3.962	6.590
FX, quote EUR per reporting EUR	1.000	1.000	1.000
EPS in quote currency per listed unit	**EUR1.244**	**EUR3.962**	**EUR6.590**

The mandatory unit formula is reproduced for every case. Bear EPS is EUR60.90268m divided by 48.940170m shares, multiplied by 1.0 financial share per listed unit and 1.0 FX, or EUR1.244431. Base is EUR193.87836m divided by 48.940170m, then multiplied by 1.0 and 1.0, or EUR3.961538. Bull is EUR322.50682m divided by 48.940170m, then multiplied by 1.0 and 1.0, or EUR6.589818. The quote currency is attached only after the explicit share and FX bridge.

5a. Return-method input bridge

This table supplies the inputs for the method selector without selecting the final report's primary method. Normalized NOPAT is statutory OI multiplied by one minus the scenario tax rate. Terminal capital-structure paths are explicitly unavailable because the DR-cleared package supplies only a FY2025 balance-sheet snapshot, not source-bound 2031 scenario schedules. No residual `net debt` plug is created. Therefore EV/NOPAT cannot control under the security-return method contract; fully reconciled statutory EPS remains available for a P/E method.

Return-method input at 2031-06-30	Bear	Base	Bull	Source or status
Statutory operating income, EURm	97.092	251.356	399.301	Section 4 segment sum
Normalized cash tax rate	21.0%	19.0%	18.0%	`data_package.md` Section 3a scenario rule
Normalized NOPAT, EURm	76.703	203.598	327.427	OI multiplied by one minus tax rate
Terminal cash and non-operating financial assets	Unavailable	Unavailable	Unavailable	FY2025 snapshot only; no terminal path
Terminal gross debt	Unavailable	Unavailable	Unavailable	Facility terms disclosed; no complete 2031 debt path
Terminal lease liabilities	Unavailable	Unavailable	Unavailable	FY2025 EUR42.227m only; no terminal path
Terminal preferred equity	Unavailable	Unavailable	Unavailable	No source-bound terminal path
Terminal minority interest	Unavailable	Unavailable	Unavailable	No source-bound terminal path
Terminal other senior claims	Unavailable	Unavailable	Unavailable	No source-bound terminal path
Separately valued non-operating assets	Unavailable	Unavailable	Unavailable	No separately supportable terminal valuation
Diluted listed-equivalent shares, m	48.940	48.940	48.940	Section 6; unit factor 1.0

For context only, the FY2025 snapshot contains EUR7.227m cash, EUR26.986m FVOCI investments, EUR10.778m FVPL investments, EUR164.938m loans and borrowings, and EUR42.227m lease liabilities. Those dated values are not carried unchanged to 2031. Doing so would create false precision and could double count assets already affecting statutory EPS.

6. Explicit share-count path

The path begins with the packet's 45.680726m quote-basis diluted financial shares, not the FY2025 weighted-average count and not a synthetic ADR count. The data package reports zero buybacks in FY2025, no new buyback through the reviewed period, and management's commitment to retain profits through 2030. Forward buybacks are therefore zero in all five years.

TTM share-based payment expense is not separately tabulated in the upstream package. The most recent verified full-year expense, EUR17.601m for FY2025 from `appendix_management.md` Section 4, is used as a disclosed proxy. Dividing it by a constant EUR27.00 model conversion price gives 0.651889m gross SBC shares per year. The conversion price is an analytical share-equivalent assumption, not a forecast stock price. It is held constant to expose dilution rather than hide it behind an assumed rising share price. Management Section 3 also exactly reproduces the data package's five capex observations of EUR6.755m, EUR7.600m, EUR12.058m, EUR6.579m, and EUR6.787m for FY2021-FY2025; no capex inconsistency affects this share or earnings consolidation.

Year ending	Starting quote-basis financial shares, m	Buyback, EURm	Avg price in EUR	Shares retired, m	SBC issuance, m	Ending quote-basis financial shares, m
2027-06-30	45.681	0.000	27.00	0.000	0.652	46.333
2028-06-30	46.333	0.000	27.00	0.000	0.652	46.985
2029-06-30	46.985	0.000	27.00	0.000	0.652	47.636
2030-06-30	47.636	0.000	27.00	0.000	0.652	48.288
2031-06-30	48.288	0.000	27.00	0.000	0.652	48.940

Full-precision arithmetic is 45.680726m plus five times 0.651888889m, less zero retirements, equaling 48.940170m. The increase is 3.259444m, or 7.13%. Historical diluted weighted-average shares fell from 45.621m in FY2021 to 44.828m in FY2025 while EUR109.711m of buybacks occurred from 2021 through 2024. From the FY2025 weighted-average 44.828m to the packet's current 45.680726m basis, the observed increase is 0.852726m, or 1.90%; this is directionally consistent with gross employee-plan issuance but is not a clean one-period reconciliation because a weighted-average denominator is being compared with a basis-date diluted count. That historical record does not justify a flat forward count because the capital policy changed: FY2025 buybacks were zero and management said repurchases would conflict with trading-capital expansion. The modeled gross issuance is conservative and intentionally does not assume that treasury-share use or future buybacks offset awards.

7. P/E 15 entry-price test

The required EPS at the packet price is EUR27.00 divided by 15, or EUR1.800 per listed unit. The same price, currency, share class, and unit are used in all cases.

Case	EPS in EUR per listed unit at TTM+5y	EPS times 15	Quote-packet price per listed unit	Cushion	Pass?
Bear	1.244	18.666	27.000	(30.9%)	FAIL
Base	3.962	59.423	27.000	120.1%	PASS
Bull	6.590	98.847	27.000	266.1%	PASS

The confident case is base, not bull. Base EPS of EUR3.961538 multiplied by 15 equals EUR59.4231, and the cushion is `(59.4231 - 27.00) / 27.00 = 120.09%`. The binary P/E 15 gate therefore passes. This does not override the moat FAIL. It says only that the exact entry price clears the framework's earnings hurdle under the reconciled base case.

The bear failure is economically informative: a quiet-market and fixed-cost-under-absorption outcome produces only EUR1.244 EPS despite five years of continued business operation. At 15 times that EPS, the indicated value remains 30.9% below the packet price. The valuation is therefore not protected against a genuine adverse normalization scenario even though the base-case numerical cushion is wide.

8. Reflexivity and historical anchor check

The TTM revenue reconstruction is exact: Europe EUR319.755m plus Americas EUR87.674m plus Asia EUR99.168m equals EUR506.597m, matching consolidated TTM Total Income of EUR506.597m. The residual is EUR0.000m and 0.00%.

The TTM profit bridge is exact: Europe EUR162.858m plus Americas EUR14.392m plus Asia EUR6.325m equals EUR183.575m of issuer-disclosed `Operating result`. Corporate/unallocated adjustments are empty and operating bridge adjustments are empty, so statutory TTM OI is also EUR183.575m. The residual is EUR0.000m, inside both the packet's EUR0.001m tolerance and the 2% reflexivity threshold.

FY2025 provides the second sanity check. Europe EUR153.370m plus Americas EUR8.657m plus Asia EUR8.039m equals EUR170.066m. With no corporate or operating bridge adjustments, this equals statutory FY2025 OI of EUR170.066m. Finance cost of negative EUR6.264m and equity-accounted profit of EUR0.847m produce pretax income of EUR164.649m; tax expense of EUR31.084m produces net income of EUR133.565m. All five sealed FY residuals are zero.

The business is reflexive because stronger trading income creates retained capital, which can support larger quotes and broader coverage, while a weak opportunity set lowers income and leaves the enlarged fixed base under-absorbed. The arithmetic does not remove this economic feedback. It simply ensures that the forward scenarios begin from the observed TTM statutory anchor rather than a normalized or management-target starting point.

9. Latest interim bridge reconciliation

The cumulative interim bridge was used, so this check is triggered. The formula is exactly `FY2025 - 1H25 + 1H26`, with both comparative interim periods covering 1 January through 30 June. The resulting TTM spans 1 July 2025 through 30 June 2026 and is equivalent to 3Q25 plus 4Q25 plus 1Q26 plus 2Q26. No half-year is added on top of an already included quarter.

TTM Total Income is EUR506.597m, statutory OI is EUR183.575m, pretax income is EUR169.917m, net income is EUR137.206m, and the quote packet supplies 45.680726m diluted shares on the 2026-06-30 financial basis. Revenue, OI, and NI reproduce the P4/DR-cleared package and sealed bridge. The share anchor differs from the FY2025 weighted-average share count because it is the QFR-reconciled current quote-basis diluted financial-share figure required for security-unit consistency.

10. Base-case sensitivity

Two variables are held at base while the named third changes. Europe revenue CAGR uses constant-CAGR endpoints for this local sensitivity; the base 6.5% calculation produces EUR438.092m, within EUR0.019m of the reviewed piecewise path endpoint. All EPS values use the same Section 5 below-line assumptions and Section 6 share count unless share count itself is the variable.

Variable tested	Down input	Down EPS	Base input	Base EPS	Up input	Up EPS	Approximate EPS span
Europe revenue CAGR	4.5%	3.653	6.5%	3.962	8.5%	4.294	0.640
Americas Operating result margin	18.0%	3.919	20.0%	3.962	22.0%	4.005	0.086
TTM+5y diluted share count	46.493m, negative 5%	4.170	48.940m	3.962	51.387m, positive 5%	3.773	0.397
Tax rate	16.0%	4.108	19.0%	3.962	22.0%	3.815	0.293

Europe revenue growth is the largest tested driver because Europe supplies most terminal profit and carries a 47% base margin. Share dilution is second: a 5% change moves EPS by about negative EUR0.189 to positive EUR0.209. Tax is meaningful but not thesis-dominant within a 300bp range. A 200bp Americas margin change moves EPS by only EUR0.043 because the segment is still a modest share of group profit.

The most decision-relevant triggers are therefore Europe income and the share-count path. A sustained Europe trajectory below the reviewed 6-7% base path, especially with margin below the mid-40s outside a brief trough, would erode base EPS rapidly. Continued employee issuance without buybacks also matters because management has suspended capital returns. Conversely, Americas and Asia margin improvements are upside contributors but cannot independently rescue a deterioration in the European core.

11. Combined earnings summary

Scenario probabilities are 30% bear, 50% base, and 20% bull. The distribution is not uniform: the base receives the largest weight because recent TTM revenue and OI are reproducible and the first forward year stays close to that run rate; bear receives more weight than bull because the moat and 2046 tests fail, management is unproven, fixed costs were revised upward, and earnings remain market-regime sensitive.

Case	Revenue, EURbn	OI, EURbn	OI margin	NI, EURbn	EPS, EUR per listed unit	Probability	EPS times 15	Versus EUR27.00 per listed unit
Bear	0.480	0.097	20.23%	0.061	1.244	30%	18.666	(30.9%)
Base	0.707	0.251	35.55%	0.194	3.962	50%	59.423	120.1%
Bull	0.908	0.399	43.97%	0.323	6.590	20%	98.847	266.1%
Probability-weighted EPS	—	—	—	—	3.672	100%	55.081	104.0%

Probability-weighted EPS is `30% times 1.244431 + 50% times 3.961538 + 20% times 6.589818 = EUR3.672062`. Its 15-times diagnostic is EUR55.081, 104.0% above the packet price. This is an expected-EPS statistic, not a fourth operating case and not a probability-weighted security IRR.

The combined model's central conclusion is deliberately narrow. At EUR27.00, the base case clears the P/E 15 hurdle with substantial arithmetic cushion. Yet the bear case fails, and the underlying business fails the separate moat test. Flow Traders can be inexpensive on five-year normalized earnings while still failing the Gideon requirement for a durable, defensible

compounder.

12. Tie-out checks

- **PASS — Reported-financial and statutory-bridge tie-out for TTM and FY2025.** TTM revenue is 319.755 + 87.674 + 99.168 = EUR506.597m, exactly `data_package.md` Section 3. TTM `Operating result` is 162.858 + 14.392 + 6.325 = EUR183.575m; zero corporate and zero operating adjustments reproduce statutory OI exactly in `statutory_bridge.json` TTM. FY2025 profit is 153.370 + 8.657 + 8.039 = EUR170.066m and likewise equals statutory OI. Both residuals are EUR0.000m, within the EUR0.001m packet tolerance and 2% threshold.

- **PASS — NI, shares, listed unit, and FX equal EPS in every case.** From Section 5 and `quote_packet.json`: bear 60.90268 / 48.940170 × 1.0 × 1.0 = EUR1.244431; base 193.87836 / 48.940170 × 1.0 × 1.0 = EUR3.961538; bull 322.50682 / 48.940170 × 1.0 × 1.0 = EUR6.589818 per listed ordinary share.

- **PASS — Segment sum tie-out at horizon.** Section 3 gives bear 296.755 + 73.697 + 109.489 = 479.941; base 438.073 + 129.948 + 139.088 = 707.109; bull 576.061 + 157.207 + 174.768 = 908.036. Each combined value divided by its segment sum is 100.00%; corporate eliminations are exactly zero.

- **PASS — Product-to-segment rollup.** `appendix_B_europe.md` Section 10 and `appendix_B_asia.md` Section 10 each use the finest disclosed one-line financial rollup and show 0.0% residual in every case. `appendix_B_americas.md` Section 10 shows 68.441 + 5.256 = 73.697 bear, 117.105 + 12.842 = 129.947 versus 129.948 displayed base, and 140.459 + 16.748 = 157.207 bull; the EUR0.001m base rounding is 0.0008%, within 1%.

- **PASS — Weighted margin check.** Europe and Asia have no additive multi-product statutory profit lines, so a multi-product weighted-margin check is not triggered. Americas has two revenue drivers but no disclosed driver-level `Operating result`; its reviewed Section 9 explicitly applies one common segment margin after the driver revenue sum. Recalculation gives 73.697 × 5% = 3.68485, 129.948 × 20% = 25.9896, and 157.207 × 28% = 44.01796, matching Section 10 within EUR0.001m. No mixed profit basis exists.

- **PASS — Share count and security-unit path.** `quote_packet.json` gives 45.680726m financial-statement diluted shares × 1.0 split factor = 45.680726m quote-basis diluted financial shares. Dividing by 1.0 depositary × class factor gives 45.680726m listed-unit equivalents. Section 6 then gives 45.680726 + 5 × 0.651888889 - 0 = 48.940170m quote-basis financial shares at the horizon. The model never runs the path in ADR units.

- **PASS — Growth plausibility.** Europe base CAGR 6.50% is below 1.2 × its 35.99% disclosed three-year rebound and close to its 5.68% longer history. Asia 7.0% is below 1.2 × 21.4% and below exchange growth cited in its appendix. Americas 8.19% exceeds the negative statutory FY2023-FY2025 CAGR; no exact comparable-company U.S. segment trajectory is publicly available, which `appendix_B_americas.md` Section 4 flags. Sections 7 and 8 provide the required explicit justification using 24.5% recent Traditional U.S. rolling growth, larger-flow participation, broader coverage, and normalization well below that recent driver rate. No segment base assumption breaches the rule without reviewed justification.

- **PASS — Historical and forecast arithmetic.** Using the reviewed endpoints, the exact five-year effective CAGRs are Europe negative 1.4819%, 6.4991%, 12.4942%; Americas negative 3.4136%, 8.1882%, 12.3881%; and Asia 1.9999%, 7.0000%, 12.0000%. Applying `TTM revenue × (1 + effective CAGR)^5` reproduces every bear, base, and bull endpoint in Section 2. Product lines in Americas also reproduce in its Section 10; all rounding residuals are under 1%. N is exactly five.

- **PASS — Recency anchor.** The base first-forward-year revenue is Europe 342.138 + Americas 94.847 + Asia 106.110 = EUR543.095m, only 7.20% above the EUR506.597m TTM run rate. First-forward OI is 342.138 × 48.5% + 94.847 × 17.2% + 106.110 × 7.5% = EUR190.209m, 3.61% above TTM OI of EUR183.575m. Both begin within 10% of the latest reproducible run rate; sources are the three segment annual-path tables and data-package Section 3.

- **PASS — Period and horizon integrity.** The bridge uses FY2025 minus comparable 1H25 plus comparable 1H26, both covering 1 January through 30 June, with no overlap. This equals the four quarters 3Q25, 4Q25, 1Q26, and 2Q26. All displayed forecast growth begins 2026-06-30 and ends 2031-06-30. The interval is exactly 5.0 calendar years; no row uses FY2025 as the forecast base or compounds six periods.

- **PASS — Valuation, unit bridge, hashes, and probability arithmetic.** Exact-byte SHA-256 recomputation matches `aa0a28dbcac64e47d1c61da537c2695167308c0cbec619715fcff8b8f00b2983` for the quote packet and `27f7e5a9245f6860e4a21b79e59a778d320cbdbed84e62bbe4b7289fe3a7e509` for the statutory bridge. XAMS:FLOW, EUR27.00, one ordinary-share unit, 1.0 split factor, 1.0 depositary/class factor, and 1.0 EUR/EUR FX all reproduce. EPS × 15 equals 18.666, 59.423, and 98.847. Probabilities 30% + 50% + 20% equal 100%, and weighted EPS equals EUR3.672062. Base cushion is 120.09% and controls the binary PASS.

SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED

Appendix CS - Compounder Score

Flow Traders — Compounder Score

Analysis date: 2026-08-08 **Security:** XAMS:FLOW ordinary share, ISIN BMG3602E1084 **Reporting and quote currency:** EUR **TTM anchor:** 2026-06-30 **Return horizon:** 2031-06-30, exactly 5.0 years under the frozen Stage 0 convention **Price anchor:** EUR27.00 completed close on 2026-08-07 **Primary valuation method: PE Trade execution authorized: NO**

1. Executive Verdict

Flow Traders scores **48/100**, comprising a **Business Quality Score of 43/80** and a **20% Return Underwriting Score of 5/20**. The score-implied classification is **Reject**. This diagnostic conclusion is separate from the ER2 decision gates, but it points in the same direction as the hard qualitative evidence: Management is YELLOW, Moat is FAIL, and the 2046 durability test is FAIL. The P/E-15 entry gate passes because base terminal EPS of EUR3.961538 is comfortably above the EUR1.800 required at EUR27.00, with a 120.09% cushion. That inexpensive entry-gate result does not make Flow Traders a durable 20% compounder.

The evidence supports a valuable European market-making franchise, a large and growing global trading opportunity set, disciplined historic dilution, strong current trading-capital productivity, and a clean statutory earnings bridge. It does not support persistent high incremental returns on retained capital. Net trading capital rose from EUR610.6m in FY2021 to EUR1,150m at 2Q26, while the adapted after-tax incremental return on that increase is only about 6.26% from FY2021 to the TTM endpoint. The shorter FY2022-to-FY2025 proxy is about 2.72%. These are imperfect market-maker adaptations rather than textbook ROIIC, but they are materially below the rubric's 35% high-ROIIC standard.

Valuation is statistically low, not return-protective. Current TTM P/E is 8.964848534320659x. Fresh 2021-2025 year-end close divided by official diluted EPS produced year-end P/Es of 12.78x, 7.84x, 22.17x, 6.06x, and 8.43x, with a median of 8.43x. The independently selected scenario exits are therefore 6.0x bear, 8.5x base, and 11.0x bull. They are not copied from the ER2 15x entry gate. With zero distributions, the resulting gross EUR IRRs are negative 22.67%, positive 4.52%, and positive 21.84%. The probability-weighted gross EUR IRR is 4.45%, calculated from probability-weighted terminal wealth, not from averaging IRRs.

This score is capped because the 20% case requires base terminal EPS of EUR7.9040752941176455 at an 8.5x exit, equivalent to 21.28% annual EPS growth from current statutory TTM EPS. The audited base model reaches only EUR3.961538. Alternatively, the current buyer would require an approximately 16.96x exit multiple on base EPS to reach 20%, nearly double the current multiple. The maximum price for a 20% base-case return is EUR13.532452819573049. The evidence does not support that return at EUR27.00 without bull earnings or major re-rating.

2. Data Source Map

No May 2026 report or appendix was used. The current Production Mode chain controls.

Evidence need	Controlling source	Period / retrieval	Use and confidence
Price and security unit	`quote_packet.json`; `quant_foundation.md` P-Quote	Close 2026-08-07; validated 2026-08-08	EUR27.00 XAMS ordinary share; High
Income statement and EPS	`quant_foundation.md`; official FY2025 and HY2026 statements	FY2021-FY2025 and TTM 2026-06-30	Official IFRS overrides FMP classifications; High
Balance sheet and financing	`data_package.md` Sections 7-8; official reports	FY2025 and 2026-06-30 selected balances	Supports risk review; terminal path unavailable; Medium
Cash flow	`quant_foundation.md` P6; `data_package.md` Section 2	FY2021-FY2025 and TTM	Statutory, but structurally distorted by trading working capital; High facts / Low valuation utility
Share count and SBC	`quant_foundation.md` P3/P6; `appendix_management.md` Section 4	FY2021-TTM and horizon path	Current and terminal dilution bridge; High
Segments and forecasts	Reviewed Europe, Americas and Asia appendices; synthesis	TTM to 2031-06-30	Exact issuer metric `Operating result`; High arithmetic / Medium forecasts
Management and allocation	`appendix_management.md`; live issuer reports and transcripts	Through 2Q26	Management gate YELLOW; Medium
Moat, pricing and competition	`appendix_moat.md`; segment appendices	Through 2026-08-08	Moat FAIL and 2046 FAIL; Medium-High

Evidence need	Controlling source	Period / retrieval	Use and confidence
Historical valuation	Fresh FMP `historical-price-eod/full` plus official annual EPS	2021-01-01 to 2025-12-31, pulled 2026-08-08	Exit-P/E calibration; raw SHA-256 `5c7ec1c6111f277fefe54d741eadc88ddb3dd9d4f76c9c980876ae058147baf0`

The quote packet hash is `aa0a28dbcac64e47d1c61da537c2695167308c0cbec619715fcff8b8f00b2983`. The statutory bridge hash is `27f7e5a9245f6860e4a21b79e59a778d320cbdbed84e62bbe4b7289fe3a7e509`. The synthesis hash is `3be11b09ec4195704fade6b4ccecc9c2c8055be3fc0c7e3403a66cc3773bac82`, and its controlling gate is `SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED`.

3. Key Financial and Quality Metrics

Standard industrial ROIC is inappropriate for a principal market maker because matched trading assets and liabilities inflate IFRS assets, while deployable trading capital is the economically relevant base. This analysis therefore uses after-tax statutory `Operating result` divided by average issuer-disclosed net trading capital. Conventional FCF is shown but not treated as a clean earnings-conversion measure because changes in trading inventory, receivables and matched trading liabilities run through operating cash flow.

Metric	1-year / latest	3-year	5-year / longest clean span	Interpretation
Total Income growth	TTM EUR506.597m; FY25 roughly flat YoY	Cyclical; FY23 trough to FY25 rebound	FY21-FY25 CAGR 5.76%	Positive secular trend with severe regime volatility
NOPAT growth	TTM adapted NOPAT EUR148.235m	Volatile	FY21-FY25 CAGR 4.77%	Growth trails capital deployed
Adjusted ROIC	FY25 15.2%; TTM not presented as annual median	FY23-FY25 range 6.7%-24.1%	Five-year median 16.6%	Respectable, but below dream-compounder level
Adapted ROIIC	Not meaningful for one year	FY22-FY25 proxy 2.72%	FY21-to-TTM 4.5-year proxy 6.26%	Low incremental NOPAT versus added trading capital
Reinvestment rate	All profit retained currently	FY22-FY25 adapted proxy about 92%	Exact five-year rate unavailable without FY2020 capital	Heavy reinvestment has not yet produced high incremental returns
FCF conversion	TTM FCF negative EUR142.369m	Highly unstable	FY21-FY25 aggregate FCF / NOPAT about 49.49%	Statutory FCF is structurally noisy and not a valuation anchor
CFO / net income	TTM negative	Highly unstable	FY21-FY25 aggregate about 57.69%	Trading working capital dominates cash timing
Diluted shares	45.680726m current basis	Current increase reflects awards and treasury reissuance	FY21-FY25 CAGR negative 0.44%	Historically contained, but forecast dilution is 1.39% annually
SBC / Total Income	FY25 3.66%	Declining from 8.6% in FY21	Five-year evidence available	Real cost, but not excessive at current level
Net debt / EBITDA	FY25 1.01x	Not comparable before facility	Current structural risk elevated	Manageable leverage, expensive private-credit hurdle
Current P/E	8.964848534320659x	Not applicable	2021-2025 year-end median 8.43x	Cheap-looking because earnings are cyclical
TTM FCF yield	Negative 11.54%	Not useful	Not meaningful	FCF yield is distorted and negative at the anchor
Dividend / buyback yield	0.00% / 0.00%	Capital returns suspended	Prior returns do not control	No modeled cash-return support through horizon

Enterprise value is not published as a controlling metric. FMP debt classification materially includes trading-finance liabilities, and a fully supportable current and terminal claim perimeter is unavailable. Market capitalization is EUR1,233.379602m using EUR27.00 and 45.680726m current diluted quote-basis shares. EV/NOPAT is therefore not used or scored.

4. Rubric Scorecard

Category	Score	Maximum	Evidence-based rationale
Incremental returns on capital	9	25	Median adjusted ROIC is 16.6%, but adapted ROIIC is low and cash conversion is opaque

Category	Score	Maximum	Evidence-based rationale
Reinvestment runway	14	20	Large ETF, APAC, U.S. and tokenized opportunity; conversion to profit remains unproven
Durability of moat	6	15	Real European scale and connectivity, but no pricing power or captive flow
Accounting and financial quality	8	10	Clean official bridge, unmodified audit and conservative classification; FCF opacity remains
Capital allocation discipline	6	10	Restrained M&A and aligned deferred pay; debt-funded retention plan lacks cohort returns
Business Quality Score	**43/80**	**80**	Below the 55/80 promising-quality threshold
Price and 20% return underwriting	5/20	20	Base 4.52%, bear negative 22.67%, and no cash distributions
Compounder Score	**48/100**	**100**	Reject under this diagnostic rubric

The category-one subscore is 3/5 for normalized ROIC, 0/8 for ROIIC, 1/3 for non-deterioration, 2/3 for unit-economics support, 1/3 for cash conversion, and 2/3 for avoiding accounting-artifact inflation. The company-level after-tax return measure is more conservative than management's greater-than-50% RoTC aspiration because management's numerator is NTI before operating expense, finance cost and tax.

The runway subscore is 4/5 for addressable market, 3/5 for reinvestment at scale, 3/4 for organic growth, 2/3 for the expansion playbook, 2/2 for structural market growth, and 0/1 for proving growth without ROIC compression. The moat subscore is 2/4 for a clear advantage, 0/3 for pricing power, 2/3 for competitive evidence, 1/2 for customer stickiness, 1/2 for stress resilience, and 0/1 for low disruption risk.

The accounting subscore is 2/2 for clean revenue and earnings, 1/2 for cash support, 1/2 for SBC and dilution, 2/2 for balance-sheet strength, 1/1 for disclosure, and 1/1 for absence of a material accounting red flag. The capital-allocation subscore is 1/2 for reinvestment priority, 2/2 for acquisition discipline, 1/2 for buybacks, 1/2 for incentives, 0/1 for demonstrated owner mentality, and 1/1 for past decisions.

The valuation subscore is 0/6 for base IRR, 3/4 for a conservative exit multiple below current P/E, 0/3 for unacceptable bear downside, 0/3 because the reverse-return hurdle is not beatable on the base operating path, 2/2 because the entry multiple does not price perfection, and 0/2 because modeled cash returns are zero.

5. ROIIC and Reinvestment Analysis

Flow Traders needs an industry adaptation. Invested capital is best approximated by net trading capital because gross IFRS assets are largely matched trading inventory and receivables funded by trading liabilities and payables. The five reported annual ER2 ROIC observations are 16.6%, 20.2%, 6.7%, 24.1%, and 15.2% for FY2021-FY2025. Their median is 16.6%. That earns 3/5 rather than a high score.

ROIIC is weaker. From FY2022 to FY2025, NOPAT increased from approximately EUR127.292m to the package's EUR137.959m while net trading capital rose from EUR651.0m to EUR1,043.6m. The adapted incremental return is approximately EUR10.667m divided by EUR392.6m, or 2.72%. From FY2021 to the TTM endpoint, adapted NOPAT rises from EUR114.449m to EUR148.235m while capital rises by EUR539.4m, producing a 4.5-year proxy of 6.26%. Exact five-year ROIIC is unavailable because a consistent FY2020 capital anchor is absent. The evidence is still sufficient to reject a greater-than-35% ROIIC claim.

Acquisition-inclusive ROIIC is not separately measurable. Strategic investment cash was small relative to the capital build, and no material operating-company acquisition occurred. Adding strategic investments to the trading-capital denominator risks double counting assets already funded within equity. The disciplined treatment is null, not an invented acquisition-inclusive percentage.

The capital-retention policy makes this weak incremental-return evidence important. Dividends and repurchases fell to zero in FY2025, management plans to retain profits through 2030, and the company added USD200m of private credit priced at SOFR plus 500bp, potentially 450bp after a step-down. Trading capital reached EUR1.15bn, yet Europe still generates 88.7% of TTM statutory operating profit. Until management demonstrates after-interest, after-fixed-cost returns on the new cohort

through a quiet market, the evidence does not support a high-ROIIC compounding engine.

6. Runway Analysis

The opportunity set is genuinely large. ETF assets and trading activity continue to expand, U.S. ETF issuance is substantial, mainland China and Hong Kong have rapidly growing ETF ecosystems, and tokenized assets could extend liquidity demand into continuous markets. Flow Traders has more than 1,600 active counterparties, broad product and venue connectivity, and a global platform that can reuse data, pricing and risk infrastructure.

But runway is not the same as profitable reinvestment. The broad company ETF-volume ratio declined from 4.18% in FY2021 to 2.82% in FY2025 and 2.69% in 1H26. This is not an NTI-share measure, but it blocks the assumption that market growth automatically belongs to Flow Traders. Traditional U.S. mix was unchanged from 2019 at the latest CMD observation. Asia's TTM margin is only 6.38%, and management acknowledges incomplete capture of regional market growth. Digital NTI fell 36% year over year in 1H26.

The reviewed base forecasts are reasonable rather than heroic: Europe revenue grows 6.50%, Americas 8.19%, and Asia 7.00% to the exact horizon. However, base profitability requires Europe to retain a 47% terminal margin and lower-margin regions to improve. This is a credible earnings scenario, not proof of repeatable high-return reinvestment. The runway score is therefore above average but capped.

7. Moat Analysis

The European advantage is real. Flow Traders combines ETF creation/redemption knowledge, dense issuer and counterparty relationships, broad venue connectivity, proprietary data, a mature pricing and risk stack, and enough capital to commit size. Europe generated a 50.0% statutory margin in FY2025 and 50.9% TTM. A new entrant could not reproduce that platform cheaply or quickly.

The industry structure nonetheless fails the Gideon durability standard. Flow Traders does not control exchanges, RFQ platforms, market data, ETF intellectual property or customer order flow. Counterparties multi-home and compare quotes trade by trade. A global ETF RFQ hit rate of 20% demonstrates access, not captivity. Issuer and venue agreements are short duration. Conventional pricing power is absent because the economic price is the spread and competition tends to compress it.

Americas and Asia provide growth optionality, not protected profit pools. Better-capitalized rivals such as Jane Street, Citadel Securities, Virtu, Optiver and IMC already possess technology, talent, capital and access. AI is not likely to eliminate the need for licensed risk-bearing liquidity, but it accelerates the research and pricing arms race and raises the cost of staying competitive. The moat and 2046 FAIL judgments therefore cap the moat score at 6/15 and create a hard qualitative veto.

8. Accounting and Capital Allocation Analysis

The accounting chain is strong. Official IFRS statements control material FMP classification errors. The three geographic `Operating result` lines tie exactly to statutory operating income for FY2025 and TTM, with no corporate plug. Finance cost, equity-accounted results and tax are separately classified. The statutory bridge and synthesis passed their respective validation gates. There is no statutory restatement, material weakness or qualified audit opinion in the reviewed evidence.

Cash flow requires care rather than accusation. FY2025 FCF was negative EUR127.401m and TTM FCF negative EUR142.369m, despite positive net income, because billions of euros of trading assets and matched liabilities move through operating cash flow. The five-year aggregate FCF/NOPAT ratio is about 49.49%, but this is not comparable to a software or consumer compounder. Cash conversion receives only 1/3 because statutory cash flow cannot independently validate normalized earnings.

Capital allocation is mixed. M&A is restrained and SBC fell to 3.66% of FY2025 Total Income. Diluted shares declined modestly from FY2021 to FY2025. Deferred compensation has first-loss features and alignment benefits. Against those positives, the current plan suspends cash returns, increases debt and fixed costs, and asks shareholders to trust several simultaneous initiatives under a new CEO. The management gate correctly remains YELLOW.

9. 20% Return Underwriting

PRIMARY_VALUATION_METHOD = PE. Reconciled statutory diluted EPS is fully supportable. EV/NOPAT cannot control because complete, source-bound terminal cash, debt, lease and senior-claim paths are unavailable. The P/E method is used consistently for bear, base, bull, probability weighting, reverse-return, max-buy-price and net-SGD. No terminal cash or debt is

added after EPS multiplied by P/E.

Measure	Bear	Base	Bull	Control
Probability	30%	50%	20%	Sums to 100%
Current price	EUR27.00	EUR27.00	EUR27.00	Completed close 2026-08-07
Terminal date / horizon	2031-06-30 / 5.0y	2031-06-30 / 5.0y	2031-06-30 / 5.0y	Frozen Stage 0
Terminal statutory diluted EPS	EUR1.244431	EUR3.961538	EUR6.589818	Synthesis
Terminal diluted shares	48.940170m	48.940170m	48.940170m	Explicit SBC path
Exit P/E	6.0x	8.5x	11.0x	Independently calibrated
Terminal equity value	EUR365.415988m	EUR1,647.965917m	EUR3,547.574945m	EPS x P/E x shares
Terminal equity value / share	EUR7.466586	EUR33.673073	EUR72.487998	EPS x P/E
Cumulative distributions / share	EUR0.000000	EUR0.000000	EUR0.000000	Returns suspended; zero-distribution diagnostic
Terminal shareholder wealth / share	EUR7.466586	EUR33.673073	EUR72.487998	Share value plus distributions
Gross EUR IRR	**-22.67%**	**4.52%**	**21.84%**	Five-year CAGR

Probability-weighted terminal shareholder wealth is EUR33.574111900000005 per share: 30% times EUR7.466586 plus 50% times EUR33.673073 plus 20% times EUR72.487998. Its CAGR from EUR27.00 over exactly five years is **4.45%**. This is not the arithmetic average of scenario IRRs.

The current multiple is 8.964848534320659x. Fresh year-end evidence spans 6.06x to 22.17x, with the high 2023 observation caused by trough EPS and a median of 8.43x. Bear 6.0x reflects lower terminal earnings, 20.23% margin, cyclicality and a failed moat. Base 8.5x is below the current multiple and approximately the historical median, appropriate for moderate terminal growth without multiple expansion. Bull 11.0x is above current but below the 2021 12.78x observation; it requires 16.95% EPS CAGR and 43.97% terminal margin. The 15x entry gate is not used as an exit assumption.

Gross local-currency underwriting is in EUR. Net-SGD adjustments appear after the three mandatory operating-and-return tables.

Bear-case operating and return bridge

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR506.597m	EUR479.941m	-1.08%	Quiet markets and spread compression offset structural market growth
Operating margin	36.24%	20.23%	-16.01 pp	Higher fixed cost is under-absorbed across regions
Operating earnings	EUR183.575m	EUR97.092m	-11.96%	Issuer `Operating result`; segment sum with no corporate plug
Diluted share count	45.680726m	48.940170m	1.39%	Zero buybacks and explicit annual SBC issuance
EPS	EUR3.011763	EUR1.244431	-16.20%	Statutory diluted EPS used in the PE bridge
Valuation	8.964849x	6.0x	-2.964849x	Near historical trough multiple for impaired terminal economics
Share value	EUR27.00	EUR7.466586	-22.67%	EUR1.244431 EPS x 6.0x; no net cash/debt added
Annual dividend	EUR0.00	EUR0.00	0.00%	Capital returns suspended and no restart is supportable
Dividend yield	0.00%	0.00%	0.00 pp	Dividend divided by endpoint share value
Five-year dividends	-	EUR0.000000	cumulative	Explicit zero-distribution diagnostic
Total ending value	EUR27.00	EUR7.466586	-22.67% gross local IRR	Terminal share value plus zero distributions

Base-case operating and return bridge

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR506.597m	EUR707.109m	6.90%	Moderate Europe growth and gradual U.S./Asia capture
Operating margin	36.24%	35.55%	-0.69 pp	Mix shifts toward lower-margin regions despite scale
Operating earnings	EUR183.575m	EUR251.356m	6.49%	Issuer `Operating result`; exact segment consolidation
Diluted share count	45.680726m	48.940170m	1.39%	No buybacks; SBC proxy adds 0.651889m shares yearly
EPS	EUR3.011763	EUR3.961538	5.64%	Statutory diluted EPS after finance cost, tax and dilution
Valuation	8.964849x	8.5x	-0.464849x	Near five-year median and below current multiple
Share value	EUR27.00	EUR33.673073	4.52%	EUR3.961538 EPS x 8.5x; no terminal cash/debt adjustment
Annual dividend	EUR0.00	EUR0.00	0.00%	Retention through 2030; no supported restart
Dividend yield	0.00%	0.00%	0.00 pp	Dividend divided by endpoint share value
Five-year dividends	-	EUR0.000000	cumulative	Explicit zero-distribution diagnostic
Total ending value	EUR27.00	EUR33.673073	4.52% gross local IRR	Terminal share value plus zero distributions

Bull-case operating and return bridge

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR506.597m	EUR908.036m	12.38%	Profitable multi-product, APAC and 24/7 expansion
Operating margin	36.24%	43.97%	+7.73 pp	High utilization and favorable mix create leverage
Operating earnings	EUR183.575m	EUR399.301m	16.81%	Issuer `Operating result`; no invented bridge items
Diluted share count	45.680726m	48.940170m	1.39%	Same conservative dilution path as other cases
EPS	EUR3.011763	EUR6.589818	16.95%	Statutory diluted EPS after all below-line assumptions
Valuation	8.964849x	11.0x	+2.035151x	Strong terminal growth earns rerating below 2021 year-end P/E
Share value	EUR27.00	EUR72.487998	21.84%	EUR6.589818 EPS x 11.0x; no net cash/debt added
Annual dividend	EUR0.00	EUR0.00	0.00%	Growth capital remains retained
Dividend yield	0.00%	0.00%	0.00 pp	Dividend divided by endpoint share value
Five-year dividends	-	EUR0.000000	cumulative	Explicit zero-distribution diagnostic
Total ending value	EUR27.00	EUR72.487998	21.84% gross local IRR	Terminal share value plus zero distributions

Double-count check: PASSED. Under PE, terminal equity value is only statutory diluted EPS multiplied by exit P/E. Terminal cash, debt, leases, investments and other senior claims are inapplicable fields and are not added or subtracted. Distributions are separately zero and counted once.

The 20% reverse-return requirement is EUR67.18463999999999 terminal wealth per share. At an 8.5x base exit, required terminal EPS is EUR7.9040752941176455 and required EPS CAGR is 21.28470945773593%. The audited base reaches EUR3.961538. At base wealth, the maximum buy price for a 20% five-year return is EUR13.532452819573049, 49.88%

below EUR27.00.

CIO actionability — bounded net-SGD diagnostic. Entry and exit costs are each 0.50% of value. Dividend withholding is assumed at 15%, but distributions are zero. No investor-specific capital-gains tax is assumed. EUR weakens against SGD at 2.00% annually in bear, 1.00% in base, and 0.00% in bull. Entry spot EUR/SGD cancels algebraically because only relative terminal FX change is modeled.

Measure	Result	Notes
Status	**PASS**	Moat FAIL and base net-SGD IRR below 8%
Bear / Base / Bull net SGD IRR	**-24.37% / 3.26% / 21.59%**	Same PE wealth, after costs and scenario FX
Probability-weighted net SGD IRR	**3.59%**	CAGR of probability-weighted net terminal SGD wealth; 30% / 50% / 20%
10% mandate hurdle	FAIL	Base and probability-weighted cases both fail
15% stretch hurdle	FAIL	Only the 20%-weight bull clears
Downside and portfolio fit	UNAVAILABLE	Bear downside breaches drawdown budget; actual portfolio context absent
Proposed sizing ceiling	none	Sizing ceiling is null; research does not authorize a trade

10. Hard Veto Checklist

Hard veto	Status	Evidence
ROIIC below cost of capital with no credible improvement path	Watch	Adapted ROIIC is 2.72%-6.26%; management has not proven the new cohort
ROIC high only because invested capital is artificially small	Pass	Uses issuer net trading capital, not tiny accounting net assets
Growth requires persistent external financing	Watch	Retention plus expensive private credit fund the current plan
Material share growth without per-share value creation	Watch	Forecast dilution is 1.39% annually with no offsetting buyback
Large acquisitions without disclosed returns	Pass	No material operating acquisition or serial M&A pattern
Structural FCF lag	Watch	FCF lag is real but heavily distorted by trading working capital
Cyclicality, competition, regulation or leverage can impair equity	**Fail**	Bear terminal wealth is 72.35% below entry before FX and costs
20% case requires terminal multiple expansion	**Fail**	Base needs approximately 16.96x versus current 8.96x
Flawless execution needed at today's price	Watch	Base clears P/E-15 but fails return hurdle; bull needs broad execution
Moat cannot be explained	Pass	Moat is explainable, but it is contestable and fails durability
Accounting or governance impairs trust	Watch	Accounting clean; Bermuda/founder rights and disclosure reduce confidence
Balance-sheet risk could wipe out equity	Watch	Debt is manageable, but principal trading creates nonlinear tail risk

The diagnostic has hard vetoes. The 20% return case requires rerating or earnings beyond the base model, and the cyclical/competitive downside is incompatible with the desired drawdown budget. There is no fraud or accounting veto, but that is not enough to qualify the stock as a dream investment.

11. Final Decision

Score-implied classification: Reject. The total score is below 70/100, Business Quality is below 55/80, the 20% underwriting score is below 10/20, the base return is far below 20%, bear downside is unacceptable, and hard vetoes remain. This diagnostic does not independently set the ER2 verdict; the separate moat FAIL already makes ER2 PASS mandatory.

Compounder Score note: 48/100; the evidence does not support dream-investment status because incremental returns, durability and downside protection are inadequate.

Business Quality Score note: 43/80; the European franchise and clean accounting are valuable, but low adapted ROIIC, cyclicality and failed moat durability keep quality below the promising threshold.

20% Return UW Score note: 5/20; the conservative base exit produces only 4.52% gross EUR IRR, and a 20% return needs a much lower entry price, bull earnings or major multiple expansion.

Upgrade evidence would require after-interest cohort returns comfortably above the cost of capital through a subdued regime, Europe margins remaining structurally strong, Americas and Asia showing profit growth relative to capital, stable fixed-cost guidance, and an entry price near or below EUR13.53 under the present base bridge. A return of dividends would help but is not credited without evidence.

12. Machine-Readable JSON

The full-precision structured artifact is `compounder_score.json`. It binds the PE method, scenario probabilities, terminal EPS, diluted shares, P/Es, equity values, distributions, terminal wealth, gross and net-SGD IRRs, reverse-return arithmetic, source hashes, score components, hard vetoes, and `trade_execution_authorized=false`.

Appendix CSA - Scoring Audit

Flow Traders — Independent Scoring Audit

Audit date: 2026-08-08 **Security:** XAMS:FLOW ordinary share (`FLOW.AS`) **Price anchor:** EUR27.00 on 2026-08-07 **TTM anchor:** 2026-06-30 **Horizon:** 2031-06-30, exactly 5.0 years under the frozen ER2 convention **Audited primary valuation method: PE Trade execution authorized: NO**

This is an independent audit of the current Production Mode compounder score. The superseded May 2026 report was not used as evidence. I independently recomputed the five supplied SHA-256 values and matched every one: quote packet `aa0a28dbcac64e47d1c61da537c2695167308c0cbec619715fcff8b8f00b2983`; statutory bridge `27f7e5a9245f6860e4a21b79e59a778d320cbdbed84e62bbe4b7289fe3a7e509`; synthesis `3be11b09ec4195704fade6b4ccecc9c2c8055be3fc0c7e3403a66cc3773bac82`; Compounder Score appendix `b74dc275343c960382450a3f29145511fff62911fadb7d7fedcae025bac5c4c5`; and Compounder Score JSON `9aa2c2d30808c9a1943599c7eef3c3c5b760e1046b66c0a755e16c5c16011467`.

1. Original vs Audited Scores

The original score is reconstructed without discrepancy between its Markdown and JSON: Business Quality 43/80, Valuation / 20% Return Underwriting 5/20, total 48/100, and score-implied classification Reject. The audit reduces the total by nine points. The classification remains Reject, but the lower score more accurately reflects the gap between a large opportunity set and evidence of profitable incremental deployment.

Item	Original	Audited	Notes
Business Quality Score / 80	43/80	**37/80**	Low adapted ROIIC and weak proof outside Europe do not support the original reinvestment credit
Valuation / 20% Return UW Score / 20	5/20	**2/20**	The 20% case requires a 16.96x exit P/E versus 8.96x current; 6B must be zero
Total Score / 100	48/100	**39/100**	Evidence does not support dream-business or dream-investment status
Classification	Reject	**Reject**	Below 70/100, hard vetoes remain, and base return is far below 20%

The original gross local-currency IRRs were bear -22.67%, base 4.52%, bull 21.84%, and probability-weighted 4.45%, with weights of 30% / 50% / 20%. Those figures survive the audit at full precision. The original gross maximum buy price for a 20% base-case return was EUR13.532453993484971 and also survives.

2. Score Reductions and Reasons

The following matrix audits every rubric subcategory. “Partly supported” means the evidence warrants some points but not the original level. Scores are shown as audited points over the fixed subcategory maximum.

Rubric item	Evidence status	Audited points	Audit conclusion
1A Normalized ROIC	Supported	3/5	Five-year median adapted ROIC is 16.6% using after-tax statutory Operating result and average trading capital
1B ROIIC	Supported calculation; fails threshold	0/8	FY2022-FY2025 proxy is 2.7171%; FY2021-to-TTM proxy is 6.2636%
1C ROIIC not deteriorating	Partly supported	**0/3**	Shorter-span ROIIC is below the longer proxy; stability is not demonstrated
1D Unit economics	Partly supported	**1/3**	Gross RoTC is strong, but region-level capital is absent and after-cost incremental returns are low
1E Cash conversion	Partly supported	1/3	Five-year aggregate FCF/NOPAT is 49.49%, but working-capital movements make it unstable

Rubric item	Evidence status	Audited points	Audit conclusion
1F Not an accounting artifact	Partly supported	2/3	Official statutory bridge is clean; separate conventional goodwill variants were not shown
2A Market opportunity	Supported	4/5	ETF and tokenized-market growth is supported by issuer and exchange evidence, not management TAM alone
2B Reinvest at scale	Partly supported	**1/5**	Capital deployment is proven; attractive incremental value creation is not
2C Organic growth	Supported	3/4	FY2021-FY2025 Total Income CAGR is 5.76% with secular market growth but heavy cyclicality
2D Repeatable playbook	Partly supported	**1/3**	Europe is proven; U.S. mix is unchanged versus 2019 and Asia TTM margin is only 6.38%
2E Market structure	Supported	2/2	Expanding ETF ecosystems and broader trading formats support opportunity growth
2F No ROIC collapse	Unsupported	0/1	Retained and borrowed capital has not yet demonstrated acceptable incremental returns
3A Clear advantage	Partly supported	2/4	Scale, connectivity and European ETF expertise are real but contestable
3B Pricing power	Supported negative finding	0/3	Flow is a price taker in spreads and customers compare quotes trade by trade
3C Competitive evidence	Partly supported	2/3	European share and margins support capability; large rivals can match capital and technology
3D Customer stickiness	Partly supported	1/2	Onboarding friction exists, but counterparties multi-home and contracts are short duration
3E Stress resilience	Partly supported	1/2	The group remains relevant through cycles, but European margin fell to 13.3% in FY2023
3F Low disruption risk	Unsupported	0/1	AI and automation accelerate the investment arms race rather than protecting incumbency
4A Clean revenue and earnings	Supported	2/2	Official IFRS classifications and statutory bridges control vendor errors
4B Cash-flow support	Partly supported	1/2	Multi-year testing exists, but TTM FCF is negative EUR142.369m
4C SBC and dilution	Partly supported	1/2	SBC is treated as cost and forecast dilution is explicit; latest basis shares rose 1.90%
4D Balance-sheet strength	Partly supported	**1/2**	Net debt/EBITDA is 1.01x, but expensive private credit and principal-trading tail risk prevent full credit
4E Disclosure	Supported	1/1	Disclosure improved, while material regional capital and loss-distribution gaps remain
4F Governance/accounting flags	Supported	1/1	Audit is unmodified and no material restatement exists; Bermuda issues are governance caution, not an accounting veto
5A Reinvestment priority	Partly supported	1/2	Strategy is coherent, but after-interest cohort returns are not disclosed
5B Acquisition discipline	Supported	2/2	No material operating-company acquisition or serial M&A pattern exists
5C Buyback discipline	Partly supported	1/2	Historic repurchases contained dilution but were not demonstrably price-sensitive; current buybacks are zero

Rubric item	Evidence status	Audited points	Audit conclusion
5D Incentive alignment	Partly supported	1/2	Deferred first-loss features help; KPI weights and targets remain discretionary
5E Owner mentality	Unsupported	0/1	Current CEO purchased ownership and long-cycle allocation record are not established
5F Past decisions	Partly supported	1/1	Restrained M&A and historic share containment deserve limited credit
6A Base-case IRR	Supported calculation; fails threshold	0/6	Audited base gross EUR IRR is only 4.516246641762489%
6B Conservative exit multiple	Calculation/rubric error	**0/4**	An 8.5x base exit is conservative, but 20% requires major expansion to 16.959230019218236x
6C Bear case acceptable	Supported negative finding	0/3	Audited bear gross EUR IRR is -22.669345959805387%
6D Reverse hurdle beatable	Supported negative finding	0/3	Required terminal EPS EUR7.9040752941176455 is almost twice base EPS
6E Multiple does not price perfection	Supported	2/2	Current 8.964848534320659x P/E is not demanding on its face
6F Cash returns help	Supported negative finding	0/2	Frozen model assumes zero distributions

The audited category totals are 7/25 for Incremental Returns, 11/20 for Reinvestment Runway, 6/15 for Moat, 7/10 for Accounting and Financial Quality, 6/10 for Capital Allocation, and 2/20 for Price and 20% Underwriting. These sum to 37/80 and 39/100.

3. Unsupported Claims

The evidence does not support “proven ability to reinvest at scale” at 3/5. Flow Traders clearly deployed more capital: net trading capital rose from EUR610.6m in FY2021 to EUR1,150m at 2Q26. But the corresponding adapted after-tax incremental return is only 2.72% over FY2022-FY2025 and 6.26% from FY2021 to TTM. Deployment is not proof of attractive reinvestment.

The evidence also does not support two points for a repeatable geographic playbook. Europe produced 88.7% of TTM operating profit. Americas’ share of Traditional company NTI was unchanged from 2019 at the latest disclosed point, and Asia’s TTM Operating result margin was only 6.38%. The market opportunity is real; repeatable conversion is not.

Separate ROIC including and excluding goodwill was not presented. Standard industrial invested-capital arithmetic is poorly suited to a principal market maker, and disclosed intangible assets are only EUR4.089m, so this omission does not invalidate the adapted trading-capital metric. It does lower confidence in the completeness of 1F. Acquisition-inclusive ROIIC is also null, but operating-company acquisitions are immaterial; no Category 1 or Category 5 acquisition cap is required.

4. Calculation Errors

The return arithmetic itself is correct. Under PE, terminal equity value per share is terminal statutory diluted EPS multiplied by exit P/E, with no second cash, debt, lease or non-operating-asset adjustment. Distributions are explicitly zero and counted once. Recomputed terminal wealth per share is EUR7.466587876584818, EUR33.673075921068516 and EUR72.48799953085573. The associated gross EUR IRRs are -22.669345959805387%, 4.516246641762489% and 21.837357208171637%.

Probability-weighted terminal wealth is EUR33.57411422968085 per share. Annualizing that expected wealth from EUR27.00 for five years gives 4.454741806384677%, confirming that the scorer did not average scenario IRRs.

The net-SGD overlay also reconciles using 0.50% entry cost, 0.50% exit cost, zero capital-gains tax, zero distributions, and annual EUR/SGD moves of -2.00%, -1.00% and 0.00%. The audited visible results are bear **-24.37%**, base **3.26%**, bull **21.59%**, and probability-weighted **3.59%**. Probability weighting is performed on scenario net terminal wealth, not net IRRs. CIO status **PASS** is therefore correct because the moat gate fails and base net-SGD return is below 8%.

There are two presentation defects. First, the original scenario tables label the start column 2026-06-30 even though the price anchor is 2026-08-07; operating inputs are TTM data through 2026-06-30, but the security-return start date must be identified separately as 2026-08-07. Second, the Markdown terminal share values and max-buy price contain micro-differences caused by rounded intermediate EPS. The audited full-precision JSON values above control. Neither defect changes the recomputed returns.

5. Missing Data

The most important missing evidence is region-level deployable trading capital. Without it, Europe, Americas and Asia ROIIC cannot be calculated, and the expansion thesis cannot show which geography is earning the return. Other material gaps are a clean FY2020 trading-capital anchor for exact five-year ROIIC; daily NTI or loss-day distributions; quarterly regional Operating result; product profit history; a separately disclosed R&D line; and an after-interest return for the October 2025 debt-funded capital cohort. Exact investor tax, broker and portfolio facts are unavailable, so net-SGD remains a bounded diagnostic and portfolio fit remains unavailable. These gaps support Medium, not High, audit confidence.

6. Hard-Veto and Threshold Test Audit

The two original hard fails survive: permanent impairment risk from cyclicality, competition and principal-trading tail exposure; and a 20% case that requires terminal multiple expansion. The audited score is below 70/100, Business Quality is below 55/80, Valuation / 20% Underwriting is below 10/20, ROIIC plus runway is only 18/45, base IRR does not clear 20%, bear IRR does not clear 8%-10%, and hard vetoes remain. Management YELLOW, Moat FAIL, 2046 FAIL and the separate P/E-15 PASS are reproduced accurately. The score remains diagnostic and does not replace those ER2 gates.

7. Final 20% Hurdle Pass/Fail

FAIL. EUR27.00 compounded at 20% for five years requires EUR67.18464 of terminal shareholder wealth. At the frozen 8.5x base exit P/E and zero distributions, required EPS is EUR7.9040752941176455, implying a 21.28470945773593% CAGR from current statutory diluted EPS. The base model reaches only EUR3.9615383436551195. Alternatively, base EPS needs a 16.959230019218236x exit P/E, almost twice the current 8.964848534320659x. The gross maximum buy price for a 20% return on base terminal wealth is EUR13.532453993484971.

The exit assumptions themselves are usable as a conservative diagnostic. Fresh year-end close divided by official annual diluted EPS yields 12.7778x, 7.8406x, 22.1728x, 6.0562x and 8.4295x for 2021-2025. Bear 6.0x is near the observed low, base 8.5x is near the five-observation median and below current P/E, and bull 11.0x is a measured rerating for stronger terminal growth. Evidence is only Medium confidence because five year-end observations are not a full-cycle daily forward-P/E distribution, but no method switch or P/E-15 substitution occurs.

8. Dream Business / Dream Investment Classification

Neither. Flow Traders owns a capable and profitable European franchise, but a failed moat-durability test, low adapted ROIIC, geographic profit concentration and unproven debt-funded reinvestment prevent dream-business status. At EUR27.00, base and probability-weighted returns are far below 20%, so it is not a dream investment either. The single biggest reason is that retained and borrowed capital has not produced proven, durable after-cost incremental returns.

9. Stage 7 Scorecard Notes

- **Compounder Score note: 39/100**; the evidence does not support dream-investment status because reinvestment proof, durability and downside protection are inadequate.
- **Business Quality Score note: 37/80**; Europe is valuable, but low adapted ROIIC and weak proof of profitable replication keep quality below the promising threshold.
- **20% Return UW Score note: 2/20**; base gross EUR return is only 4.52%, and 20% requires a much lower price or major rerating.

10. Auditor JSON

The controlling full-precision structured record is `compounder_score_audit.json`. It preserves the PE method, scenario terminal wealth, gross and net-SGD arithmetic, score changes, source hashes, Medium confidence and

trade_execution_authorized=false.

Appendix RT - Red Team

Flow Traders — Red Team

Assessment date: 2026-08-08 **Price anchor:** EUR27.00 on 2026-08-07 **Operating anchor:** TTM ended 2026-06-30 **Valuation horizon:** 2031-06-30, exactly 5.0 years **Red-team conclusion: THESIS DOES NOT SURVIVE as a 20%-return compounder thesis**

This appendix attacks the current Production Mode case only. The superseded May 2026 report was not used as evidence. The synthesis is arithmetically clean—11/11 checks passed—but arithmetic integrity is not economic validity. The red-team target is the economic bridge from a volatile, overwhelmingly European profit pool to five years of dependable per-share value creation while management retains every euro, adds high-spread debt, raises fixed costs, and asks the two weaker regions to become more productive. That bridge is not proven.

1. The most fragile assumption

The most fragile assumption is the **Europe reportable segment / `Total Income` base-case CAGR of 6.5%**, the one-line financial forecast in the Europe appendix and the dominant input to the combined revenue build. The model takes Europe from EUR319.755m of TTM income to EUR438.073m in 2031, using annual growth of 7.0%, 7.0%, 6.5%, 6.0%, and 6.0%. This is not obviously extravagant in isolation; that is precisely why it is dangerous. Europe supplies 88.7% of TTM operating profit, so a seemingly mild error in this mature, cyclical franchise matters more than heroic assumptions in Asia or the Americas.

The evidence does not justify treating 6.5% as a dependable path. Europe's FY2021-FY2025 CAGR was 5.68%, FY2025 growth was negative 5.5%, the broad calculated ETF-volume share fell from 4.18% in FY2021 to 2.82% in FY2025, and counterparties can compare quotes trade by trade. The 50.93% TTM Europe margin reflects an excellent recent opportunity set and may be a peak-like earnings anchor rather than a stable starting yield. Secular ETF AUM and value-traded growth do not guarantee NTI growth: turnover, dispersion, volatility, adverse selection, spread competition, and Flow's share of profitable orders determine monetization.

The synthesis sensitivity supplies the damage estimate. Reducing Europe's CAGR by 200 basis points, from 6.5% to 4.5%, lowers base EPS from EUR3.962 to EUR3.653, a EUR0.309 or 7.8% cut. At the frozen 8.5x exit P/E, terminal equity value falls from EUR33.67 to about EUR31.05 per share, leaving only a low-single-digit annualized gross return before SGD translation and costs. That sensitivity is still too gentle for a cyclical market maker: it changes growth but leaves the 47% terminal Europe margin intact. A combined miss in revenue capture and spread economics would be nonlinear because the larger technology, control, and specialist cost base is partly fixed.

This is the weakest load-bearing beam. Asia's 14% terminal margin is less believable, but Asia is only 3.4% of TTM operating profit. The European growth line is both contestable and capable of changing the equity outcome.

2. The most-likely-to-be-optimistic Stage 5 number

The single Stage 5 number most likely to be revised down is the **35.55% consolidated base-case operating margin in 2031**, equal to EUR251.356m of operating income on EUR707.109m of revenue. Calling it slightly below the 36.24% TTM margin makes it look conservative. It is not. It embeds simultaneous success in three places: Europe preserves a 47% margin, Americas expands from 16.42% to 20%, and Asia expands from 6.38% to 14%, even though FY2026 fixed-cost guidance was raised from EUR220-230m to EUR235-245m and the group is adding AI, quantitative talent, market data, controls, 24/7 coverage, and domestic-China infrastructure.

The number also benefits from disclosure opacity. Quarterly regional operating profit, product profit, region-level trading capital, and an after-interest return on the October 2025 debt-funded cohort are unavailable. The model can prove that the segments add to statutory operating income; it cannot prove which strategy or capital cohort will produce the assumed leverage. Americas' Traditional share of company NTI was still 22% at the latest disclosed point, unchanged from 2019. Asia's TTM margin is 6.38% despite strong regional market growth. Those are not early proof points for a synchronized margin recovery.

The 2031 base margin should be underwritten below 35.55% until fixed-cost absorption is observable. If Americas merely holds its TTM 16.42% margin and Asia holds 6.38%, while Europe still achieves 47%, consolidated terminal operating profit would be roughly EUR236.1m and the margin about 33.4%. That is not a catastrophe; it is simply failure to grant unproven

regional operating leverage. A true Europe spread-compression case would take the result materially lower.

3. The strongest bear case, in its strongest form

Flow Traders is using retained shareholder cash and SOFR-plus-500bp private credit to scale a principal-trading platform whose incremental after-tax returns are already weak and whose supposed moat does not control customers, venues, data, or order flow. When the opportunity set normalizes, better-capitalized firms use AI, tighter pricing, and larger quote sizes to compress Europe's spread capture while Flow's EUR235-245m fixed-cost base and financing burden remain. Within two reporting years, Europe falls below a 35% margin, Americas and Asia still fail to cover their expansion economics, and group period RoTC drops below the debt-adjusted hurdle even if headline volumes grow. The validating anchor is not ETF AUM: it is Europe statutory `Operating result` margin, group period RoTC, and finance cost measured against trading capital.

The short seller's key point is that the current valuation is not a sufficient shield. At EUR27.00, the bear case generates EUR1.244 EPS and EUR7.47 terminal value at 6.0x, a gross EUR IRR of negative 22.67% and a net-SGD IRR of negative 24.37%. The P/E-15 gate passes only in the base case and is an entry-price screen, not downside protection. A balance-sheet or trading-control shock can be worse than the smooth bear case because the forecast contains no discrete loss event.

4. Cross-examination of management commentary

"We are also confident that we will continue to generate over 50% return trading capital."

Thomas Spitz made this statement on the official 3Q25 call. The weakness is the denominator and profit level: RoTC uses NTI before operating expense, interest, and tax. The scoring audit's adapted ROIIC is only 2.72% over FY2022-FY2025 and 6.26% from FY2021 to TTM. Net trading capital rose from EUR610.6m in FY2021 to EUR1.15bn at 2Q26, yet deployment at scale has not demonstrated attractive after-cost incremental value creation. The first sign that the promise is failing would be period RoTC below 40% while trading capital remains at or above EUR1.1bn and finance cost remains above EUR15m annualized. That combination would show the platform needs more capital to earn less gross income before costs.

"Net trading income of > €1bn."

The CMD26 aspiration for 2030 is more than a milestone; it is the narrative justification for retaining all profits through 2030. Against TTM income of EUR506.597m, it requires roughly a doubling, or about 16% annualized growth to FY2030. The independent synthesis reaches only EUR707.109m in its 2031 base case and EUR908.036m even in the bull case, so management's own aspiration is outside the audited base and above the audited bull endpoint. The first failure signal would be group income growth remaining below 10% on a rolling two-year basis while fixed operating expense reaches or exceeds the EUR240m guide midpoint. In that state, the cost and capital commitments are real but the revenue aspiration is receding.

"Despite the recent trends in crypto, structural growth trends for digital assets remain in place."

Marc Jansen made this statement on the official 2Q26 call while Digital NTI had fallen 36% year on year in 1H26. Structural market growth may be true, but it does not establish Flow's monetization or spread. The Americas model gives its Digital/other residual a 10% base CAGR, and Europe/Asia narratives also grant optionality to tokenized and 24/7 activity, while no regional digital profit is disclosed. The first contradiction would be another rolling twelve-month decline in Digital NTI alongside further technology and 24/7 spending. Product count and venue count are not adequate substitutes for profit.

5. Stage 5 tie-out reverification and model blind spots

The recency anchor is mechanically valid: FY2025 less 1H25 plus 1H26 is the four non-overlapping quarters from 3Q25 through 2Q26. But "recent" is not the same as normalized. The sequence—EUR80.5m, EUR121.0m, EUR157.7m, and EUR147.4m of quarterly Total Income—contains a rebound from a weak quarter and a modest sequential decline in 2Q26. It should not be treated as a stable run rate. Europe's 2Q26 derived income was EUR92.5m, up from EUR88.2m in 1Q26, while Americas fell from EUR28.0m to EUR25.4m and Asia from EUR41.5m to EUR29.5m. The TTM anchor therefore averages very different opportunity regimes and does not prove a smooth 6.9% group CAGR.

The share-count path is appropriately harsher than a buyback case: it assumes zero repurchases and 0.652m of annual gross SBC issuance, taking diluted shares from 45.681m to 48.940m, up 7.13%. The fragility is not an aggressive buyback assumption. It is that a constant EUR27 conversion price turns an expense proxy into shares without an award/vesting/treasury-share bridge. The direction is conservative, but the precision is artificial. More important, zero distributions mean shareholders receive no cash while bearing the execution risk; the model provides no dividend buffer if the

terminal multiple disappoints.

No segment forecast explicitly outruns a named competitor's disclosed deceleration series, because comparable private market makers do not publish equivalent regional sales. That absence is a limitation, not validation. Americas' 8.19% revenue CAGR follows a negative 4.9% FY2023-FY2025 segment CAGR and depends on an overlay available only since 2Q24. Asia's 7% CAGR and 14% margin depend on capture that management admits has not happened. Europe's 6.5% CAGR exceeds its FY2021-FY2025 5.68% rate despite lower broad volume share. Each assumption has a narrative reason; none has a disclosed segment-capital return series.

6. Hidden balance-sheet, tail, and reflexivity risks

The balance sheet looks modestly levered only when compressed to EUR199.938m of net debt and 1.01x net debt/EBITDA. The operating reality is EUR15.94bn of IFRS assets, trading inventories, receivables, derivatives, securities-borrowing relationships, collateral, and matched trading liabilities. Those are not conventional financing debt, but they create liquidity, counterparty, basis, settlement, and wrong-way risks that net debt/EBITDA does not measure. The private facility increases resilience in ordinary markets but adds a fixed funding claim, daily collateral/covenant constraints, and an all-in hurdle tied to SOFR plus 500bp.

The terminal P/E method correctly avoids double-counting debt and cash, yet that accounting cleanliness creates an economic blind spot: no 2031 capital-structure path exists. EPS includes assumed finance cost, but a P/E on terminal run-rate earnings cannot capture equity lost through a one-off inventory gap, counterparty default, margin call, operational outage, license restriction, or forced deleveraging. Daily NTI values, loss-day counts, and tail quantiles are not disclosed. The smooth bear model is therefore an earnings-normalization case, not a solvency or permanent-impairment stress.

Reflexivity works both ways. Strong NTI creates retained capital, wider coverage, and more quoting capacity. Weak NTI reduces internally generated capital precisely when collateral demands can rise; the enlarged fixed-cost base and debt interest do not fall at the same speed. Management may then cut research or quote capacity, lose access to attractive flow, and suffer further productivity erosion. A higher capital base can also encourage low-yield volume chasing: NTI grows, headline RoTC looks respectable, but after-interest and after-fixed-cost returns fail to clear the cost of equity.

The TTM free-cash-flow diagnostic was negative EUR142.369m and five-year aggregate FCF/NOPAT was only 49.49%, although trading working capital makes both noisy. That noise is itself a warning against treating reported earnings as distributable cash. With dividends and buybacks suspended, investors have no realized return while waiting for the capital plan to prove itself.

7. What breaks the audited 20% claim—and the exact exit signal

There is no credible audited 20% base claim left to defend. The scoring audit correctly assigns **2/20** to Price and 20% Underwriting and **FAIL** to the hurdle. EUR27.00 compounded at 20% for five years requires EUR67.18464 of terminal wealth. At the frozen 8.5x base exit P/E and zero distributions, required EPS is EUR7.904, almost twice the EUR3.962 base forecast. Equivalently, the base EPS needs a 16.96x exit P/E versus 8.96x current and the 8.43x five-observation historical median. Only the 20%-probability bull clears 20%, at 21.84% gross EUR and 21.59% net SGD. Probability-weighted returns are just 4.45% gross EUR and 3.59% net SGD.

The assumption that breaks first is not the share count or tax rate. It is the belief that retained and borrowed capital can create enough after-cost NOPAT growth without demanding multiple expansion. The audited base terminal EPS grows only to EUR3.962; 20% requires a 21.28% EPS CAGR from current statutory EPS to EUR7.904. Evidence to date—2.72%-6.26% adapted ROIIC, no regional capital disclosure, and no debt-cohort return—points in the opposite direction. The gross maximum buy price for a 20% base-case return is EUR13.53, not EUR27.00.

Exact exit/kill signal: exit if Europe's statutory `Operating result` margin is **below 35% in each of two consecutive half-year reports** during the next twelve months of reporting. Do not waive the signal because group ETF volume or capital rises. Europe contributes 88.7% of TTM operating profit, and 35% is already the moat appendix's explicit break threshold. Two consecutive half-years below it would show that spread capture and fixed-cost absorption have structurally deteriorated across more than one quarter; Americas and Asia are too small and too low-return to repair the lost core economics.

8. Conviction and upgrade evidence

Thesis does NOT survive. The arithmetic survives, the P/E-15 gate survives, and Flow Traders may remain a capable cyclical business. The thesis that it is a durable 20% compounder does not. The final narrative should be written around a

contestable European market-making franchise funding an unproven, debt-assisted geographic expansion—not around a cheap compounder whose reinvestment flywheel has already been demonstrated.

Upgrade evidence must be specific and cumulative. Management must disclose or make independently demonstrable the after-interest, after-fixed-cost return on the October 2025 capital cohort through at least one subdued market period; Europe must keep margin above 40% while its income grows without broad-share erosion; Americas must sustain at least an 18% margin and Asia at least a 10% margin for two consecutive half-years without disproportionate capital growth; period RoTC must remain above 50% while finance cost and fixed opex stabilize; and daily-loss or meaningful tail-risk disclosure must improve. For the security to meet the 20% mandate at unchanged base EPS and an 8.5x exit, the entry price must approach EUR13.53, or the company must produce evidence supporting terminal EPS near EUR7.90 without greater balance-sheet or control risk. Until then, Management YELLOW, Moat FAIL, 2046 FAIL, audited scores of **39/100**, **37/80**, and **2/20**, and CIO **PASS** are not conservative labels. They are the correct conclusion.

Appendix D - Data Package (Raw Historicals)

Flow Traders — Production Data Package

As of: 2026-08-08 SGT **Listing:** XAMS:FLOW ordinary shares, ISIN BMG3602E1084 **Reporting currency and scale:** EUR; tables below use EUR millions unless stated otherwise **Fiscal year-end:** 31 December **Latest completed period:** 2Q26 / six months ended 2026-06-30, published 2026-07-30 **Forecast base:** TTM ended 2026-06-30 = FY2025 - 1H25 + 1H26, equivalent to 3Q25 + 4Q25 + 1Q26 + 2Q26 **Five-year horizon:** 2031-06-30, exactly 5.0 years from the TTM endpoint **Sealed upstream anchors:** EUR 27.00 completed close on 2026-08-07; `QUOTE_PACKET_SHA256` `aa0a28dbcac64e47d1c61da537c2695167308c0cbec619715fcff8b8f00b2983`; `STATUTORY_BRIDGE_SHA256` `27f7e5a9245f6860e4a21b79e59a778d320cbdbed84e62bbe4b7289fe3a7e509`.

This package was rebuilt from live FMP stable endpoints and fresh downloads from Flow Traders' investor-relations site. The May 2026 report, prior appendices, and all local data-warehouse caches were excluded as evidence. Flow Traders is a Bermuda-domiciled, Amsterdam-listed foreign issuer; its IFRS annual and interim reports therefore control whenever vendor classification differs.

0. Source ledger and control conventions

The live archive comprises 29 source files: ten FMP pulls, seventeen Flow Traders PDFs, and two SEC submissions files for U.S. regulated subsidiaries. FMP files were also copied without overwrite to `C:\Users\Admin\OneDrive\Cowork\Investing\data warehouse\er2_live_pulls\FLOW.AS\2026-08-08\D`. That copy is archival only and was not read as an input.

Source ID	Live source and retrieval scope	Local D archive	Use in this package
FMP-IS-A	`stable/income-statement?symbol=FLOW.AS&period=annual`, live 2026-08-08	`raw/D_live_income_annual_2026-08-08.json`	Vendor comparison, EPS and share-count cross-check
FMP-IS-Q	`stable/income-statement?symbol=FLOW.AS&period=quarter`, live 2026-08-08	`raw/D_live_income_quarter_2026-08-08.json`	Vendor recency check; not controlling for 2Q26
FMP-BS-A	`stable/balance-sheet-statement?symbol=FLOW.AS&period=annual`, live 2026-08-08	`raw/D_live_balance_annual_2026-08-08.json`	Vendor balance-sheet comparison
FMP-CF-A	`stable/cash-flow-statement?symbol=FLOW.AS&period=annual`, live 2026-08-08	`raw/D_live_cashflow_annual_2026-08-08.json`	Vendor cash-flow comparison
FMP-KM-A	`stable/key-metrics?symbol=FLOW.AS&period=annual`, live 2026-08-08	`raw/D_live_keymetrics_annual_2026-08-08.json`	Vendor metrics comparison
FMP-RAT-A	`stable/ratios?symbol=FLOW.AS&period=annual`, live 2026-08-08	`raw/D_live_ratios_annual_2026-08-08.json`	Vendor ratios comparison
FMP-PROD-A	`stable/revenue-product-segmentation?symbol=FLOW.AS&period=annual`, live 2026-08-08	`raw/D_live_product_annual_2026-08-08.json`	Empty array; no product history supplied
FMP-PROD-Q	Same endpoint with `period=quarter`, live 2026-08-08	`raw/D_live_product_quarter_2026-08-08.json`	Empty array
FMP-GEO-A	`stable/revenue-geographic-segmentation?symbol=FLOW.AS&period=annual`, live 2026-08-08	`raw/D_live_geographic_annual_2026-08-08.json`	Empty array
FMP-PROFILE	`stable/profile?symbol=FLOW.AS`, live 2026-08-08	`raw/D_live_profile_2026-08-08.json`	Listing and company-profile check
AR21-AR25	[2025 annual report](https://www.flowtraders.com/media/2s2pdl01/flow-traders-annual-report-2025.pdf), plus live 2021-2024 annual-report downloads from the issuer's [reports page](https://www.flowtraders.com/investors/reports-documents?tab=annual)	`raw/D_official_AR2021_2026-08-08.pdf` through `raw/D_official_AR2025_2026-08-08.pdf`	Controlling five-year IFRS and KPI history
HY26	[Half Year Report 2026](https://www.flowtraders.com/media/3l4fhfyk/half-year-report-2026_final.pdf)	`raw/D_official_HY2026_2026-08-08.pdf`	Controlling latest interim and segment data

Source ID	Live source and retrieval scope	Local D archive	Use in this package
Q325-Q226	Issuer [results centre](https://www.flowtraders.com/investors/results-centre): four releases and four transcripts, live 2026-08-08	`raw/D_official_3Q25_*` through `raw/D_official_2Q26_*`	Last-four-quarter trends and commentary
CMD26	[Capital Markets Day presentation](https://www.flowtraders.com/media/03ulq2lj/flow-traders-capital-markets-day-presentation.pdf), 2026-06-23	`raw/D_official_CMD2026_presentation_2026-08-08.pdf`	Horizon 2030 targets and new disclosure taxonomy
SEC-US	SEC submissions JSON for CIK 0001466697 and 0001659439, live 2026-08-08	`raw/D_live_SEC_submissions_*_2026-08-08.json`	Filing-regime check only

The SEC search found only subsidiary broker-dealer filings: 13F-HR, X-17A-5, FOCUSN and Schedule 13G forms for Flow Traders U.S. entities. It found no consolidated Flow Traders Ltd. 10-K, 10-Q or 8-K. These subsidiary filings are not substitutes for the issuer's IFRS reports.

0a. Industry classification and disclosure inventory

Flow Traders is a principal trading firm and global market maker, not an asset manager earning an AUM fee and not an exchange earning transaction fees. Its economics are driven by net trading income (NTI), deployable trading capital, market activity, volatility, product and regional coverage, pricing technology, and risk-adjusted capital deployment. The issuer reports under IFRS in EUR, with three reportable geographic segments: Europe, Americas and Asia. FMP's segmentation endpoints were empty, and its ordinary statement mapping is materially unreliable for this balance sheet; official filings control.

The ad hoc market-maker checklist searched every annual/interim report and recent results document for: Net Trading Income, gross trading income, fees related to trading, financial expenses related to trading, Total Income, revenue by region, Operating result, EBITDA, trading capital, return on average trading capital, return on trading capital, ETP/ETF value traded, non-ETP value traded, total value traded, market value traded, market share, ETF AUM, ETP velocity, RFQ hit rate, counterparties, venues, products covered, asset-class mix, digital assets, traditional, FICC, equities, crypto, tokenized assets, risk limits, regulatory capital, fixed expenses, technology expense and FTE.

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	If excluded, why	Downstream relevance
Geographic segment economics	AR21-AR25; HY26; segment note	Segment reporting; Total Income; Operating result; revenue by region	FY21-FY25; 1H26; TTM	Yes	—	Three segment appendices and statutory bridge
Trading-capital economics	AR21-AR25; quarterly releases; CMD26	Trading capital; RoATC; RoTC; capital deployment	FY21-FY25; nine-quarter series; 2Q26	Yes	—	Core unit economics, moat and valuation
Market activity	Annual reports; releases	ETP/ETF value traded; total value traded; market ETF value traded	FY21-FY25; quarterly through 2Q26	Yes	—	Revenue-cycle sensitivity and share
Asset-class NTI	AR21-AR25; 2Q26 release; CMD26	Traditional; digital assets; equities; FICC; FX; commodities	Exact restated quarter series from 2Q24 through 2Q26; rounded 1Q26-LTM mix	Yes	No clean annual series exists before the 2Q24 taxonomy start	Product modeling and diversification
Distribution footprint	Annual reports; CMD26	Active counterparties; RFQ; venues; products	Latest and selected prior observations	Yes	Definition changed over time	Scale and moat
Capital / balance sheet by region	Segment notes	Assets; liabilities; capital expenditure; trading capital	FY21-FY25; 1H26	Partly	Trading capital is disclosed consolidated, not by region	ROIC and regional capacity
Daily trading distribution	Annual reports; remuneration KPI	Median daily NTI; negative trading days; normalized for volatility	KPI described, dollars not disclosed	No	True non-disclosure of underlying daily series	Earnings volatility assessment
Regulatory capital	Annual reports	Regulatory capital available/required; solvency	Annual values available in older reports	Summary only	Not the binding modeled capital metric after Bermuda move	Downside/liquidity review
Recent trend	Four releases and transcripts	NTI; region; ETF value; trading capital; costs	3Q25-2Q26	Yes	—	Recency and forecast base

Material KPI history

KPI family	Granularity	FY21	FY22	FY23	FY24	FY25	Latest interim / TTM	Source
Net Trading Income	Consolidated, EURm	384.0	460.2	300.3	467.8	485.8	TTM 506.6	AR21-AR25; HY26 arithmetic
Total Income	Consolidated, EURm	384.0	458.7	303.9	479.3	480.5	TTM 506.6	AR21-AR25; HY26
Net trading capital	Period-end, EURm	610.6	651.0	583.7	774.9	1,043.6	1,150 at 2Q26	AR21-AR25; 2Q26 release
Return on average trading capital	LTM NTI / average endpoint capital	55.6%	73.0%	48.7%	68.9%	53.4%	Method changed: 2Q26 annualized period RoTC 53%	Calculated from issuer definition and disclosed capital
ETP/ETF value traded	EURbn	1,541	1,775	1,464	1,545	1,940	1H26 1,281	AR21-AR25; 2Q26 release
Total value traded	EURbn	about 5,700	about 6,800	5,648	6,248	6,702	LTM at 1Q26 7,200	AR21-AR25; CMD26
Fixed operating expenses	EURm	Not on current basis	Not on current basis	Not on current basis	177.0	204.1	1H26 115.4; FY26 guide 235-245	AR25; 2Q26 release
Technology expense	EURm	49.720	61.171	64.416	66.636	70.604	1H26 40.5	AR22-AR25 latest comparative; HY26
Global market ETP / ETF value traded	EURbn	36,835	51,811	43,081	47,933	68,915	1H26 47,547	AR22-AR25 latest comparative; 2Q26 release
Flow ETP / ETF volume as share of global market volume	Calculated from issuer values	4.18%	3.43%	3.40%	3.22%	2.82%	1H26 2.69%	Company value traded / global market value traded; not an NTI share
Traditional / Digital NTI mix	Consolidated management overlay, not statutory segments	Not disclosed	Not disclosed	Not disclosed	Exact quarterly from 2Q24	Exact quarterly through 4Q25	1Q26 EUR134.0m / EUR21.9m; 2Q26 EUR131.7m / EUR16.1m	2Q26 release nine-quarter table; CMD26
Distribution footprint	Latest disclosed	Definition differs	Over 2,000 network relationships	Definition differs	Definition differs	Over 1,200 counterparties; EUR635bn off-exchange value	1Q26: over 1,600 active across all; traditional over 1,300	AR22; AR25; CMD26
Product / venue coverage	Latest disclosed	Not comparable	Not comparable	Not comparable	Not comparable	Over 25,000 products; over 150 venues in 2Q26 company description	Traditional: over 8,500 ETFs and over 90 venues; digital: over 1,000 products and over 60 venues	2Q26 release; CMD26

The RoATC row is intentionally distinct from the ER2 ROIC diagnostic in Section 2. RoATC uses NTI before operating expenses and is therefore a gross trading-capital productivity measure, not an after-tax return on invested capital. The five-year market-volume denominator is material because Flow Traders itself uses own ETP value traded divided by total market ETP value traded as an overall share proxy. The declining calculated ratio does not by itself prove competitive share loss in profitable flow: it ignores product, geography, on/off-exchange and volatility mix. At 2Q26, global ETF AUM was EUR20,209bn, up 41% year on year, while market ETF value traded fell 14% sequentially; both are market-structure indicators rather than Flow Traders revenue.

1. Reporting structure and taxonomy

The three reportable segments are geographic legal/operating groupings. **Europe** contains the Amsterdam head office plus London, Milan, Paris and Zug operations and carries most group functions. **Americas** contains U.S.-based trading operations. **Asia** contains Singapore, Hong Kong, Shanghai and Korea activities. The Board uses this geography to evaluate performance and allocate resources and trading capital.

FY2025 issuer-defined `Revenue by region` was Europe EUR281.739m (58.6%), Americas EUR76.752m (16.0%) and Asia EUR121.992m (25.4%), summing to EUR480.483m. This presentation reallocates inter-segment trading-service revenue and expense. For historical segment economics in Section 3, `Total Income` is used instead because it cleanly sums to consolidated Total Income and is available across five years.

Reporting structure is geographically stable over FY21-FY25, but the measurement taxonomy is not fully stable. AR2024 reallocated some 2023 regional cost/recharge presentation. AR2025 then updated FY2024 to move finance costs below

Operating result, consistent with the consolidated statement; its note explicitly says FY2024 segment reporting was updated, including EUR2.19m of lease interest. The latest restated comparative is used wherever available. Pre-FY2024 segment Operating result includes an earlier finance-cost presentation and is not perfectly like-for-like.

A second taxonomy began in 2Q26. Management now additionally discloses NTI as `Traditional` and `Digital assets`, with EMEA/U.S./APAC inside Traditional. This is a management KPI overlay, not a replacement of the IFRS reportable segments. HY26 continues to report Europe, Americas and Asia on exact `Operating result`; downstream forecasts must retain that sealed statutory taxonomy.

2. Consolidated historicals

FMP's annual pull was live, but official IFRS data overrides material vendor mapping errors. In FY2025 FMP `revenue` of EUR485.800m exactly equals issuer NTI, not issuer Total Income of EUR480.483m; the 1.11% difference fails a literal revenue tie within 1%. FMP FY2024 `revenue` of EUR804.511m is also not a valid consolidated revenue/Total Income measure. FMP FY2025 `operatingIncome` of EUR180.800m differs from statutory Operating result EUR170.066m. FMP FY2025 FCF of positive EUR532.477m conflicts with official operating cash flow of negative EUR120.614m. These are classification failures, so the official values below control.

Metric	FY21	FY22	FY23	FY24	FY25	Source
Total Income (EURm)	384.041	458.673	303.876	479.319	480.483	AR21-AR25 IFRS statements
Statutory Operating result (EURm)	144.142	162.362	51.469	199.665	170.066	Latest available restated IFRS comparative
Operating margin	37.5%	35.4%	16.9%	41.7%	35.4%	Operating result / Total Income
Net income (EURm)	114.934	126.827	36.151	159.538	133.565	AR21-AR25
Diluted EPS (EUR)	2.52	2.76	0.81	3.56	2.98	AR21-AR25; FMP cross-check
Diluted weighted-average shares (m)	45.621	45.912	44.581	44.807	44.828	AR21-AR25; FMP cross-check
Capex incl. PPE and acquired intangibles (EURm)	6.755	7.600	12.058	6.579	6.787	AR cash-flow statements
Operating cash flow (EURm)	244.759	93.753	79.484	32.061	(120.614)	AR cash-flow statements
FCF after stated capex (EURm)	238.004	86.153	67.426	25.482	(127.401)	Calculation
Effective tax rate	20.6%	21.6%	19.0%	17.9%	18.9%	Tax / pretax income
ER2 ROIC diagnostic	16.6%	20.2%	6.7%	24.1%	15.2%	NOPAT / average trading capital

The ER2 ROIC numerator is statutory Operating result multiplied by one minus the annual effective tax rate. The denominator is average of current- and prior-year issuer-disclosed net trading capital because trading capital, rather than gross IFRS assets funded by matched trading payables, is the deployable economic capital base. FY2025 therefore uses NOPAT EUR137.959m and average trading capital of EUR909.25m, producing 15.17%. This is a conservative after-tax return measure. It should not be confused with issuer RoATC, which uses pre-expense NTI and was 53.4% for FY2025.

Cash flow is unusually noisy because movements in trading assets and matched liabilities run through operating cash flow. FCF is included to meet the historical cash conversion requirement, but it is not a sensible stand-alone valuation anchor for a market maker. Net income, retained earnings, trading-capital growth and RoTC should control the capital model.

3. Segment historicals

The revenue line is exact issuer `Total Income`; the profit line is exact issuer `Operating result`. FY21-FY23 profit margins are useful context but cross the finance-cost/recharge presentation boundary described above.

Europe

Europe	FY21	FY22	FY23	FY24	FY25	Source
Total Income (EURm)	245.838	315.415	165.813	324.479	306.644	AR22-AR25 segment notes

Europe	FY21	FY22	FY23	FY24	FY25	Source
YoY	—	28.3%	(47.4%)	95.7%	(5.5%)	Calculation
Operating result (EURm)	122.095	144.977	22.130	163.208	153.370	Latest comparative segment tables
Operating result margin	49.7%	46.0%	13.3%	50.3%	50.0%	Calculation

Americas

Americas	FY21	FY22	FY23	FY24	FY25	Source
Total Income (EURm)	74.419	88.058	83.195	73.357	75.175	AR22-AR25 segment notes
YoY	—	18.3%	(5.5%)	(11.8%)	2.5%	Calculation
Operating result (EURm)	10.347	9.286	13.153	20.626	8.657	Latest comparative segment tables
Operating result margin	13.9%	10.5%	15.8%	28.1%	11.5%	Calculation

Asia

Asia	FY21	FY22	FY23	FY24	FY25	Source
Total Income (EURm)	63.784	55.200	54.868	81.483	98.664	AR22-AR25 segment notes
YoY	—	(13.5%)	(0.6%)	48.5%	21.1%	Calculation
Operating result (EURm)	11.700	8.100	13.890	15.831	8.039	Latest comparative segment tables
Operating result margin	18.3%	14.7%	25.3%	19.4%	8.1%	Calculation

The TTM forecast base by geography is Europe Total Income EUR319.755m and Operating result EUR162.858m; Americas EUR87.674m and EUR14.392m; Asia EUR99.168m and EUR6.325m. Total Income sums to EUR506.597m and Operating result to EUR183.575m. TTM income uses FY2025 - 1H25 + 1H26; TTM profit values are the sealed bridge values and must not be replaced by approximations.

3a. Historical statutory-profit bridge and forecast-driver ledger

Common segment profit basis: issuer-disclosed `Operating result`. Reporting currency EUR; source scale thousands. The sealed packet has three modeled reportable segments and no corporate/unallocated or operating bridge adjustments. Labels, signs, classifications, values and source IDs below reproduce the exact packet.

FY 2025 bridge, year ended 2025-12-31

Bridge line	Classification	Value, EUR000	Source ID	Running subtotal, EUR000
Europe	segment profit	153,370	AR2025	153,370
Americas	segment profit	8,657	AR2025	162,027
Asia	segment profit	8,039	AR2025	170,066
Sum of reportable segment profit	segment profit	170,066	AR2025	170,066
Consolidated segment profit metric	subtotal	170,066	AR2025	170,066
Statutory operating income	statutory subtotal	170,066	AR2025	170,066
Finance cost	interest	(6,264)	AR2025	163,802
Share of profit/(loss) of equity-accounted investments, net of tax	other_non_operating	847	AR2025	164,649
Pretax income	statutory subtotal	164,649	AR2025	164,649
Tax expense	tax	(31,084)	AR2025	133,565
Net income	statutory subtotal	133,565	AR2025	133,565

All five FY2025 sealed residuals are zero; tolerance is EUR1 thousand.

TTM bridge, ended 2026-06-30

Bridge line	Classification	Value, EUR000	Source ID	Running subtotal, EUR000
Europe	segment profit	162,858	HY2026	162,858
Americas	segment profit	14,392	HY2026	177,250
Asia	segment profit	6,325	HY2026	183,575
Sum of reportable segment profit	segment profit	183,575	HY2026	183,575
Consolidated segment profit metric	subtotal	183,575	HY2026	183,575
Statutory operating income	statutory subtotal	183,575	HY2026	183,575
Finance cost	interest	(15,060)	HY2026	168,515
Share of profit/(loss) of equity-accounted investments, net of tax	other_non_operating	1,402	HY2026	169,917
Pretax income	statutory subtotal	169,917	HY2026	169,917
Tax expense	tax	(32,711)	HY2026	137,206
Net income	statutory subtotal	137,206	HY2026	137,206

All five TTM sealed residuals are zero; tolerance is EUR1 thousand. `HY2026` in the sealed packet points to the live Half Year Report 2026 and its archived exact source; TTM values combine FY2025, 1H25 and 1H26 even though the packet source ID is HY2026.

Historical bridge line	FY value, EURm	TTM value, EURm	Forecast treatment	Driver and source	Bear / base / bull rule
Europe Operating result	153.370	162.858	Independently forecast segment profit	Europe Total Income, market activity, NTI and expense base	Bear compresses margin; base mid-cycle normalization; bull preserves scale benefit
Americas Operating result	8.657	14.392	Independently forecast segment profit	U.S. ETF participation, capital deployment and product coverage	Bear slow share gains; base disciplined expansion; bull higher profitable flow capture
Asia Operating result	8.039	6.325	Independently forecast segment profit	APAC access, China deployment, coverage build and fixed cost absorption	Bear prolonged investment phase; base gradual scale; bull rapid operating leverage
Finance cost	(6.264)	(15.060)	Interest-rate and debt schedule	EUR164.938m FY25 borrowings; USD200m PCF at SOFR plus 500bp, potential 450bp step-down; leases separate in source accounting	Bear higher SOFR / full draw; base scheduled amortization and moderate rates; bull step-down and refinancing benefit
Share of profit/(loss) of equity-accounted investments, net of tax	0.847	1.402	Separate investment-result schedule	Carrying investments and investee performance; do not fold into operations	Bear recurring loss; base near zero through-cycle; bull modest profit, never used as plug
Tax expense	(31.084)	(32.711)	Effective tax-rate schedule	FY25 18.9%; TTM 19.3%; geographic profit mix	Bear/base/bull 21% / 19% / 18% unless later tax evidence changes

`STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING`

4. Product and sub-segment historicals

The exact-dollar Traditional/Digital management overlay begins with a restated nine-quarter series in the 2Q26 release, covering 2Q24 through 2Q26. It is not a statutory segment table and must never be substituted for Europe/Americas/Asia `Total Income` or `Operating result`. The separate 1Q26-LTM mix shown at CMD is percentage-rounded, so its implied euro values remain estimates rather than separately disclosed exact dollars.

Segment context	Product / KPI	What it is	Dollar disclosure?	Disclosed history and source
Consolidated management view	Traditional	ETF and adjacent traditional-market trading; also split EMEA/U.S./APAC	Yes, 2Q24-2Q26 restated series	Exact quarterly history in the table below; 2Q26 release
Consolidated management view	Digital assets	Crypto, digital and tokenized-market trading	Yes, 2Q24-2Q26 restated series	Exact quarterly history in the table below; 2Q26 release

Segment context	Product / KPI	What it is	Dollar disclosure?	Disclosed history and source
Traditional	EMEA	Traditional NTI generated in EMEA	Yes, 2Q24-2Q26 restated series	Management overlay only; exact quarterly history below
Traditional	U.S.	Traditional NTI generated in the United States	Yes, 2Q24-2Q26 restated series	Management overlay only; exact quarterly history below
Traditional	APAC	Traditional NTI generated in Asia-Pacific	Yes, 2Q24-2Q26 restated series	Management overlay only; exact quarterly history below
Consolidated	1Q26 LTM Traditional	CMD percentage-rounded mix	Estimated	EUR501m total NTI x 76% = about EUR380.8m
Consolidated	1Q26 LTM Digital assets	CMD percentage-rounded mix	Estimated	EUR501m total NTI x 24% = about EUR120.2m
Geographic reportable segments	Europe / Americas / Asia	IFRS geography on Total Income and Operating result	Yes	Five years in Section 3; FY25 and TTM sealed profit values

The following values are the issuer's exact quarterly NTI management overlay from the live 2Q26 release. EMEA/U.S./APAC below are components of **Traditional NTI only**. They are not the IFRS Europe/Americas/Asia reportable segments, do not include Digital assets or Other income, and do not enter the statutory bridge.

Quarter	Traditional NTI, EURm	Digital assets NTI, EURm	Traditional EMEA, EURm	Traditional U.S., EURm	Traditional APAC, EURm
2Q24	48.3	31.2	33.0	5.8	9.5
3Q24	75.4	31.9	45.7	12.9	16.9
4Q24	107.3	46.6	48.2	13.5	45.6
1Q25	98.8	41.4	50.9	9.1	38.7
2Q25	125.8	17.7	65.6	28.5	31.7
3Q25	42.3	36.0	19.5	11.8	11.0
4Q25	78.0	45.9	45.5	15.9	16.6
1Q26	134.0	21.9	70.7	25.4	37.9
2Q26	131.7	16.1	72.0	26.6	33.1

Traditional regional components reconcile to the disclosed Traditional NTI total within EUR0.1m in every quarter; the small residuals are the issuer's one-decimal rounding, not missing geography or a statutory bridge item.

Row tie-out for 2Q26: EUR131.7m Traditional + EUR16.1m Digital assets = EUR147.8m NTI ✓. Traditional regional tie-out: EUR72.0m + EUR26.6m + EUR33.1m = EUR131.7m ✓. The LTM product estimates tie only within rounding: EUR501m x 76% + EUR501m x 24% = EUR501m ✓.

Segment context	Product / metric	Disclosure method	Recent growth	Source
Traditional	Traditional NTI	Exact restated quarterly dollars from 2Q24	1H26 +18% YoY; 2Q26 +5% YoY	2Q26 release
Digital assets	Digital NTI	Exact restated quarterly dollars from 2Q24	1H26 (36%) YoY; 2Q26 (9%) YoY	2Q26 release and comparative table
EMEA Traditional	ETF value traded	Volume, not revenue	1H26 +35% YoY; 2Q26 (3%) QoQ	2Q26 release
U.S. Traditional	ETF value traded	Volume, not revenue	1H26 +45% YoY; 2Q26 (1%) QoQ	2Q26 release
APAC Traditional	ETF value traded	Volume, not revenue	1H26 (1%) YoY; 2Q26 +13% QoQ	2Q26 release
Digital assets	EMEA crypto ETF value traded	Management-designated proxy, not full Digital NTI	1H26 (20%) YoY; 2Q26 (40%) QoQ	2Q26 release/transcript

No exact five-year NTI dollars are disclosed by ETF, cash equity, fixed income, FX, commodities, crypto sub-type or tokenized assets, and the Traditional/Digital overlay does not extend before 2Q24. Value-traded data must not be mislabeled as revenue. CMD26 discloses current coverage and mix, while AR25 discloses that fixed income, commodities, FX and digital assets together represented 41% of FY25 NTI; neither permits a clean five-year product-dollar back-solve.

5. Most recent quarterly trend

Flow Traders FY ends 31 December. Most recently completed fiscal quarter at time of writing: FY26 Q2, covering 2026-04-01 to 2026-06-30, reported on 2026-07-30 via the [2Q26 release](https://www.flowtraders.com/media/wt3kym5w/flow-traders-2q26-results-press-release-vf.pdf).

Quarter	Total Income, EURm	YoY	Europe / EMEA, EURm	Americas / U.S., EURm	Asia / APAC, EURm	Regional basis	EBITDA margin	Source
3Q25	80.5	(29%)	46.3	14.9	19.2	Quarterly `Revenue by region`	24%	2025-10-30 release
4Q25	121.0	(24%)	76.9	20.2	23.9	Quarterly `Revenue by region`	41%	2026-02-12 release
1Q26	157.7	17%	88.2	28.0	41.5	Quarterly `Revenue by region`	46%	2026-04-24 release
2Q26	147.4	2% calculated	92.5 calculated	25.4 calculated	29.5 calculated	IFRS segment `Total Income`, derived	43%	[2Q26 release, 2026-07-30](https://www.flowtraders.com/media/wt3kym5w/flow-traders-2q26-results-press-release-vf.pdf) and HY26

The 3Q25-1Q26 regional values are the issuer's quarterly `Revenue by region` presentation; the 2Q26 values are statutory-geography `Total Income` derived as 1H26 less 1Q26 and sum to EUR147.4m. The basis column prevents those series from being treated as uniform. None of these rows uses the Traditional NTI EMEA/U.S./APAC management overlay in Section 4. Quarterly regional `Operating result` is not separately disclosed; EBITDA margin is consolidated.

Quarter	ETF value traded, EURbn	YoY	Total value traded, EURbn	Trading capital, EURm	Reported capital-return KPI	Source
3Q25	426	17%	1,528	848	LTM RoATC 68%	3Q25 release
4Q25	516	22%	1,757	1,044	LTM RoATC 53%	4Q25 release
1Q26	644	27%	2,182	1,092	LTM RoATC 53%	1Q26 release
2Q26	637	about 41% calculated	Not separately disclosed under new table	1,150	Annualized period RoTC 53%	2Q26 release

The 2Q26 release changed terminology from ETP to ETF and changed the capital-return measure from LTM return on average trading capital to annualized period return on trading capital. Downstream time series must not splice those definitions without a flag.

For completeness, the 2Q26 release retrospectively presented the following nine-quarter **period RoTC** series. Period RoTC is quarterly NTI annualized divided by average current/prior-quarter trading capital. It is separate from the contemporaneously reported LTM RoATC observations above.

Quarter	Period-end trading capital, EURm	Period RoTC
2Q24	624	51%
3Q24	668	66%
4Q24	775	85%
1Q25	803	71%
2Q25	831	70%
3Q25	848	37%
4Q25	1,044	52%
1Q26	1,092	58%
2Q26	1,150	53%

6. Management commentary on forward growth

The four official transcript dates match the expected fiscal periods: Q3 FY25 on 2025-10-30, Q4 FY25 on 2026-02-12, Q1 FY26 on 2026-04-24 and Q2 FY26 on 2026-07-30. CMD26 was 2026-06-23. To keep quotation use bounded, short excerpts are verbatim; the remaining entries are source-faithful paraphrases and are explicitly labeled.

Europe / EMEA and consolidated franchise

- **Q3 FY25, 2025-10-30, Thomas Spitz, CEO — verbatim:** “We are also confident that we will continue to generate over 50% return trading capital.” This is a through-cycle capital-productivity aspiration, not quarterly guidance. Source: official Q3 transcript.
- **Q4 FY25, 2026-02-12, Thomas Spitz, CEO — paraphrase:** management planned continued investment in intelligent infrastructure, AI-supported analytics, deep learning, quantitative talent and expansion into short- and mid-term trading. Model this through a higher fixed-cost base before benefits. Source: official Q4 transcript/release.
- **Q1 FY26, 2026-04-24, Alex Kieft, Co-Chief Trading Officer — verbatim:** “We prioritise profitability in the US over purely going for market share.” Although stated about the U.S., it is the clearest group-wide discipline signal: volume share is not the sole objective. Source: official Q1 transcript.
- **Q2 FY26, 2026-07-30, Marc Jansen, Co-Chief Trading Officer — paraphrase:** Europe maintained ETF leadership and held results roughly sequentially despite a weaker market. This supports a mature high-margin Europe base rather than aggressive share assumptions. Source: official Q2 transcript.
- **CMD26, 2026-06-23, leadership team — verbatim:** “Net trading income of > €1bn.” The associated 2030 aspirations are RoTC above 50% and EBITDA margin above 45%, explicitly described as long-term and uncertain. Source: CMD26 presentation.
- **CMD26 — paraphrase:** the traditional franchise plan is to broaden ETF product coverage, trade more underlyings, extend overnight U.S. activity and use direct connectivity in a unified multi-product distribution layer. Source: CMD26 slides 14-19.

Americas / U.S.

- **Q3 FY25, 2025-10-30, Alex Kieft, Co-Chief Trading Officer — paraphrase:** the USD200m facility was intended to increase baseline deployment into new strategies and larger trade sizes, with crypto and Asia singled out alongside the growing ETF book. Source: official Q3 transcript.
- **Q4 FY25, 2026-02-12, management — paraphrase:** U.S. equity venue volumes rose year on year and sequentially, while fixed-income volumes rose year on year but fell sequentially. Forecast Americas from market mix and participation, not a single VIX beta. Source: Q4 release/transcript.
- **Q1 FY26, 2026-04-24, Alex Kieft — paraphrase:** higher U.S. ETF volumes and the larger trading-capital base allowed participation in larger transaction flows. Mega-cap ETFs remain highly concentrated, and management did not target indiscriminate market-share gains. Source: Q1 transcript.
- **Q2 FY26, 2026-07-30, Marc Jansen — verbatim:** “The Americas saw continued NTI increases compared to the prior quarter.” The statement was tied to stable company ETF volume against a down market. Source: Q2 transcript.
- **CMD26 — paraphrase:** traditional U.S. NTI represented 22% of Traditional NTI at 1Q26 LTM, unchanged from 2019, while EMEA fell from 65% to 50% and APAC rose from 13% to 27%. The Americas case needs product depth and profitable flow capture, not assumed geographic mix expansion. Source: CMD26 slide 14.

Asia / APAC

- **Q3 FY25, 2025-10-30, Thomas Spitz — verbatim:** “China is part of our strategic focus.” Management also acknowledged capital controls and the need for efficient deployment structures. Source: official Q3 transcript.
- **Q4 FY25, 2026-02-12, Thomas Spitz — paraphrase:** Flow Traders had launched active trading in China and described it as an attractive expansion aligned with its ETF strength. Source: Q4 release/transcript.
- **Q1 FY26, 2026-04-24, Alex Kieft — paraphrase:** Asian ETF market volumes were rising materially, but Flow Traders was not yet capturing the increase fully while building access and presence; APAC remained a core growth region. Source: Q1 transcript.
- **Q2 FY26, 2026-07-30, Marc Jansen — verbatim:** “We continue to view APAC as a core growth region.” He simultaneously said the firm had not yet captured the market's large H1 volume increase. Source: Q2 transcript.

- **CMD26 — paraphrase:** management aims to scale capital across all three regions, extend U.S. overnight trading, build domestic-China ETF capability and generate more NTI from fast-growing APAC. Source: CMD26 traditional-franchise slides.
- **Model implication:** APAC has the clearest volume runway but the weakest FY25/TTM statutory Operating result margin. The model must stage access, capital deployment and fixed-cost absorption rather than equating market growth with immediate segment profit.

Digital assets and 24/7 convergence

- **Q3 FY25, 2025-10-30, management — paraphrase:** digital volumes and prices rose but lower volatility offset part of the opportunity; partnerships and tokenized-market development remained priorities. Source: Q3 transcript.
- **Q4 FY25, 2026-02-12, management — paraphrase:** traditional institutions were building digital offerings, and real-world-asset tokenization was presented as a new stand-alone opportunity. Cash Equity and Tokenized Markets efforts were being combined. Source: Q4 transcript/release.
- **Q1 FY26, 2026-04-24, Alex Kieft — paraphrase:** crypto activity was weak, while tokenized real-world-asset trading grew and Flow Traders was already providing 24/7 liquidity in tokenized equities and other RWAs. Source: Q1 transcript.
- **Q2 FY26, 2026-07-30, Marc Jansen — verbatim:** “Despite the recent trends in crypto, structural growth trends for digital assets remain in place.” Digital NTI nevertheless fell 36% year on year in 1H26. Source: Q2 transcript.
- **CMD26 — paraphrase:** the 24/7 strategy combines ETF creation/redemption expertise, digital mint/burn expertise, institutional distribution, capital and AI-driven pricing. CMD disclosed over 1,000 digital products, over 60 venues, over 300 commercially market-made products and about 50% EMEA digital-asset ETF share. Source: CMD26 slides 20-25.

Cost, capital and capital returns

- The FY26 fixed-operating-expense guide moved from EUR220-230m at Q4 FY25 and Q1 FY26 to EUR235-245m at Q2 FY26 due to technology investment, selective specialist hiring and one-off costs. This upward revision is a mandatory near-term forecast input.
- Q1 management said there was no current plan to reinstate dividends or launch a buyback because it would conflict with the trading-capital expansion plan. CMD reaffirmed reinvestment of all profit through 2030.
- The USD200m private credit facility and USD75m undrawn revolver increased flexibility but also drove finance cost sharply higher: sealed TTM finance cost is EUR15.060m versus EUR6.264m in FY2025.
- CMD cited a 2016-2025 median annual RoTC of 63%. The formal 2030 aspiration is above 50%; the model should use above-50% only as a tested management target, not as a guaranteed terminal condition.

7. Capital allocation history

R&D is not separately disclosed in the IFRS income statement. Technology expense is shown as the closest disclosed operating-investment indicator, but it must not be relabeled R&D. M&A cash below consists of disclosed strategic/equity-accounted investment acquisitions rather than whole-company acquisitions.

Year	Capex, EURm	Capex / Total Income	R&D, EURm	Technology expense, EURm	Buybacks, EURm	Dividends paid, EURm	Strategic investment cash, EURm	Source
2021	6.755	1.8%	Not disclosed	49.720	74.100	152.367	7.080	AR22 latest comparative; AR21 cash flow
2022	7.600	1.7%	Not disclosed	61.171	15.046	45.927	12.121	AR22 cash flow and financial overview
2023	12.058	4.0%	Not disclosed	64.416	8.761	47.619	4.146	AR23 cash flow and AR24 comparative
2024	6.579	1.4%	Not disclosed	66.636	11.804	6.480	19.271	AR24 cash flow and AR25 comparative

Year	Capex, EURm	Capex / Total Income	R&D, EURm	Technology expense, EURm	Buybacks, EURm	Dividends paid, EURm	Strategic investment cash, EURm	Source
2025	6.787	1.4%	Not disclosed	70.604	0	0	2.654	AR25 cash flow

Capital allocation changed decisively in July 2024. Regular dividends were suspended and by FY2025 both dividends and repurchases were zero. Net trading capital rose from EUR583.7m at FY2023 to EUR774.9m at FY2024, EUR1,043.6m at FY2025 and EUR1,150m at 2Q26. Debt then supplemented retained earnings. This raises both capacity and downside sensitivity: trading returns must exceed the all-in private-credit cost and incremental fixed investment.

8. Balance sheet snapshot at FY2025

Item	EURm	Source
Cash and cash equivalents	7.227	AR25 statement of financial position
Short-term investments	0 separately classified	AR25; FMP-BS-A agrees on vendor field
FVOCI investments	26.986	AR25 note 19
FVPL investments	10.778	AR25 note 20
Loans and borrowings	164.938	AR25 note 28
Lease liabilities	42.227	AR25 statement of financial position
Total interest-bearing debt incl. leases	207.165	Calculation
Net debt after cash	199.938	Calculation
Net debt / EBITDA	1.01x	Net debt / FY25 EBITDA EUR198.925m
Intangible assets	4.089	AR25 statement of financial position
Total equity	868.380	AR25 statement of financial position
Tangible book value	864.291	Equity less intangible assets
Net trading capital	1,043.6	AR25 management-report reconciliation
Total IFRS assets	15,944.353	AR25 statement of financial position

FMP-BS-A reports FY2025 `totalDebt` of EUR2,926.830m and thus materially overstates financing debt by including trading-finance liabilities. Trading payables and liabilities held for trading are operating funding matched to trading assets; they cannot be treated as ordinary corporate debt in valuation. For the same reason, gross IFRS assets are not the capital base for ROIC.

9. Recent corporate actions, last 12 months

- **2025-10-30:** Flow Traders announced a USD200m six-year private credit facility and USD75m revolving facility, replacing the EUR25m bank loan. The PCF carries SOFR plus 500bp, with a possible reduction to 450bp, and has quarterly amortization of 0.25%. Source: Q3 FY25 release and AR25 note 28.
- **2025-10-30:** Thomas Spitz's appointment as CEO became the central leadership transition after his 2025 nomination; he led the Q3 call and subsequent Horizon 2030 process. Source: Q3 transcript and issuer governance announcements.
- **2026-03-19:** the company launched an OTC offering providing 24/7 liquidity for tokenized assets. Source: issuer [press-release index](https://www.flowtraders.com/investors/press-releases).
- **2026-04-20:** Frank Drouet was appointed CEO Asia-Pacific to support regional expansion. Source: issuer press-release index.
- **2026-06-23:** CMD26 launched Horizon 2030, including NTI above EUR1bn, RoTC above 50%, EBITDA margin above 45%, continued profit retention and the 24/7 liquidity strategy. Source: CMD26 presentation.
- **2026-07-30:** FY26 fixed-operating-expense guidance was raised to EUR235-245m from EUR220-230m. Source: 2Q26 release.
- No dividend, new buyback, material acquisition, divestiture or restatement of statutory results was announced in the reviewed period. Share-count movement continues to reflect treasury-share use and employee plans rather than a new capital-return program.

10. Open data gaps and forecast cautions

- **True non-disclosure — product dollars before the 2Q24 overlay boundary.** The live 2Q26 release supplies exact restated quarterly Traditional/Digital and Traditional EMEA/U.S./APAC NTI from 2Q24 through 2Q26, reproduced in Section 4. It does not disclose this overlay before 2Q24, nor exact five-year NTI by ETF/equities/fixed income/FX/commodities/crypto sub-type/tokenized assets. Sources searched: AR21-AR25, HY26, four quarterly releases/transcripts and CMD26. Search terms: asset class, NTI mix, Digital assets, Traditional, Equity, FICC, commodities, FX, crypto and tokenized. Do not fabricate a pre-2Q24 or five-year product series.
- **True non-disclosure — region-level trading capital.** Segment notes provide assets, liabilities and capex but not deployable trading capital by Europe/Americas/Asia. Sources searched: segment notes and trading-capital reconciliations in AR21-AR25/HY26. Segment RoIC therefore requires an allocation assumption downstream, clearly labeled.
- **True non-disclosure — quarterly regional Operating result.** Trading updates disclose regional revenue, and HY reports disclose half-year Operating result. Stand-alone 3Q25, 4Q25 and 1Q26 segment profit is not disclosed. Sources searched: all four releases/transcripts and HY26. Do not infer quarterly segment margins from consolidated EBITDA.
- **True non-disclosure — R&D expense.** IFRS statements disclose Technology expense and discuss research/deep learning, but no separate R&D P&L line exists. Sources searched: AR21-AR25, HY26 and CMD26. Use Technology expense only under its correct label.
- **True non-disclosure — daily trading distribution.** The remuneration report describes median daily NTI normalized for volatility, but daily NTI values, loss-day counts and tail quantiles are not published. Sources searched: KPI scorecards, risk sections and results materials.
- **Taxonomy boundary — finance costs.** FY2024 was restated in AR25 so finance costs sit below Operating result. Pre-FY2024 geographic margins retain earlier presentations and are contextual, not clean forecasting anchors. Use FY2025 and TTM sealed values for the model base.
- **Taxonomy boundary — 2Q26 product view.** Traditional/Digital is a management NTI overlay. It does not replace Europe/Americas/Asia statutory segments. CMD percentage-derived LTM product dollars are labeled Estimated because percentages are rounded.
- **Vendor discrepancy — FMP statements.** Live FMP annual/quarterly pulls are archived, but revenue, operating income, debt and cash flow contain material classification errors. Official foreign-issuer statements control. No FMP segment/product/geographic records were available.
- **Not applicable — U.S. consolidated 10-K/10-Q/8-K.** Flow Traders Ltd. is not a U.S. domestic registrant. Live SEC submissions searches found broker-dealer subsidiary filings only; consolidated financial evidence comes from IFRS annual/interim reports.
- **Estimated — 2Q26 statutory regional Total Income.** Europe EUR92.5m, Americas EUR25.4m and Asia EUR29.5m are clean arithmetic differences between 1H26 statutory totals and exact 1Q26 release values. They are estimates only in the sense of derived quarter values; the half-year and Q1 endpoints are disclosed.

No open gap exists in the segment-profit-to-statutory-operating-income bridge. The sealed FY2025 and TTM bridges reproduce exactly, have zero residuals, retain the issuer's `Operating result` label, and passed independent DR verification against the QFR-sealed exact-byte hash.