

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (date of earliest event reported): **August 8, 2019**

**VIRTU FINANCIAL, INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-37352**  
(Commission File No.)

**32-0420206**  
(IRS Employer  
Identification No.)

**One Liberty Plaza  
New York, NY 10006**  
(Address of principal executive offices)

**(212) 418-0100**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class:</u>                         | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered:</u> |
|---|--------------------------|---|
| Class A common stock, par value \$0.00001 per share | VIRT                     | The NASDAQ Stock Market LLC                       |

**ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

On August 8, 2019, Virtu Financial, Inc. (the “Company”) issued a press release setting forth its financial results for its quarter ended June 30, 2019. A copy of the Company’s press release is attached as Exhibit 99.1 to this report. The Company does not intend for this Item 2.02 or Exhibit 99.1 to be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or to be incorporated by reference into filings under the Securities Act of 1933, as amended.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| 99.1               | <a href="#">Press release of Virtu Financial, Inc., dated August 8, 2019 and furnished pursuant to Item 2.02, “Results of Operations and Financial Condition.”</a> |

**EXHIBIT INDEX**

| <b>Exhibit No.</b> | <b>Description</b>   |
|--------------------|--|
| 99.1               | Press release of Virtu Financial, Inc., dated August 8, 2019 and furnished pursuant to Item 2.02, "Results of Operations and Financial Condition." |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

**VIRTU FINANCIAL, INC.**

By: /s/ JUSTIN WALDIE

Name: Justin Waldie

Title: *Senior Vice President, Secretary and General Counsel*

Dated: August 8, 2019



### Virtu Announces Second Quarter 2019 Results

NEW YORK, NY, August 8, 2019 — Virtu Financial, Inc. (NASDAQ: VIRT), a technology enabled global market maker and provider of innovative, transparent trading solutions and integrated workflow products, today reported results for the second quarter ended June 30, 2019.

#### Second Quarter 2019 Selected Highlights

- Net loss of \$55.5 million, as a result of costs associated with the ITG acquisition and amortization of purchased intangibles; Normalized Adjusted Net Income\* of \$30.1 million
- Basic and diluted loss per share of \$0.27; Normalized Adjusted EPS\* of \$0.16
- Total revenues of \$378.5 million; Trading income, net of \$205.9 million; Adjusted Net Trading Income\* of \$238.9 million
- Adjusted EBITDA\* of \$89.2 million; Adjusted EBITDA Margin\* of 37.3%
- Increasing synergy targets related to the ITG acquisition by 25% to \$167 million
- Quarterly cash dividend of \$0.24 per share payable on September 16, 2019

\* Non-GAAP financial measures. Please see “Non-GAAP Financial Measures and Other Items” for more information.

The Virtu Financial, Inc. Board of Directors declared a quarterly cash dividend of \$0.24 per share. This dividend is payable on September 16, 2019 to shareholders of record as of September 3, 2019.

“Against a challenging backdrop in the 2<sup>nd</sup> quarter, our business performed adequately. The market making segment was impacted to the greatest extent. However our execution services business, buoyed by the ITG acquisition, performed very well given the market conditions. While July market conditions were similar to the second quarter overall, we have seen a material increase in volatility in August and a commensurate increase in performance in all of our businesses,” said Douglas A. Cifu, Chief Executive Officer. Mr Cifu continued, “We believe we are only beginning to implement and discover the multiple ways to serve our clients better through this acquisition. We are ahead of schedule in all aspects of the ITG integration and have raised our overall synergy targets.”

## Financial Results

### *Second Quarter 2019:*

Total revenues increased 15.3% to \$378.5 million for this quarter, compared to \$328.1 million for the same period in 2018. Trading income, net, decreased 20.4% to \$205.9 million for this quarter, compared to \$258.6 million for the same period in 2018. Net income was a loss of \$55.5 million for this quarter, compared to net income of \$46.6 million for the same period in 2018.

Basic and diluted loss per share for this quarter were \$0.27 and \$0.27, respectively, compared to earnings per share of \$0.25 and \$0.24, respectively, for the same period in 2018.

Adjusted Net Trading Income increased 17.7% to \$238.9 million for this quarter, compared to \$202.9 million for the same period in 2018. Adjusted EBITDA decreased 20.6% to \$89.2 million for this quarter, compared to \$112.4 million for the same period in 2018. Normalized Adjusted Net Income decreased 49.4% to \$30.1 million for this quarter, compared to \$59.6 million for the same period in 2018.

Assuming all non-controlling interests had been exchanged for common stock, and the Company's Normalized Adjusted Net Income before income taxes was subject to corporation taxes, Normalized Adjusted EPS was \$0.16 for this quarter, compared to \$0.31 for the same period in 2018.

## Operating Segment Information

The Company has two operating segments: Market Making and Execution Services; and one non-operating segment: Corporate.

Market Making principally consists of market making in the cash, futures and options markets across global equities, options, fixed income, currencies and commodities. As a market maker, the Company commits capital on a principal basis by offering to buy securities from, or sell securities to, broker dealers, banks and institutions.

Execution Services comprises agency-based trading and trading venues, offering execution services in global equities, options, futures and fixed income on behalf of institutions, banks and broker dealers. The Company also provides proprietary technology and infrastructure, workflow technology, and trading analytic services to select third parties. Legacy ITG's operations are included within the Execution Services segment.

Corporate contains the Company's investments, principally in strategic trading-related opportunities, and maintains corporate overhead expenses.

The following tables show the trading income, net, total revenues and Adjusted Net Trading Income by segment for the three and six months ended June 30, 2019 and 2018.

*Total revenues by segment  
(in thousands, unaudited)*

|  | Three Months Ended June 30, 2019 |                    |                 |                   |
|--|----------------------------------|--------------------|-----------------|-------------------|
|  | Market Making                    | Execution Services | Corporate       | Total             |
| Trading income, net                      | \$ 205,568                       | \$ 355             | \$ —            | \$ 205,923        |
| Commissions, net and technology services | 4,961                            | 140,159            | —               | 145,120           |
| Interest and dividends income            | 23,284                           | 878                | —               | 24,162            |
| Other, net                               | 1,191                            | 632                | 1,428           | 3,251             |
| <b>Total Revenues</b>                    | <b>\$ 235,004</b>                | <b>\$ 142,024</b>  | <b>\$ 1,428</b> | <b>\$ 378,456</b> |

|  | Three Months Ended June 30, 2018 |                    |                 |                   |
|--|----------------------------------|--------------------|-----------------|-------------------|
|  | Market Making                    | Execution Services | Corporate       | Total             |
| Trading income, net                      | \$ 258,629                       | \$ (36)            | \$ —            | \$ 258,593        |
| Commissions, net and technology services | 6,798                            | 39,767             | —               | 46,565            |
| Interest and dividends income            | 21,592                           | 345                | —               | 21,937            |
| Other, net                               | 676                              | 698                | (343)           | 1,031             |
| <b>Total Revenues</b>                    | <b>\$ 287,695</b>                | <b>\$ 40,774</b>   | <b>\$ (343)</b> | <b>\$ 328,126</b> |

|  | Six Months Ended June 30, 2019 |                    |                 |                   |
|--|--------------------------------|--------------------|-----------------|-------------------|
|  | Market Making                  | Execution Services | Corporate       | Total             |
| Trading income, net                      | \$ 460,689                     | \$ 2,774           | \$ —            | \$ 463,463        |
| Commissions, net and technology services | 9,961                          | 210,306            | —               | 220,267           |
| Interest and dividends income            | 41,787                         | 11,506             | —               | 53,293            |
| Other, net                               | 1,788                          | 956                | 1,681           | 4,425             |
| <b>Total Revenues</b>                    | <b>\$ 514,225</b>              | <b>\$ 225,542</b>  | <b>\$ 1,681</b> | <b>\$ 741,448</b> |

|  | Six Months Ended June 30, 2018 |                    |                   |                     |
|--|--------------------------------|--------------------|-------------------|---------------------|
|  | Market Making                  | Execution Services | Corporate         | Total               |
| Trading income, net                      | \$ 664,338                     | \$ 417             | \$ —              | \$ 664,755          |
| Commissions, net and technology services | 15,299                         | 85,110             | —                 | 100,409             |
| Interest and dividends income            | 39,361                         | 490                | 35                | 39,886              |
| Other, net                               | 1,233                          | 338,536            | (1,640)           | 338,129             |
| <b>Total Revenues</b>                    | <b>\$ 720,231</b>              | <b>\$ 424,553</b>  | <b>\$ (1,605)</b> | <b>\$ 1,143,179</b> |

Reconciliation of trading income, net to Adjusted Net Trading Income by operating segment  
(in thousands, unaudited)

|   | Three Months Ended June 30, 2019 |                    |             |                   |
|---|----------------------------------|--------------------|-------------|-------------------|
|   | Market Making                    | Execution Services | Corporate   | Total             |
| Trading income, net                         | \$ 205,568                       | \$ 355             | \$ —        | \$ 205,923        |
| Commissions, net and technology services    | 4,961                            | 140,159            | —           | 145,120           |
| Interest and dividends income               | 23,284                           | 878                | —           | 24,162            |
| Brokerage, exchange and clearance fees, net | (40,013)                         | (35,838)           | —           | (75,851)          |
| Payments for order flow                     | (23,617)                         | (19)               | —           | (23,636)          |
| Interest and dividends expense              | (36,395)                         | (429)              | —           | (36,824)          |
| <b>Adjusted Net Trading Income</b>          | <b>\$ 133,788</b>                | <b>\$ 105,106</b>  | <b>\$ —</b> | <b>\$ 238,894</b> |

|   | Three Months Ended June 30, 2018 |                    |             |                   |
|---|----------------------------------|--------------------|-------------|-------------------|
|   | Market Making                    | Execution Services | Corporate   | Total             |
| Trading income, net                         | \$ 258,629                       | \$ (36)            | \$ —        | \$ 258,593        |
| Commissions, net and technology services    | 6,798                            | 39,767             | —           | 46,565            |
| Interest and dividends income               | 21,592                           | 345                | —           | 21,937            |
| Brokerage, exchange and clearance fees, net | (59,794)                         | (13,524)           | —           | (73,318)          |
| Payments for order flow                     | (15,827)                         | (15)               | —           | (15,842)          |
| Interest and dividends expense              | (34,747)                         | (262)              | —           | (35,009)          |
| <b>Adjusted Net Trading Income</b>          | <b>\$ 176,651</b>                | <b>\$ 26,275</b>   | <b>\$ —</b> | <b>\$ 202,926</b> |

|   | Six Months Ended June 30, 2019 |                    |             |                   |
|---|--------------------------------|--------------------|-------------|-------------------|
|   | Market Making                  | Execution Services | Corporate   | Total             |
| Trading income, net                         | \$ 460,689                     | \$ 2,774           | \$ —        | \$ 463,463        |
| Commissions, net and technology services    | 9,961                          | 210,306            | —           | 220,267           |
| Interest and dividends income               | 41,787                         | 11,506             | —           | 53,293            |
| Brokerage, exchange and clearance fees, net | (83,040)                       | (56,864)           | —           | (139,904)         |
| Payments for order flow                     | (47,157)                       | (40)               | —           | (47,197)          |
| Interest and dividends expense              | (70,655)                       | (11,538)           | —           | (82,193)          |
| <b>Adjusted Net Trading Income</b>          | <b>\$ 311,585</b>              | <b>\$ 156,144</b>  | <b>\$ —</b> | <b>\$ 467,729</b> |



## Six Months Ended June 30, 2018

|   | Market Making     | Execution Services | Corporate    | Total             |
|---|-------------------|--------------------|--------------|-------------------|
| Trading income, net                         | \$ 664,338        | \$ 417             | \$ —         | \$ 664,755        |
| Commissions, net and technology services    | 15,299            | 85,110             | —            | 100,409           |
| Interest and dividends income               | 39,361            | 490                | 35           | 39,886            |
| Brokerage, exchange and clearance fees, net | (128,866)         | (32,275)           | —            | (161,141)         |
| Payments for order flow                     | (32,023)          | (75)               | —            | (32,098)          |
| Interest and dividends expense              | (67,954)          | (679)              | —            | (68,633)          |
| <b>Adjusted Net Trading Income</b>          | <b>\$ 490,155</b> | <b>\$ 52,988</b>   | <b>\$ 35</b> | <b>\$ 543,178</b> |

Reconciliation of trading income, net to Adjusted Net Trading Income by category — Market Making segment  
(in thousands, unaudited)

## Three Months Ended June 30, 2019

|   | Global Equities   | Global FICC, Options and Other | Unallocated       | Total Market Making |
|---|-------------------|--------------------------------|-------------------|---------------------|
| Trading income, net                         | \$ 163,044        | \$ 41,126                      | \$ 1,398          | \$ 205,568          |
| Commissions, net and technology services    | 4,961             | —                              | —                 | 4,961               |
| Brokerage, exchange and clearance fees, net | (26,453)          | (10,024)                       | (3,536)           | (40,013)            |
| Payments for order flow                     | (23,617)          | —                              | —                 | (23,617)            |
| Interest and dividends, net                 | (10,395)          | (2,754)                        | 38                | (13,111)            |
| <b>Adjusted Net Trading Income</b>          | <b>\$ 107,540</b> | <b>\$ 28,348</b>               | <b>\$ (2,100)</b> | <b>\$ 133,788</b>   |

## Three Months Ended June 30, 2018

|   | Global Equities   | Global FICC, Options and Other | Unallocated   | Total Market Making |
|---|-------------------|--------------------------------|---------------|---------------------|
| Trading income, net                         | \$ 198,404        | \$ 55,755                      | \$ 4,470      | \$ 258,629          |
| Commissions, net and technology services    | 6,709             | 89                             | —             | 6,798               |
| Brokerage, exchange and clearance fees, net | (40,687)          | (16,311)                       | (2,796)       | (59,794)            |
| Payments for order flow                     | (15,827)          | —                              | —             | (15,827)            |
| Interest and dividends, net                 | (9,190)           | (3,246)                        | (719)         | (13,155)            |
| <b>Adjusted Net Trading Income</b>          | <b>\$ 139,409</b> | <b>\$ 36,287</b>               | <b>\$ 955</b> | <b>\$ 176,651</b>   |

## Six Months Ended June 30, 2019

|   | Global Equities   | Global FICC, Options and Other | Unallocated | Total Market Making |
|---|-------------------|--------------------------------|-------------|---------------------|
| Trading income, net                         | \$ 371,677        | \$ 90,916                      | \$ (1,904)  | \$ 460,689          |
| Commissions, net and technology services    | 9,989             | (28)                           | —           | 9,961               |
| Brokerage, exchange and clearance fees, net | (64,434)          | (20,712)                       | 2,106       | (83,040)            |
| Payments for order flow                     | (47,157)          | —                              | —           | (47,157)            |
| Interest and dividends, net                 | (22,927)          | (5,743)                        | (198)       | (28,868)            |
| <b>Adjusted Net Trading Income</b>          | <b>\$ 247,148</b> | <b>\$ 64,433</b>               | <b>\$ 4</b> | <b>\$ 311,585</b>   |

|   | Six Months Ended June 30, 2018 |                                |                 |                     |
|---|--------------------------------|--------------------------------|-----------------|---------------------|
|   | Global Equities                | Global FICC, Options and Other | Unallocated     | Total Market Making |
| Trading income, net                         | \$ 523,286                     | \$ 137,825                     | \$ 3,227        | \$ 664,338          |
| Commissions, net and technology services    | 15,231                         | 68                             | —               | 15,299              |
| Brokerage, exchange and clearance fees, net | (97,721)                       | (28,850)                       | (2,295)         | (128,866)           |
| Payments for order flow                     | (32,023)                       | —                              | —               | (32,023)            |
| Interest and dividends, net                 | (20,317)                       | (6,497)                        | (1,779)         | (28,593)            |
| <b>Adjusted Net Trading Income</b>          | <b>\$ 388,456</b>              | <b>\$ 102,546</b>              | <b>\$ (847)</b> | <b>\$ 490,155</b>   |

The following tables show our Adjusted Net Trading Income and average daily Adjusted Net Trading Income by category for the three and six months ended June 30, 2019 and 2018:

(In thousands except percentages, unaudited)

| Adjusted Net Trading Income by Category: | Three Months Ended June 30, |                   |              | Six Months Ended June 30, |                   |                |
|--|-----------------------------|-------------------|--------------|---------------------------|-------------------|----------------|
|  | 2019                        | 2018              | % Change     | 2019                      | 2018              | % Change       |
| <b>Market Making:</b>                    |                             |                   |              |                           |                   |                |
| Global Equities                          | \$ 107,540                  | \$ 139,409        | (22.9)%      | \$ 247,148                | \$ 388,456        | (36.4)%        |
| Global FICC, Options and Other           | 28,348                      | 36,287            | (21.9)%      | 64,433                    | 102,546           | (37.2)%        |
| Unallocated (1)                          | (2,100)                     | 955               | NM           | 4                         | (847)             | NM             |
| Total Market Making                      | \$ 133,788                  | \$ 176,651        | (24.3)%      | \$ 311,585                | \$ 490,155        | (36.4)%        |
| Execution Services                       | 105,106                     | 26,275            | 300.0%       | 156,144                   | 52,988            | 194.7%         |
| Corporate                                | —                           | —                 | NM           | —                         | 35                | NM             |
| <b>Adjusted Net Trading Income</b>       | <b>\$ 238,894</b>           | <b>\$ 202,926</b> | <b>17.7%</b> | <b>\$ 467,729</b>         | <b>\$ 543,178</b> | <b>(13.9)%</b> |

| Average Daily<br>Adjusted Net Trading Income by Category: | Three Months Ended June 30, |                 |              | Six Months Ended June 30, |                 |                |
|---|-----------------------------|-----------------|--------------|---------------------------|-----------------|----------------|
|   | 2019                        | 2018            | % Change     | 2019                      | 2018            | % Change       |
| <b>Market Making:</b>                                     |                             |                 |              |                           |                 |                |
| Global Equities   | \$ 1,707                    | \$ 2,178        | (21.6)%      | \$ 1,977                  | \$ 3,108        | (36.4)%        |
| Global FICC, Options and Other                            | 450                         | 567             | (20.6)%      | 515                       | 820             | (37.2)%        |
| Unallocated (1)   | (33)                        | 15              | NM           | —                         | (7)             | NM             |
| Total Market Making                                       | \$ 2,124                    | \$ 2,760        | (23.1)%      | \$ 2,493                  | \$ 3,921        | (36.4)%        |
| Execution Services  | 1,668                       | 411             | 306.4%       | 1,249                     | 424             | 194.7%         |
| Corporate   | —                           | —               | NM           | —                         | —               | NM             |
| <b>Adjusted Net Trading Income</b>                        | <b>\$ 3,792</b>             | <b>\$ 3,171</b> | <b>19.6%</b> | <b>\$ 3,742</b>           | <b>\$ 4,345</b> | <b>(13.9)%</b> |

(1) Under our methodology for recording ‘Trading Income, Net’ in our condensed consolidated statements of comprehensive income, we recognize revenues based on the exit price of assets in accordance with applicable U.S. GAAP rules, and when we calculate Adjusted Net Trading Income for corresponding reporting periods, we start with trading income, net. By contrast, when we calculate Adjusted Net Trading Income by category, we recognize revenues on a daily basis, and as a result prices used in recognizing revenues may differ. Because we provide liquidity on a global basis, across asset classes and time zones, the timing of any particular Adjusted Net Trading Income calculation can defer or accelerate the amount in a particular asset class from one day to another, and, at the end of a reporting period, from one reporting period to another. The purpose of the Unallocated category is to ensure that Adjusted Net Trading Income by category sums to total Adjusted Net Trading Income, which can be reconciled to Trading Income, Net, calculated in accordance with GAAP. We do not allocate any resulting differences based on the timing of revenue recognition.

### Financial Condition

As of June 30, 2019, Virtu had \$497.6 million in cash, cash equivalents and restricted cash, and total long-term debt outstanding in an aggregate principal amount of \$1,982.5 million.

### Share Repurchase Program

The Virtu Financial, Inc. Board of Directors approved the share repurchase program for \$50 million Class A common stock and common units of Virtu Financial LLC in February 2018 and subsequently expanded the program to \$100 million in July 2018. Since the inception of the program, the Company has repurchased approximately 2.56 million shares and units for approximately \$65.9 million. The Company now has approximately \$34.1 million remaining capacity for future purchases of common stock and common units under the plan.

### Non-GAAP Financial Measures and Other Items

To supplement our unaudited condensed consolidated financial statements presented in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”), we use the following non-U.S. GAAP (“non-GAAP”) measures of financial performance:

- “Adjusted Net Trading Income”, which is the amount of revenue we generate from our market making activities, or trading income, net, plus commissions, net and technology services, plus interest and dividends income and expense, net, less direct costs associated with those revenues, including brokerage, exchange and clearance fees, net and payments for order flow. Management believes that this measurement is useful for comparing general operating performance from period to period. Although we use Adjusted Net Trading Income as a financial measure to assess the performance of our business, the use of Adjusted Net Trading Income is limited because it does not include certain material costs that are necessary to operate our business. Our presentation of Adjusted Net Trading Income should not be construed as an indication that our

future results will be unaffected by revenues or expenses that are not directly associated with our market making activities.

- “EBITDA”, which measures our operating performance by adjusting Net Income to exclude financing interest expense on our long-term borrowings, debt issue cost related to debt refinancing, depreciation and amortization, amortization of purchased intangibles and acquired capitalized software, and income tax expense, and “Adjusted EBITDA”, which measures our operating performance by further adjusting EBITDA to exclude severance, reserves for legal matters, transaction advisory fees and expenses, termination of office leases, acquisition related retention bonuses, trading related settlement income, gain on sale of business, connectivity early termination, other, net, write-down of assets, share based compensation, charges related to share based compensation at IPO, Amended and Restated 2015 Management Incentive Plan, and charges related to share based compensation at IPO, and “Adjusted EBITDA Margin”, which compares Adjusted EBITDA to Adjusted Net Trading Income.
- “Normalized Adjusted Net Income”, “Normalized Adjusted Net Income before income taxes”, “Normalized provision for income taxes”, and “Normalized Adjusted EPS”, which we calculate by adjusting Net Income to exclude certain items and other non-cash items, assuming that all vested and unvested Virtu Financial LLC units have been exchanged for Class A Common Stock, and applying an effective tax rate, which was between approximately 23% and 24%.
- “Adjusted Operating Expenses”, which we calculate by adjusting total operating expenses to exclude severance, share based compensation, reserves for legal matters, termination of office leases, connectivity early termination and write-down of assets.

Adjusted Net Trading Income, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Normalized Adjusted Net Income, Normalized Adjusted Net Income before income taxes, Normalized provision for income taxes, Normalized Adjusted EPS and Adjusted Operating Expenses are non-GAAP financial measures used by management in evaluating operating performance and in making strategic decisions. Additional information provided regarding the breakdown of Total Adjusted Net Trading Income by category is also a non-GAAP financial measure but is not used by the Company in evaluating operating performance and in making strategic decisions. In addition, these non-GAAP financial measures or similar non-GAAP measures are used by research analysts, investment bankers and lenders to assess our operating performance. Management believes that the presentation of Adjusted Net Trading Income, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Normalized Adjusted Net Income, Normalized Adjusted Net Income before income taxes, Normalized provision for income taxes, Normalized Adjusted EPS and Adjusted Operating Expenses provide useful information to investors regarding our results of operations because they assist both investors and management in analyzing and benchmarking the performance and value of our business. Adjusted Net Trading Income, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Normalized Adjusted Net Income, Normalized Adjusted Net Income before income taxes, Normalized provision for income taxes, Normalized Adjusted EPS and Adjusted Operating Expenses provide indicators of general economic performance that are not affected by fluctuations in certain costs or other items. Accordingly, management believes that these measurements are useful for comparing general operating performance from period to period. Furthermore, our credit agreement contains covenants and other tests based on metrics similar to Adjusted EBITDA. Other companies may define Adjusted Net Trading Income, Adjusted EBITDA, Adjusted EBITDA Margin, Normalized Adjusted Net Income, Normalized Adjusted Net Income before income taxes, Normalized provision for income taxes, Normalized Adjusted EPS and Adjusted Operating Expenses differently, and as a result our measures of Adjusted Net Trading Income, Adjusted EBITDA, Adjusted EBITDA Margin, Normalized Adjusted Net Income, Normalized Adjusted Net Income before income taxes, Normalized provision for income taxes, Normalized Adjusted EPS and Adjusted Operating Expenses may not be directly comparable to those of other companies. Although we use these non-GAAP financial measures as financial measures to assess the performance of our business, such use is limited because they do not include certain material costs necessary to operate our business.

Adjusted Net Trading Income, EBITDA, Adjusted EBITDA and Normalized Adjusted Net Income should be considered in addition to, and not as a substitute for, Net Income in accordance with U.S. GAAP as a measure of performance. Our presentation of Adjusted Net Trading Income, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Normalized Adjusted Net Income, Normalized Adjusted Net Income before income taxes, Normalized provision for income taxes, Normalized Adjusted EPS and Adjusted Operating Expenses should not be construed as an indication that our future results will be unaffected by unusual or nonrecurring items. Adjusted Net Trading Income, Normalized Adjusted Net Income, Normalized Adjusted Net Income before income taxes, Normalized provision for income taxes, Normalized Adjusted EPS and our EBITDA-based measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- they do not reflect every cash expenditure, future requirements for capital expenditures or contractual commitments;
- our EBITDA-based measures do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payment on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced or require improvements in the future, and our EBITDA-based measures do not reflect any cash requirement for such replacements or improvements;
- they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- they do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations; and
- they do not reflect limitations on our costs related to transferring earnings from our subsidiaries to us.

Because of these limitations, Adjusted Net Trading Income, EBITDA, Adjusted EBITDA and Normalized Adjusted Net Income are not intended as alternatives to Net Income as indicators of our operating performance and should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. We compensate for these limitations by using Adjusted Net Trading Income, EBITDA, Adjusted EBITDA and Normalized Adjusted Net Income along with other comparative tools, together with U.S. GAAP measurements, to assist in the evaluation of operating performance. These U.S. GAAP measurements include Net Income, cash flows from operations and cash flow data. See below a reconciliation of each non-GAAP measure to the most directly comparable GAAP measure.

**Virtu Financial, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Comprehensive Income (Unaudited)**

| <b>(in thousands, except share and per share data)</b>                    | <b>Three Months Ended June 30,</b> |                  | <b>Six Months Ended June 30,</b> |                   |
|---|------------------------------------|------------------|----------------------------------|-------------------|
|   | <b>2019</b>                        | <b>2018</b>      | <b>2019</b>                      | <b>2018</b>       |
| <b>Revenues:</b>  |                                    |                  |                                  |                   |
| Trading income, net   | \$ 205,923                         | \$ 258,593       | \$ 463,463                       | \$ 664,755        |
| Commissions, net and technology services                                  | 145,120                            | 46,565           | 220,267                          | 100,409           |
| Interest and dividends income   | 24,162                             | 21,937           | 53,293                           | 39,886            |
| Other, net  | 3,251                              | 1,031            | 4,425                            | 338,129           |
| Total revenues  | <u>378,456</u>                     | <u>328,126</u>   | <u>741,448</u>                   | <u>1,143,179</u>  |
| <b>Operating Expenses:</b>  |                                    |                  |                                  |                   |
| Brokerage, exchange and clearance fees, net                               | 75,851                             | 73,318           | 139,904                          | 161,141           |
| Payments for order flow   | 23,636                             | 15,842           | 47,197                           | 32,098            |
| Communication and data processing   | 54,423                             | 48,791           | 96,237                           | 98,277            |
| Employee compensation and payroll taxes                                   | 83,702                             | 41,226           | 191,540                          | 105,896           |
| Interest and dividends expense  | 36,824                             | 35,009           | 82,193                           | 68,633            |
| Operations and administrative   | 34,808                             | 16,610           | 56,885                           | 36,416            |
| Depreciation and amortization   | 14,810                             | 16,194           | 31,260                           | 31,546            |
| Amortization of purchased intangibles and acquired capitalized software   | 20,606                             | 6,838            | 31,528                           | 13,675            |
| Termination of office leases  | 65,207                             | 1,777            | 65,208                           | 21,860            |
| Debt issue cost related to debt refinancing                               | (1,319)                            | 2,359            | 7,894                            | 8,380             |
| Transaction advisory fees and expenses                                    | 1,798                              | 1,750            | 16,907                           | 9,246             |
| Charges related to share based compensation at IPO                        | —                                  | 10               | —                                | 24                |
| Financing interest expense on long-term borrowings                        | 34,689                             | 18,780           | 57,478                           | 37,827            |
| Total operating expenses  | <u>445,035</u>                     | <u>278,504</u>   | <u>824,231</u>                   | <u>625,019</u>    |
| Income (loss) before income taxes and noncontrolling interest             | (66,579)                           | 49,622           | (82,783)                         | 518,160           |
| Provision for (benefit from) income taxes                                 | (11,094)                           | 3,000            | (13,679)                         | 61,515            |
| Net income (loss)   | <u>\$ (55,485)</u>                 | <u>\$ 46,622</u> | <u>\$ (69,104)</u>               | <u>\$ 456,645</u> |
| Noncontrolling interest   | <u>25,594</u>                      | <u>(21,413)</u>  | <u>32,540</u>                    | <u>(256,684)</u>  |
| Net income (loss) available for common stockholders                       | <u>\$ (29,891)</u>                 | <u>\$ 25,209</u> | <u>\$ (36,564)</u>               | <u>\$ 199,961</u> |
| <b>Earnings (loss) per share:</b>   |                                    |                  |                                  |                   |
| Basic   | \$ (0.27)                          | \$ 0.25          | \$ (0.34)                        | \$ 2.06           |
| Diluted   | \$ (0.27)                          | \$ 0.24          | \$ (0.34)                        | \$ 2.02           |
| <b>Weighted average common shares outstanding</b>                         |                                    |                  |                                  |                   |
| Basic   | 112,828,240                        | 99,542,659       | 110,076,375                      | 95,124,675        |
| Diluted   | 112,828,240                        | 101,619,651      | 110,076,375                      | 97,155,104        |
| <b>Comprehensive income:</b>  |                                    |                  |                                  |                   |
| Net income (loss)   | \$ (55,485)                        | \$ 46,622        | \$ (69,104)                      | \$ 456,645        |
| Other comprehensive income (loss)   |                                    |                  |                                  |                   |
| Foreign exchange translation adjustment, net of taxes                     | 884                                | (5,576)          | (2,860)                          | (3,047)           |
| Comprehensive income (loss)   | <u>\$ (54,601)</u>                 | <u>\$ 41,046</u> | <u>\$ (71,964)</u>               | <u>\$ 453,598</u> |
| Less: Comprehensive income (loss) attributable to noncontrolling interest | 25,258                             | (18,972)         | 33,812                           | (255,531)         |
| Comprehensive income (loss) available for common stockholders             | <u>\$ (29,343)</u>                 | <u>\$ 22,074</u> | <u>\$ (38,152)</u>               | <u>\$ 198,067</u> |

**Virtu Financial, Inc. and Subsidiaries**  
**Reconciliation to Non-GAAP Operating Data (Unaudited)**

The following tables reconcile Condensed Consolidated Statements of Comprehensive Income to arrive at Adjusted Net Trading Income, EBITDA, Adjusted EBITDA, and selected Operating Margins.

| (in thousands, except percentages)  | Three Months Ended June 30, |                   | Six Months Ended June 30, |                   |
|---|-----------------------------|-------------------|---------------------------|-------------------|
|   | 2019                        | 2018              | 2019                      | 2018              |
| <b>Reconciliation of Trading income, net to Adjusted Net Trading Income</b>                             |                             |                   |                           |                   |
| Trading income, net   | \$ 205,923                  | \$ 258,593        | \$ 463,463                | \$ 664,755        |
| Commissions, net and technology services  | 145,120                     | 46,565            | 220,267                   | 100,409           |
| Interest and dividends income   | 24,162                      | 21,937            | 53,293                    | 39,886            |
| Brokerage, exchange and clearance fees, net   | (75,851)                    | (73,318)          | (139,904)                 | (161,141)         |
| Payments for order flow   | (23,636)                    | (15,842)          | (47,197)                  | (32,098)          |
| Interest and dividends expense  | (36,824)                    | (35,009)          | (82,193)                  | (68,633)          |
| <b>Adjusted Net Trading Income</b>  | <b>\$ 238,894</b>           | <b>\$ 202,926</b> | <b>\$ 467,729</b>         | <b>\$ 543,178</b> |
| <b>Reconciliation of Net Income to EBITDA and Adjusted EBITDA</b>                                       |                             |                   |                           |                   |
| Net income (loss)   | (55,485)                    | 46,622            | (69,104)                  | 456,645           |
| Financing interest expense on long-term borrowings  | 34,689                      | 18,780            | 57,478                    | 37,827            |
| Debt issue cost related to debt refinancing   | (1,319)                     | 2,359             | 7,894                     | 8,380             |
| Depreciation and amortization   | 14,810                      | 16,194            | 31,260                    | 31,546            |
| Amortization of purchased intangibles and acquired capitalized software                                 | 20,606                      | 6,838             | 31,528                    | 13,675            |
| Provision for income taxes  | (11,094)                    | 3,000             | (13,679)                  | 61,515            |
| <b>EBITDA</b>   | <b>\$ 2,207</b>             | <b>\$ 93,793</b>  | <b>\$ 45,377</b>          | <b>\$ 609,588</b> |
| Severance   | 7,873                       | 2,590             | 61,224                    | 6,334             |
| Reserve for legal matter  | —                           | 400               | —                         | 400               |
| Transaction advisory fees and expenses  | 1,798                       | 1,750             | 16,907                    | 9,246             |
| Termination of office leases  | 65,208                      | 1,777             | 65,208                    | 21,860            |
| Connectivity early termination  | —                           | 4,562             | —                         | 7,062             |
| Gain on sale of business  | —                           | —                 | —                         | (337,549)         |
| Other, net  | 104                         | (1,031)           | 1,491                     | (580)             |
| Write-down of assets  | —                           | 1,761             | —                         | 2,697             |
| Share based compensation  | 11,983                      | 5,204             | 21,796                    | 13,121            |
| Charges related to share based compensation at IPO, Amended and Restated 2015 Management Incentive Plan | (9)                         | 1,534             | 1,385                     | 2,931             |
| Charges related to share based compensation awards at IPO   | —                           | 10                | —                         | 24                |
| <b>Adjusted EBITDA</b>  | <b>\$ 89,164</b>            | <b>\$ 112,350</b> | <b>\$ 213,388</b>         | <b>\$ 335,134</b> |
| <b>Selected Operating Margins</b>   |                             |                   |                           |                   |
| Net Income Margin (1)   | (23.2)%                     | 23.0%             | (14.8)%                   | 84.1%             |
| EBITDA Margin (2)   | 0.9%                        | 46.2%             | 9.7%                      | 112.2%            |
| Adjusted EBITDA Margin (3)  | 37.3%                       | 55.4%             | 45.6%                     | 61.7%             |

(1) Calculated by dividing net income by Adjusted Net Trading Income.

(2) Calculated by dividing EBITDA by Adjusted Net Trading Income.

(3) Calculated by dividing Adjusted EBITDA by Adjusted Net Trading Income.

**Virtu Financial, Inc. and Subsidiaries**  
**Reconciliation to Non-GAAP Operating Data (Unaudited)**  
**(Continued)**

The following tables reconcile Condensed Consolidated Statements of Comprehensive Income to arrive at Normalized Adjusted Net Income before income taxes, Normalized provision for income taxes, Normalized Adjusted Net Income and Normalized Adjusted EPS.

| <b>(in thousands, except share and per share data)</b>   | <b>Three Months Ended June 30,</b> |                  | <b>Six Months Ended June 30,</b> |                   |
|--|------------------------------------|------------------|----------------------------------|-------------------|
|  | <b>2019</b>                        | <b>2018</b>      | <b>2019</b>                      | <b>2018</b>       |
| <b>Reconciliation of Net Income to Normalized Adjusted Net Income</b>                                      |                                    |                  |                                  |                   |
| Net income (loss)  | \$ (55,485)                        | \$ 46,622        | \$ (69,104)                      | \$ 456,645        |
| Provision (benefit) for (from) income taxes  | (11,094)                           | 3,000            | (13,679)                         | 61,515            |
| Income (loss) before income taxes and noncontrolling interest  | \$ (66,579)                        | \$ 49,622        | \$ (82,783)                      | \$ 518,160        |
| Amortization of purchased intangibles and acquired capitalized software                                    | 20,606                             | 6,838            | 31,528                           | 13,675            |
| Debt issue cost related to debt refinancing  | (1,319)                            | 2,359            | 7,894                            | 8,380             |
| Severance  | 7,873                              | 2,590            | 61,224                           | 6,334             |
| Reserve for legal matter   | —                                  | 400              | —                                | 400               |
| Transaction advisory fees and expenses   | 1,798                              | 1,750            | 16,907                           | 9,246             |
| Termination of office leases   | 65,208                             | 1,777            | 65,208                           | 21,860            |
| Connectivity early termination   | —                                  | 4,562            | —                                | 7,062             |
| Write-down of assets   | —                                  | 1,761            | —                                | 2,697             |
| Gain on sale of business   | —                                  | —                | —                                | (337,549)         |
| Other, net   | 104                                | (1,031)          | 1,491                            | (580)             |
| Share based compensation   | 11,983                             | 5,204            | 21,796                           | 13,121            |
| Charges related to share based compensation at IPO, Amended and Restated<br>2015 Management Incentive Plan | (9)                                | 1,534            | 1,385                            | 2,931             |
| Charges related to share based compensation awards at IPO  | —                                  | 10               | —                                | 24                |
| Normalized Adjusted Net Income before income taxes   | \$ 39,665                          | \$ 77,376        | \$ 124,650                       | \$ 265,761        |
| Normalized provision for income taxes (1)  | 9,520                              | 17,796           | 29,916                           | 61,125            |
| <b>Normalized Adjusted Net Income</b>  | <b>\$ 30,145</b>                   | <b>\$ 59,580</b> | <b>\$ 94,734</b>                 | <b>\$ 204,636</b> |
| Weighted Average Adjusted shares outstanding (2)   | 194,217,318                        | 191,142,871      | 192,959,477                      | 190,320,527       |
| <b>Normalized Adjusted EPS</b>   | <b>\$ 0.16</b>                     | <b>\$ 0.31</b>   | <b>\$ 0.49</b>                   | <b>\$ 1.08</b>    |

(1) Reflects U.S. federal, state, and local income tax rate applicable to corporations of approximately 24% for 2019 and 23% for 2018.

(2) Assumes that (1) holders of all vested and unvested Virtu Financial LLC Units (together with corresponding shares of Class C common stock), have exercised their right to exchange such Virtu Financial LLC Units for shares of Class A common stock on a one-for-one basis, and (2) holders of all Virtu Financial LLC Units (together with corresponding shares of Class D common stock), have exercised their right to exchange such Virtu Financial LLC Units for shares of Class B common stock on a one-for-one basis, and subsequently exercised their right to convert the shares of Class B common stock into shares of Class A common stock on a one-for-one basis.



**Virtu Financial, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Financial Condition (Unaudited)**

| <b>(in thousands, except share data)</b>                                | <b>June 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|---|--------------------------|------------------------------|
| <b>Assets</b>   |                          |                              |
| Cash and cash equivalents   | \$ 458,064               | \$ 729,547                   |
| Cash and securities segregated under regulations and other              | 39,497                   | 6,500                        |
| Securities borrowed   | 1,201,327                | 1,399,684                    |
| Securities purchased under agreements to resell                         | 22,974                   | 15,475                       |
| Receivables from broker-dealers and clearing organizations              | 1,287,091                | 1,101,449                    |
| Receivables from customers  | 254,650                  | —                            |
| Trading assets, at fair value   | 3,105,002                | 2,639,921                    |
| Property, equipment and capitalized software, net                       | 117,899                  | 113,322                      |
| Operating lease right-of-use assets                                     | 318,269                  | —                            |
| Goodwill  | 1,196,548                | 836,583                      |
| Intangibles (net of accumulated amortization)                           | 532,061                  | 83,989                       |
| Deferred taxes  | 252,229                  | 200,359                      |
| Other assets  | 295,786                  | 254,149                      |
| <b>Total assets</b>   | <b>9,081,397</b>         | <b>7,380,978</b>             |
| <b>Liabilities and equity</b>   |                          |                              |
| <b>Liabilities</b>  |                          |                              |
| Short-term borrowings, net  | 146,847                  | 15,128                       |
| Securities loaned   | 778,351                  | 1,130,039                    |
| Securities sold under agreements to repurchase                          | 295,803                  | 281,861                      |
| Payables to broker-dealers and clearing organizations                   | 668,545                  | 567,441                      |
| Payables to customers   | 131,303                  | —                            |
| Trading liabilities, at fair value                                      | 2,716,418                | 2,475,395                    |
| Tax receivable agreement obligations                                    | 256,700                  | 214,403                      |
| Accounts payable and accrued expenses and other liabilities             | 349,832                  | 294,975                      |
| Deferred tax liabilities  | 65,848                   | —                            |
| Operating lease liabilities   | 388,070                  | —                            |
| Long-term borrowings, net   | 1,931,811                | 907,037                      |
| <b>Total liabilities</b>  | <b>7,729,528</b>         | <b>5,886,279</b>             |
| <b>Total equity</b>   | <b>1,351,869</b>         | <b>1,494,699</b>             |
| <b>Total liabilities and equity</b>                                     | <b>\$ 9,081,397</b>      | <b>\$ 7,380,978</b>          |
| <b>As of June 30, 2019</b>  |                          |                              |
| <b>Ownership of Virtu Financial LLC Interests:</b>                      | <b>Interests</b>         | <b>%</b>                     |
| Virtu Financial, Inc. - Class A Common Stock and Restricted Stock Units | 120,987,176              | 62.3%                        |
| Non-controlling Interests (Virtu Financial LLC)                         | 73,230,142               | 37.7%                        |
| <b>Total Virtu Financial LLC Interests</b>                              | <b>194,217,318</b>       | <b>100.0%</b>                |

## **About Virtu Financial, Inc.**

Virtu is a leading financial firm that leverages cutting edge technology to deliver liquidity to the global markets and innovative, transparent trading solutions to our clients. As a market maker, Virtu provides deep liquidity in over 25,000 securities, at over 235 venues, in 36 countries worldwide that helps to create more efficient markets. We leverage our market structure expertise and scaled, multi-asset technology infrastructure to provide a complete suite of client solutions, including transparent agency execution and broker-neutral offerings.

## **Cautionary Note Regarding Forward-Looking Statements**

This press release may contain “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements regarding Virtu Financial, Inc.’s (“Virtu’s”, the “Company’s” or “our”) business that are not historical facts are forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved. The Company assumes no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, and if the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect thereto or with respect to other forward-looking statements. Forward-looking statements are based on information available at the time and/or management’s good faith belief with respect to future events, and is subject to risks and uncertainties, some or all of which are not predictable or within Virtu’s control, that could cause actual performance or results to differ materially from those expressed in the statements. Those risks and uncertainties include, without limitation: fluctuations in trading volume and volatilities in the markets in which we operate; the ability of our trading counterparties and various clearing houses to perform their obligations to us; the performance and reliability of our customized trading platform; the risk of material trading losses from our market making activities; swings in valuations in securities or other instruments in which we hold positions; increasing competition and consolidation in our industry; the effect of the acquisition of Investment Technology Group, Inc. (“ITG”) on existing business relationships, operating results, and ongoing business operations generally; the significant costs and significant indebtedness that we have incurred and expect to incur in connection with the acquisition of ITG; the risk that we may encounter significant difficulties or delays in integrating the two businesses and the anticipated benefits, cost savings and synergies or capital release may not be achieved; the assumption of potential liabilities relating to ITG’s business; the risk that cash flow from our operations and other available sources of liquidity will not be sufficient to fund our various ongoing obligations, including operating expenses, capital expenditures, debt service and dividend payments; regulatory and legal uncertainties and potential changes associated with our industry, particularly in light of increased attention from media, regulators and lawmakers to market structure and related issues; potential adverse results from legal or regulatory proceedings; our ability to remain technologically competitive and to ensure that the technology we utilize is not vulnerable to security risks, hacking and cyber-attacks; risks associated with third party software and technology infrastructure. For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in forward-looking statements, see Virtu’s Securities and Exchange Commission filings, including but not limited to Virtu’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC.

## **CONTACT**

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