



F L O W ■ T R A D E R S

Annual Report 2022

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HIGHLIGHTS

- **Strong** financial performance
- Fourth consecutive year with **more than €1 trillion ETP** value traded
- Further enlarged our **global ETP footprint**
- **Expanded fixed income and digital assets** trading capabilities
- Obtained **QFII license in China** and opened an **office in Shanghai**
- Established **Flow Traders Capital** - a dedicated corporate venture capital unit

2022 BY NUMBERS

Global ETP value traded

(€bn) 51,811

2021: 36,835

Flow Traders ETP Value Traded

(€bn) 1,775

2021: 1,541

Flow Traders Total Value Traded

(€bn) 6,765

2021: 5,750

Normalized Total Income

(€m) 460.6

2021: 387.1

Normalized EBITDA

(€m) 208.2

2021: 178.5

Normalized Net Profit

(€m) 150.2

2021: 130.9

Net Profit

(€m) 126.8

2021: 114.9

Normalized basic EPS

(€) 3.45

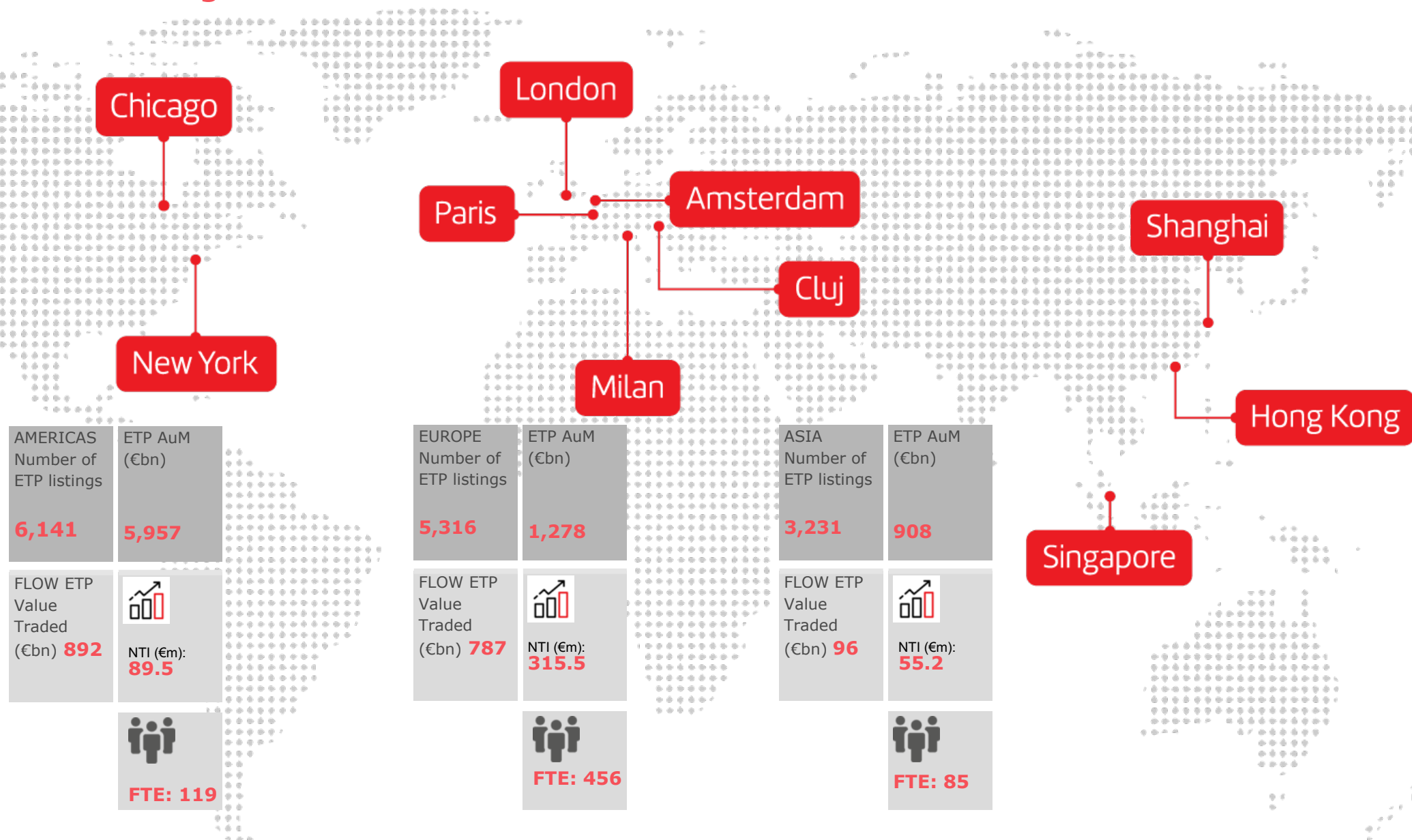
2021: 3.00

Basic EPS

(€) 2.92

2021: 2.63

2022 at a glance



2022 at a glance

Normalized Performance Overview

In thousands of euro

	<i>For the year ended</i>	
	2022	2021
Normalized net trading income	459,464	384,041
Normalized other income	1,141	3,080
Normalized total income	460,605	387,121
Normalized employee expenses	163,987	140,265
Technology expenses	61,171	49,720
Normalized other expenses	27,271	18,657
Normalized operating expenses	252,429	208,642
Normalized EBITDA	208,176	178,479
Depreciation / amortization	16,815	15,287
Write offs, tangible assets	161	20
Normalized profit before tax	191,200	163,172
Normalized tax expenses	41,000	32,287
Normalized net profit	150,200	130,885
KPI		
Normalized EBITDA margin	45%	46%
Normalized Basic earnings per share	3.45	3.00
Net trading capital	650,979	610,591
Regulatory capital available	538,164	482,602
Regulatory capital required	274,040	242,640
Excess capital	264,124	239,962

Message of the Board



From left to right: Folkert Joling, Roger Hoenius, Jan van Kuijk, Linda Hovius, Rudolf Ferscha, Olivier Bisselier and Mike Kuehnel.

Throughout 2022, Flow Traders continued to deliver value to its stakeholders globally while focusing on driving transparency, efficiency, and accessibility across markets. As a multi-asset global liquidity provider, we further executed on our ambitious growth strategy, diversified the business, expanded our leading positions across asset classes and capitalized on the evolution of the financial markets.

We grew our talented team with a record number of new hires across all markets, while our leadership layer was strengthened by the formation of a global Executive Committee in September.

Towards the end of the year, Dennis Dijkstra, following fourteen years with the business made the decision not to stand for reappointment as CEO at the 2023 Annual General Meeting. The role was assumed by Mike Kuehnel on 1 February 2023. Mike had served as CFO since 2021.

Global team

Throughout the year we remained committed to developing our people and fostering our entrepreneurial culture, which is core to our success. We welcomed 206 new hires globally, a record number for the company in a single year. We introduced dedicated frameworks to support our teams in their professional and personal development and designed programs tailored to our technology department.

In September, we welcomed our biggest group of graduates ever, further demonstrating that Flow Traders is seen as an employer of choice within our industry and recognizing our dedication to supporting our workforce to reach its full potential.

We introduced a global Executive Committee to support the Board in accelerating the execution of Flow Traders' strategic growth ambitions. Comprised of talent from within the business, this centrally coordinated and dedicated senior leadership team represents our business areas and strengthens our global leadership layer, while bringing additional values to the entire organization.

In 2022, Flow Traders introduced a broader and enhanced Diversity, Equity and Inclusion policy to further embrace equal opportunities across the workforce and foster a diverse culture. The firm also further focused on developing its external positioning around this theme by being

active in Women in ETF globally and several local initiatives.

Our people also continued to contribute to society and charity, a long standing passion of the Flow Traders team. In March 2022, the company collaboratively drove charitable initiatives to support Ukraine and the colleagues impacted. Through the Flow Traders Foundation many employees remained actively involved in causes across the globe. Employees volunteer and donate to support initiatives that focus on fighting poverty. In February 2023, Flow Traders employees also undertook the challenge to climb Kilimanjaro to raise funds for the Foundation with more than 30 colleagues taking part.

We continue to be extremely proud of all of our colleagues and their dedication to delivering on our priorities and contributing to our global growth. Flow Traders' unique culture and entrepreneurial spirit has been key to the success of the business thus far and will be for many years to come.

"Our dedication to pricing excellence and innovative proprietary trading infrastructure further enhanced our proposition across all asset classes"

Global growth

Our focus on developing opportunities in the rapidly evolving financial markets resulted in many positive developments for our business throughout the year, underpinning our strength and ability to continue providing liquidity.

Our three core business pillars grew in terms of both trading capabilities and footprint. Our presence grew across exchanges and trading venues and our extensive global counterparty network surpassed the 2,000 mark, while we also enhanced our institutional trading capabilities with dedicated expertise on Fixed Income and our newly formed currency, crypto, and commodity business pillar.

In Equity, we maintained our position as the leading liquidity provider both on- and off-exchange in Europe, and we collaborated with a range of existing and new partners, such as iShares and SPDR, to launch innovate financial products.

We also expanded our trading footprint in Asia, obtaining a Qualified Foreign Institutional Investor (QFII) license in China, and we have already successfully executed our first trades on-shore in China's domestic markets. Additionally, we received approval to open a Representative Office in Shanghai and this was opened in October 2022.

During the year we combined currency, crypto, and commodity into one business pillar, leveraging our infrastructure, insights and expertise to drive value across these asset classes, using their natural connection to enhance capabilities and drive the segment

forward as a whole. We also branched out into liquidity provisions for tokens, successfully manoeuvred the ETH merge, and drove growth through the creation of a global commodity strategy. Our robust and proactive risk management procedures and approach meant that we were able to navigate the volatility in the crypto markets, particularly around the events surrounding the collapse of FTX.

We further built upon our successful Fixed Income business, continuing to leverage the accelerating trends towards electronic and algorithmic trading, as well as fostering the low vs high touch trading model which is something Flow Traders is well positioned to support. We were the exclusive partner for BondBloxx to launch their range of Fixed Income ETPs in the US, retained our top-five dealer status on Bloomberg in Europe, and were once again lead sponsor of the main Fixed Income Leadership Summit.

Overall, our dedication to pricing excellence and innovative proprietary trading infrastructure further enhanced our proposition across all asset classes.

We formalized the creation of our venture capital unit, Flow Traders Capital. This is a dedicated €50 million fund to actively invest in the development of financial markets infrastructure and the digital asset space. Flow Traders Capital makes direct minority investments, across all geographies, with an emphasis on three key themes: platform, data, and connectivity and in 2022 we completed 16 investments, in organizations such as D2X, Elwood and Thalex.

Governance and regulatory

In October 2022, following a thorough legal and capital structure review, Flow Traders announced its intention to update its corporate holding structure which was approved by an overwhelming majority of the shareholders on 2 December 2022. The change in jurisdiction for the top holding company to Bermuda resulted in different regulatory capital requirements and seeks to create a more level playing field with competitors globally. This in turn supports Flow Traders to accelerate our growth strategy and achieve our ambitions. The implementation of the new top holding was completed on 13 January 2023 and Flow Traders Ltd. became our top holding company. As a result, Flow Traders installed a one-tier board structure, composed of executive and non-executive directors and updated its governance documents to reflect the necessary changes pursuant to the update while mimicking as much as reasonably possible the previous governance arrangements.

We foresee that EU financial market regulations will be further reviewed through 2023, and we look to engage where we believe Flow Traders can make a valuable contribution. The Markets in Crypto Assets regulation (MiCA) is a particular focus area for the business, as it heads into the final stage of the legislative process after the political agreement at the end of 2022, and the introduction of a consolidated tape for the European capital market as part of the Markets in Financial Instruments regulation review (MiFIR).

Financial overview

Flow Traders delivered an improved financial and trading performance in 2022 compared to 2021 reflecting a more active market environment. We recorded Normalized Total Income in 2022 of €460.6 million and demonstrated a healthy Normalized EBITDA margin of 45% with Normalized EBITDA of €208.2m. Ultimately, we recorded a Normalized Net Profit of €150.2m with Normalized Basic EPS of €3.45. This, along with our strong capital position, allowed the company to pay a total dividend of €1.50 per share to shareholders.

Farewell to Dennis Dijkstra

On 31 January 2023, Dennis Dijkstra stepped down as CEO of Flow Traders after fourteen years with the company and eight years as CEO. Under his entrepreneurial leadership, Flow Traders has become one of the world's leading liquidity providers and we would like to express our deepest gratitude to Dennis. He has been a key contributor to creating the unique Flow Traders spirit that thrives across the business, and which will continue to be a part of the company culture and a key factor to our success. On behalf of everyone at Flow Traders, we wish him every success with his future endeavours.

Looking ahead

Finally, we would like to recognize our people and their incredible efforts in 2022. Our talented and vibrant team make Flow Traders a special place to work and they have been key to the success of the business. The journey ahead is an exciting one and we would like to thank our people, shareholders and other stakeholders for their support and contribution.

Regards,

Rudolf Ferscha
Linda Hovius
Olivier Bissierier
Jan van Kuijk
Roger Hodenius
Mike Kuehnel
Folkert Joling

Our profile

Who we are

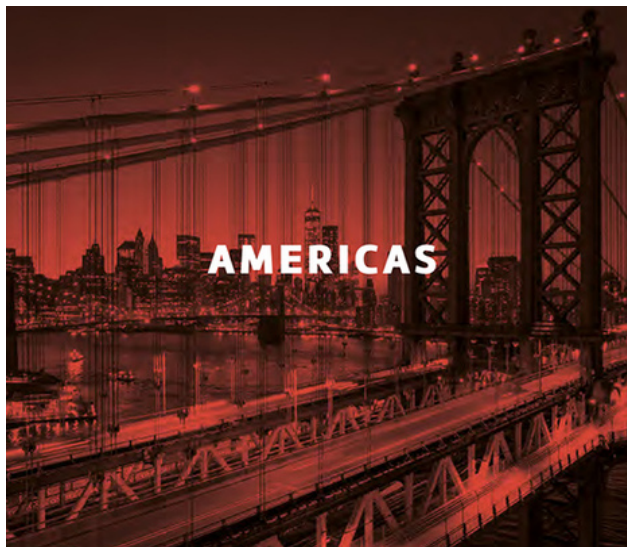
Flow Traders is a leading global financial technology-enabled liquidity provider in a wide range of financial products, historically specialized in Exchange Traded Products (ETPs), now successfully expanded across multiple asset classes. Flow Traders ensures the provision of liquidity to support the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

What we do

We are a financial technology company operating in the global financial markets, using our proprietary technology platform to provide liquidity by quoting bid and ask prices in thousands of financial products. Flow Traders ensures the provision of this liquidity to support the uninterrupted functioning of financial markets. Our core trading focus is on exchange-traded products (ETPs) and we do this globally, enabling investors to buy and sell ETPs efficiently by quoting bid and ask prices under virtually all market circumstances.

We provide this liquidity via two main routes: "on screen" which is conducted on stock exchanges where Flow Traders is a registered market maker in ETPs and "off exchange" where we trade bilaterally with institutional counterparties, often through Request for Quote (RfQ) platforms such as those operated by Tradeweb, MarketAxess and Bloomberg. More recently, we have diversified our market making activities across multiple asset classes, such as fixed income, cryptocurrency, Foreign Exchange (FX), and commodity.

Flow Traders' group companies can be found in Note 33 in the Financial Statements.



Products

Exchange-traded products (ETPs)

ETPs, the main products that we trade, are often compared to mutual funds largely because they are both baskets of shares, bonds, or commodities. However, that is where the similarity ends. Unlike most mutual funds, the majority of ETPs simply track an index without trying to outperform such indices. ETPs have open-ended fund structures rather than closed-end and, unlike mutual funds, can be continuously bought and sold on trading venues during trading hours and off-exchange at all times. ETPs provide investors with exposure to a wide variety of underlying assets, ranging from ETPs that replicate the composition of a particular equity index, to those that provide investors with exposure to assets in specific sectors or countries, to commodities, or to currencies. ETPs also enable investors to create and manage diversified investment portfolios in an efficient manner, as well as enabling them to switch exposures at any given moment during trading days. There are broadly three main categories within ETPs in which we trade:

Exchange-traded funds (ETFs)

This category is the most traded, when compared to ETCs and ETNs. ETFs derive their value from shares or bonds held in proportion to an index. For example, a Euro Stoxx 50 ETF would hold the same shares as the Euro Stoxx 50 index, in approximately the same proportions. Fixed-income ETFs derive their value from a portfolio of debt instruments. For example, bonds included in the Barclays US Treasury 1-3 Year Term Index. ETFs are the most widespread among ETPs as measured by Assets under Management (AuM).

Exchange-traded commodities (ETCs)

ETCs typically derive their value from a commodity index, such as the Bloomberg Commodity Index, although in some cases they derive it from just a single commodity, such as gold or oil, or a certain currency. For example, the SPDR Gold Shares ETC tracks the value of physical gold. ETCs may hold physical assets, but exposure can also be held through derivatives of the underlying commodity, in combination with cash.

Exchange-traded notes (ETNs)

ETNs are types of unsecured, unsubordinated debt securities issued by an underwriting bank. The returns of ETNs are based on the performance of the index being tracked. For example, the iPath S&P 500 VIX Short-Term Futures Index TR ETN would track the S&P 500 VIX Short-Term Futures volatility index.

The ETP ecosystem

The ETP ecosystem is made up of a number of participants who together make ETP investing and trading possible. These include investors, ETP issuers, exchanges and other trading venues and authorized participants, who can also act as liquidity providers, such as Flow Traders. The ETP ecosystem can be further divided into two markets: the primary market and the secondary market.

Primary market

Interaction in the primary market takes place between authorized participants (APs) and the issuers, who either issue or cancel ETPs. This is done in reaction to market demand and is called the creation and redemption process. APs can create ETPs with the issuer by transferring the underlying assets (or cash equivalent) to the issuer in return for a corresponding number of newly issued ETPs.

In this way, the issuance of ETPs through APs provides the issuers with access to a broad investor market without having to support a complex and costly trading infrastructure which would be non-core to their business. Redemption is the reverse of the creation process: the AP transfers ETPs to their issuer in exchange for the underlying assets (or a cash equivalent). The issuer then cancels the ETPs it received.

Secondary market

The secondary market is where ETP trading takes place between market participants, similar to the trading of ordinary shares, at market-determined prices. Secondary market participants include institutional and retail investors, liquidity providers and APs. Secondary markets include exchanges and other automated trading venues, as well as off-exchange trading between market participants such as large institutional investor.

Our business is aligned to three distinct asset classes and underlying focus groups.

Equity	Fixed income	CCC: Currency, Crypto, Commodity
<ul style="list-style-type: none"> ▪ EMEA traded ETP and index products ▪ AMER traded ETP and index products ▪ APAC traded ETP and index products 	<ul style="list-style-type: none"> ▪ EMEA traded ETP and cash bonds ▪ AMER traded ETP and cash bonds ▪ APAC traded ETP and cash bonds 	<ul style="list-style-type: none"> ▪ Globally traded FX ETP, futures and spot ▪ Globally traded Digital Assets ETP, futures and spot ▪ Globally traded Commodity ETP, futures and spot

Equity

At present, Flow Traders provides liquidity within the Equity space solely in ETPs and associated index products. We traded these Equity products globally utilising our three trading hubs in Europe, Asia and Americas.

Fixed income

The fixed income markets in particular have been experiencing a wave of electrification which is expanding the opportunities available to non-bank liquidity providers such as Flow Traders.

Flow Traders provides liquidity in fixed income ETPs as well as cash bonds (investment grade and high yield corporate credit and emerging market sovereigns) in Europe, the Americas and Asia. We have held a long-standing strong position within the fixed income ETP space. Our cash bonds proposition was launched in 2021 and was further expanded and built out through the course of 2022 both in terms of ISIN coverage, counterparty onboarding as well as RfQ platform connectivity. Fixed income is a key strategic growth area for the business.

Currency, Crypto and Commodity (CCC)

Flow Traders started providing liquidity in FX as a separate asset class during 2018. We provide liquidity in an increasing number of FX pairs on spot and futures in the EMEA and APAC markets to a fast-growing number of counterparties on an expanding number of platforms, including Bloomberg’s FX platform. In addition, we naturally also provide liquidity in FX ETPs.

Flow Traders also provides liquidity across the digital asset space which include cryptocurrency ETPs, futures and spot, which we consider to be a key part of our broader CCC proposition. This is a growing part of our overall business and is also a key strategic focus.

In commodities in general, Flow Traders has always been active in the ETP market as well as the underlying asset classes. This also includes commodity futures and spot products.

Pricing

Pricing fast and accurately

Being able to accurately and rapidly price the various financial products that we provide liquidity in is vital to the success of our business. Get it wrong, and we risk not winning the trade or losing money due to bad pricing. Our experience in establishing the pricing and hedging relationships across different products in a variety of market conditions means we can offer competitive bid and ask prices, while still covering our trading and hedging costs while achieving a transaction profit. We achieve this using pre-set hedging strategies, which, when possible, instantly reduce our market exposure, creating a market-neutral position. This approach is also taken with respect to providing liquidity in the various asset classes we trade such as cryptocurrency and corporate credit.

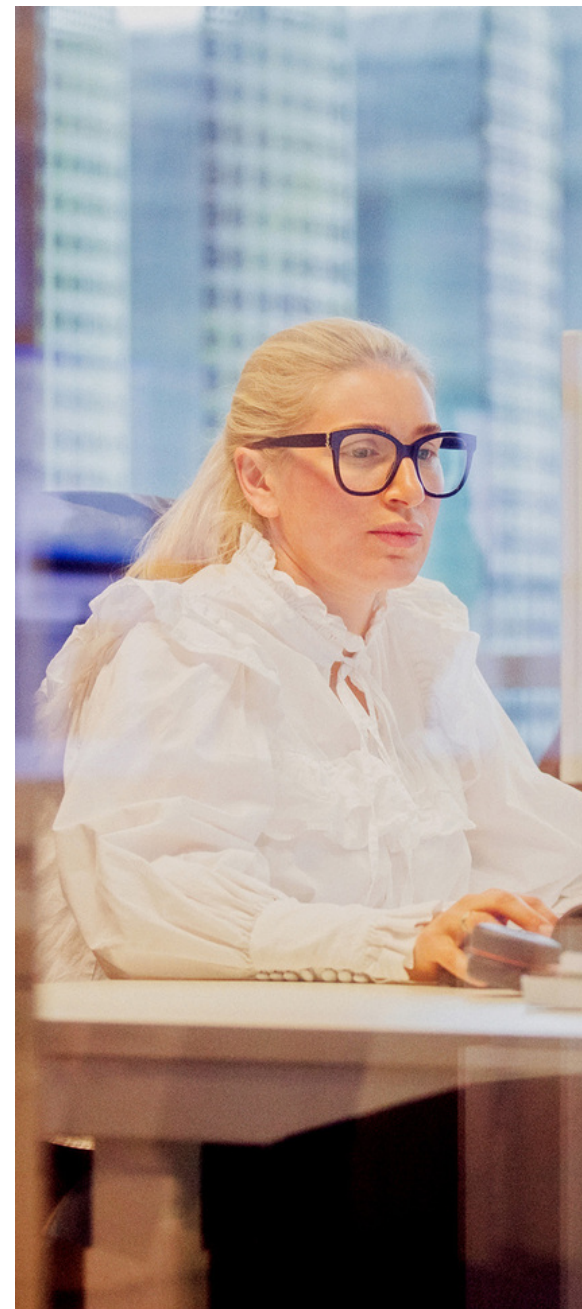
Cutting edge proprietary technology platform

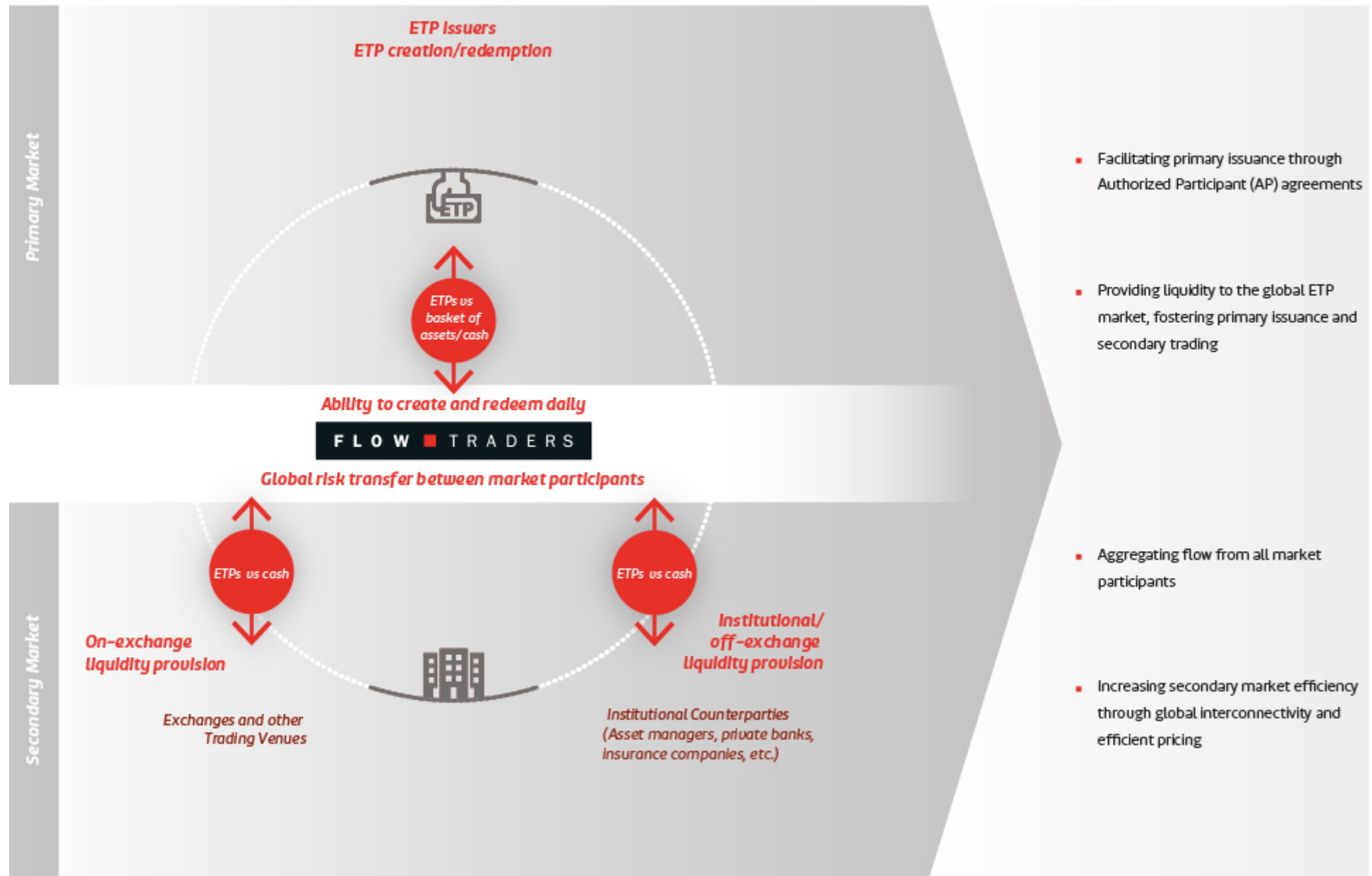
Developing software in-house

We are a technology-enabled company operating in the financial markets space. As such, technology truly lies at the core of our business, enabling us to provide liquidity in a variety of market environments across the globe. We trade using proprietary and scalable software with the vast majority of our applications developed in-house. These include pricing and trading software, market data processing tools, pre-trade risk controls, and other risk and compliance tools. This is the main reason that our technology department makes up 40 percent of our FTEs and is our largest employee group.

One of our software platform's core features is its modular design, which allows us to rapidly test and implement ongoing enhancements. This also means we can easily and cost-effectively expand our coverage of securities, asset classes, trading platforms and geographical markets as we grow the business.

In 2022 our total technology expenses increased by 23 percent versus 2021 as we invested further in the trading business. Our technology expenses represented 35 percent of our total fixed expenses and the number of technology FTEs grew to 262 in 2022 from 244 in 2021, in order to support the execution of our growth strategy.





Share information

Flow Traders Ltd. (formerly known as Flow Traders N.V.) shares are listed on Euronext Amsterdam and are included in the Amsterdam Midcap Index (AMX), carrying a weight of 1.32 percent as at the end of 2022. Flow Traders shares are also included in several other indices issued by leading index providers, such as MSCI (MSCI Netherlands IMI 25/50 Price Return USD Index), FTSE (FTSE Developed ex US All Cap Net Tax Index) and Euronext (Euronext AEX All-Share Index, AEX All-Tradable Index, Euronext 150 Index, AEX Financials Index).

Performance and key figures

KEY FIGURES PER SHARE

Normalized earnings per share	€3.45
P/E ratio	6.27x
Interim dividend per share	€0.70
Final dividend per share	€0.80
Total dividend per share	€1.50
Dividend yield	6.9%
Year-end share price*	21.64

* Source: Euronext, based on year-end closing.

Introduction and key figures

KEY SHARE INFORMATION

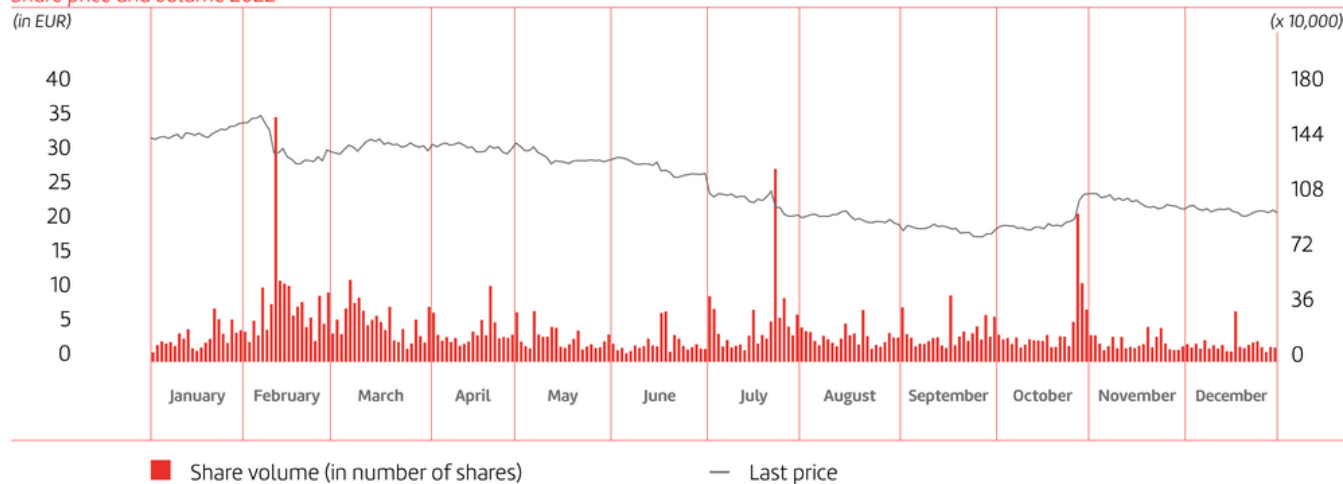
ISIN*	NL0011279492
Bloomberg ticker:	FLOW NA
Reuters ticker:	FLOW.AS
Number of shares outstanding	46,534,500
Number of shares in treasury	3,699,872
Free float**	70%
Market cap at year end (€)	€1,007,006,580

Source: Euronext as per 31 December 2022.

* ISIN as of 16 January 2023: BMG3602E1084

**Official Euronext definition

Share price and volume 2022



VOLUMES

Total annual volume	49,137,507
Daily volume - high	1,596,231
Daily volume - low	53,601
Average daily volume	191,197

Source: Euronext.

SHARE PRICE PERFORMANCE

Opening price 3 January 2022	€32.38
Annual highest price (closing)	€35.72
Annual lowest price (closing)	€18.12
Closing price 30 December 2022	€21.64

Source: Euronext.

Analyst coverage

The following analysts cover Flow Traders as of the date of this annual report:

Institution	Analyst
ABN AMRO - ODDO BHF	Julian Dobrovolschi
Bank Degroof Petercam	Michael Roeg
Exane BNP Paribas	Gregory Simpson
ING	Reg Watson
KBC Securities	Thomas Couvreur
UBS	Michael Werner

Financial calendar

Q1 Trading Update	21 April 2023
Annual General Meeting	26 April 2023
Final dividend 2022 ex-dividend date	28 April 2023
Final dividend 2022 record date	2 May 2023
Final dividend 2022 payment date	4 May 2023
Q2 / H1 results release	21 July 2023

Dividend policy and dividend proposal

Dividend policy

Flow Traders intends to pay dividends annually in two instalments, with a target aggregate dividend pay-out ratio of at least 50 percent of the company's net profits realized during the financial year. The Board may decide that the profits realized during a financial year will fully or partially be appropriated to increase and/or form reserves. A distribution of (interim) dividends is subject to applicable rules and regulations, the Bye-laws of the company, and the Board Rules.

It is anticipated that our interim dividends will be declared and paid following the publication of our results for the first half of each year. However, there can be no assurance that in any given year a dividend will be proposed or declared.

The payment of dividends, if any, and the amounts and timing thereof will depend on a number of factors, including legal and regulatory requirements, future profits, financial conditions, general economic and business conditions, future prospects and such other factors as the Board may deem relevant. Our intentions in relation to dividends are subject to numerous assumptions, risks and uncertainties, many of which may be beyond our control.

The Board may decide to make allocations to reserves and therefore decides how much of the profit will be allocated to reserves. The profits remaining shall be put forward at the disposal of the General Meeting (subject to a change of the Bye-laws which will be proposed at our upcoming general meeting in 2023).

Reserves and dividend proposal for the financial year 2022 Pursuant to Bye-law 33.1, the Board has decided that of the profit for 2022 (totalling €126.8 million), an amount of €64.9 million shall be added to the reserves. The remaining amount of €61.9 million is at the disposal of the General Meeting (subject to a change of the Bye-laws which will be proposed at our upcoming general meeting in 2023).

It will be proposed to the General Meeting (subject to a change of the Bye-laws which will be proposed at our upcoming general meeting in 2023) that a total cash dividend of €1.50 per share will be paid out to shareholders for the financial year 2022, subject to a 15 percent dividend withholding tax (*dividendbelasting*). An interim cash dividend of €0.70 per share was paid out on 19 August 2022. This means that the final cash dividend proposal to the General Meeting is €0.80 per share. Subject to approval by the General Meeting (subject to a change of the Bye-laws which will be proposed at our upcoming general meeting in 2023) on 26 April 2023. Shares will trade ex-dividend on 28 April 2023. Payment of the final dividend is anticipated to be made on 4 May 2023.

Investor Relations

Investor Relations (IR) focuses on optimizing the communication and understanding between Flow Traders and the investor community, its advisors and the analyst community. By attending broker conferences, organizing roadshows to institutional investors after Half Year and Full Year results, organizing investor conference calls, analyst days and the Annual General Meeting, Flow Traders further optimizes the information stream to the market. Flow Traders has a corporate website (www.flowtraders.com/investors) where, among other information, its financial calendar, press releases, presentations, reports and the dividend policy can be found. IR is the first point of contact for interested investors, shareholders and analysts.

INVESTOR RELATIONS CONTACT DETAILS

Jonathan Berger	Investor Relations Officer
Telephone	+31 20 799 6799
E-mail	investor.relations@flowtraders.com



Value creation and strategy

We create value in a number of financial and non-financial ways for a variety of stakeholders. Supported by our proprietary technology platform, we provide liquidity in financial products that helps contribute to more efficient markets by lowering overall trading costs, delivering greater execution quality and market transparency. For our employees, we provide a compelling and constantly evolving work environment that enables them to develop to their full potential. We take an active interest in the societies in which we operate, contributing to local learning initiatives and charities through the Flow Traders Foundation. And we care for our investors by focusing on growing profitably and providing dividend returns. Our value creation model shows how we create value and the impact our business has on our stakeholders.

Our ambition and strategy

Our purpose and ambition

We are the driving force for an investment environment that is more transparent, efficient and lower-cost for end-investors, through the power of trading acumen, innovation and talent.

Our market and environment

We operate in a highly dynamic world, where globalization and technological development are continuing to accelerate the pace of change. In addition, we see certain mega trends which are more specifically shaping the future of the financial markets:

- Rise of passive investing with significantly growing assets under management with Blackrock estimating that ETP AuM will double by 2025 compared to 2020
- Increasing electronication of trading across fixed income and other asset classes
- Growth in digital assets and institutional adoption as well development of new large liquidity pools
- Emerging ecosystems adapting to shifting trends and driving venture capital and private equity investments
- Ever developing regulatory landscape which creates greater transparency and a more level playing field

The markets' core functions remains the same: transferring risk between various market participants. This is where we add value.

Accordingly, our focus will continue to be on providing liquidity in more and more products in the financial markets across multiple asset classes, building on our status as an ETP powerhouse. We also are seeking to be a driver and accelerator of change in the financial markets through our dedicated corporate venture capital unit, Flow Traders Capital.

Our business principles

Our business principles are being flexible, agile and focused on continuous improvements. To be successful, we recognize that we need to perform well across all areas of the business. Achieving this involves diligently studying the markets and our responses to them, and using our resources where they have the greatest impact. The outcome of this process defines whether or not we have a competitive edge.

Our strategy

We will achieve our strategic ambition by continuing to grow our business through our dedicated multi-year diversification strategy. Here we have expanded, and will continue to expand, on our market leading position in ETPs with growth in Fixed Income, Digital Assets, FX, and Commodities. This should result in structurally increasing our Net Trading Income (NTI), while increasing the resilience of the business and also maintaining our desired risk profile, controlling costs, and securing and attracting the right talent.

Increasing our NTI involves increasing the product of volume and the net margin we capture per trade,

where volume is the value of products we trade and the net margin is the margin we capture per trade after the corresponding exposure has been hedged. Our risk profile is characterized by having no directional opinion on the market. In other words, our results do not depend on the direction of market prices. By expanding our presence as a liquidity provider across multiple asset classes, Flow Traders can maximize the growth of its NTI.

By growing our presence in the global financial market as a liquidity provider and as an agent of change, we build a foundation to support our long-term growth trend. By growing our presence in underlying asset classes, we expect to improve our performance in the future, including during those periods where the trading activity in the market may slow down. Our investments through Flow Traders Capital are expected to not only generate a financial return but also drive business growth as we drive innovation across the global financial markets. In this sense, we believe we are on the journey to becoming a next generation liquidity provider.

Our strategy is firmly aligned with our ESG ambition and mission. Growing our presence in the financial markets through expanding and deepening our ETP trading footprint as well as improving pricing and access to fixed income, commodity and FX liquidity will only make markets more efficient and reduce trading costs for end-investors globally. It will also enable the financing of the shift towards a sustainable world economy.

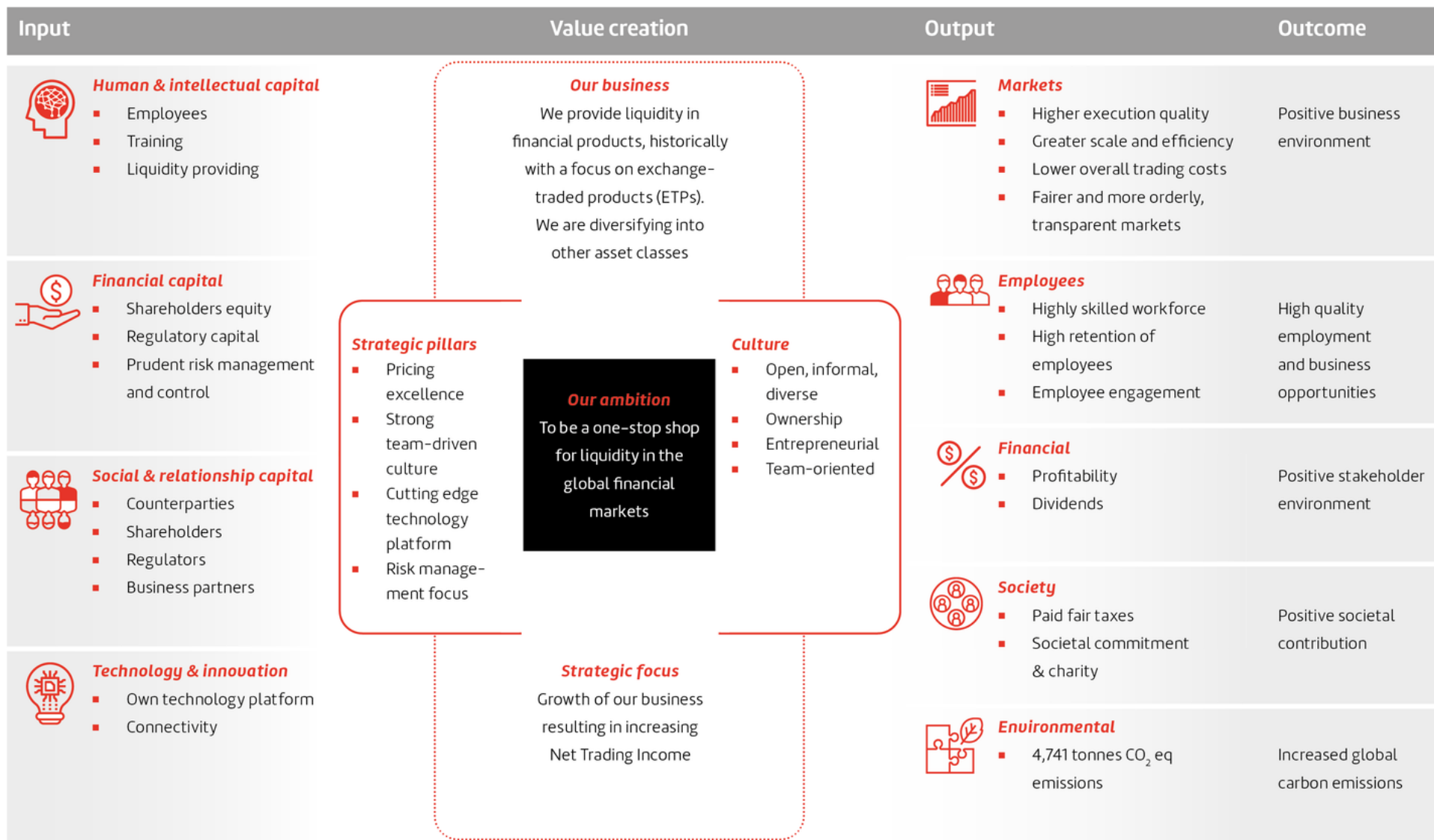
Moreover, in order to drive forward our growth agenda we rely on the talent and integrity of all colleagues at Flow Traders in line with our focus on business ethics and creating sustainable employment.

Becoming a leading global multi-asset liquidity provider

We believe there are six elements of our strategic ambition which will drive Flow Traders in its goal to becoming a leading global multi-asset liquidity provider:

- *Global access* - providing liquidity any time anywhere across trading venues, exchanges and to institutional counterparties
- *Asset universe* - trading any asset to expand our presence in ETPs and grow in the underlying asset classes
- *Pricing excellence* - acting as a market neutral provider 24/5 with strong hedging capabilities for low risk in all asset classes
- *Proprietary cutting edge technology* - benefiting from automated, low-touch trading infrastructure for seamless execution
- *Talented team* - leveraging experienced talent pool that forms an open, diverse and entrepreneurial team
- *Ecosystem innovation* - shaping financial markets through venture capital investments and partnerships with leading players





Markets and trends

Our business

In 2022 we had access to more than 180 trading venues in 40 countries around the world. We provide liquidity in over 8,000 ETP listings on- and off-exchange, which is around 60 percent of all ETPs globally.

Off-exchange, we provide liquidity in ETPs on a request-for-quote basis to more than 2,200 institutional counterparties across the globe, including banks, asset managers, pension funds, insurance companies, family offices, hedge funds, and others and this number is increasing on an almost daily basis.

In addition to ETPs we provide liquidity in similar instruments whose value is correspondingly affected by a change in the value of underlying or related assets, such as futures or bonds.

During 2022, we continued to implement our dedicated diversification initiatives across other asset classes and provided liquidity as a market maker in FX, fixed income, commodities and cryptocurrency.

Irrespective of what we trade, as a liquidity provider we generally do not have a directional opinion on the market. In other words, our results do not depend on the direction of market prices. Our NTI is realized through the small price differences that are realized between buying and selling related or correlating assets. Whether that is between the ETPs we buy or sell, and the prices we pay or receive for the underlying or related financial instruments to mitigate our risk, or trading FX pairs.

We are not a bank, broker or investment manager and do not have our own Assets under Management (AuM). We also do not develop or make products, do not provide any services and do not have (consumer) clients. Our value chain comprises, among others, of our institutional counterparties, prime brokers and regulators.

ETPs

In recent years, the ETP ecosystem has continued to mature and experience significant growth in both Assets under Management (AuM) and number of products. According to ETFGI, global ETP AuM declined from €9,030 billion by the end of 2021 to €8,143 billion by the end of 2022. This a reflection mainly of the underlying market performance during 2022 and the expectation is that AuM will grow going forward, We believe there are a number of reasons for this expected trend, including beyond 2023: one is that investors are attracted to the transparent nature of ETPs, which enables them to follow clearly how the underlying securities are performing. Another reason is that ETPs are liquid and available at low-cost and can be bought and sold easily during market hours. A third reason is that ETPs can be composed of financial instruments from almost any asset class, sector or location, providing investors access to markets that would normally be difficult to reach.

Review of 2022

Global ETP markets shrank by 10% percent in 2022, as measured by AuM, driven predominantly by the performance of the underlying markets. Annual global inflows of ETP AuM were €818 billion in 2022 (2021: €1,138 billion – source ETFGI). Overall trading activity in 2022 increased as the markets absorbed the outbreak of the Russian - Ukraine conflict as well as interest rate and inflation increases alongside the continued high levels of retail investor activity, particularly in the US.

Global coverage

Flow Traders operates three main trading hubs in Amsterdam, Hong Kong, and New York. In addition, we operate various branch or representative offices around the world in London, Milan, Paris and Shanghai. In November 2022, we announced the receipt of regulatory approval to open a representative office in Shanghai. This is consistent with Flow Traders' growth strategy to deepen its geographical footprint and it will enable us to increase our proximity to institutional counterparties in specific markets.

In 2022, Flow Traders ETP value traded once again was in excess of the €1 trillion mark. The largest ETP market globally remains in the United States, where total ETP value traded (on-exchange and off-exchange) was €44.7 trillion in 2022. Our New York office's total ETP value traded was €892 billion in 2022, markedly higher than in 2021 and, for the fourth year in a row, a record year for Flow Traders US since inception. With institutional trading gaining further momentum in 2022, Flow Traders US continued to grow and deepen its overall presence in this important market. We also expanded our Lead Market Maker activities during 2022 and accordingly supported numerous ETF listings in the United States for a variety of leading issuers. Our strategic investment in Members Exchange (MEMX) underlines our long-term commitment to the US equities ecosystem as we seek to grow our business and presence further. The EMEA ETP market had a total ETP value traded of €2.4 trillion in 2022. Our total ETP value traded from our Europe offices was €787 billion in 2022. We remained the number one liquidity provider in ETPs in EMEA and managed to grow our on- and off-exchange presence further. In APAC, the ETP market remained fragmented, with large differences in trading volumes, trading costs, regulation and maturity across the financial markets.

The APAC ETP market had a total ETP value traded of €4.8 trillion in 2022, including China, while the total ETP value traded at our APAC offices was €95.8 billion. Flow Traders had a successful year in 2022 in APAC in terms of trading volumes, confirming the contribution of specific recent investments made in the region. In 2022, Flow Traders was awarded Best ETF Market Maker by the Tokyo Stock Exchange and received the Top Market Maker - ETP Coverage award from the HKEX for Flow Traders' contribution to the ETF market. Flow Traders is currently a market maker in more than 200 ETPs on HKEX. In addition, there was an expansion of Flow Traders' ETP trading footprint in APAC through receipt of a QFII licence in China and by becoming an official market maker on ASX and CBOE Australia in 55 tickers.

Equity

We still see significant opportunities for growth in the equity ETP market, which is the main focus of the Equity business at Flow Traders. Global Equity ETP value traded increased to €26.1 trillion in 2022 and further market growth is expected to due increasing investor demand and awareness for the product.

Flow Traders Equity value traded (ETPs, Futures and Cash) amounted to €3,349 billion in 2022.

Flow Traders strengths and future focus relating to Equity include:

- Market leader in EMEA ETPs consistently with 26.8% overall market share and 41% market share on-exchange
- Strong performance globally in International ETPs and Index Futures

- Domestic ETPs build-out dependent on single-stock competencies (particularly in the United States)
- Leveraging of global pricing capabilities in Asia as we penetrate and unlock new growth markets

Fixed Income

Electronic trading has increased dramatically over the last few years. For example, 45% of Euro-denominated investment-grade (IG) credit is now executed electronically, reaching 75% on a ticket-count basis. The COVID-19 pandemic has only further accelerated this trend with the buy-side favouring the use of RfQ platforms to an even greater extent. This increase has contributed to the approaching inflection point of electronification in credit markets, comparable to what we have witnessed in other markets, such as foreign exchange (FX), US equity options and exchange-traded funds (ETFs). This transition is being driven by better pre- and post-trade information, the rise of algorithmic trading and new trading protocols being embraced by the buy- and sell-side. Initially driven by regulation such as MiFID II, it is likely that the regulatory landscape will continue to accelerate this electronification trend.

Responding to these market dynamics, Flow Traders has built a strong fixed income liquidity provision capability set spanning ETPs, corporate credit (investment grade and high yield bonds) and emerging market sovereigns.

There has been a consistent increase in fixed income ETP value traded in recent years as well as AuM. Indeed in 2022, Global Fixed Income ETP value traded increased to €3.0 trillion.

Flow Traders Fixed Income value traded (ETPs, Futures and Cash) amounted to €1,323 billion in

2022, which is a significant increase over 2021 (€1,036 billion) as we deepen and broaden our market coverage and our offering gains traction with the buy-side.

From a strategic standpoint, Flow Traders strategic focus areas include:

- ETP ecosystem - partner with issuers to develop innovative fixed income products. We are also seeking creation-redemption synergies with corporate bond market making
- Credit trading - will increase quote sizes to undertake larger block transactions with counterparties as well as distributing pre-trade portfolio trading levels to expedite portfolio construction
- Model pricing - expand model trading capabilities to new fixed income subsets and improve pricing and coverage of investment grade bonds

Currency, Cryptocurrency and Commodity (CCC)

In recent years, cryptocurrency has emerged as an important asset class with increased institutional acceptance. The crypto markets have experienced significant volatility during 2022 with digital currencies experiencing material price declines. For example, the price of Bitcoin decreased by 64% in 2022 and Ethereum by 68%. Trading volumes also experienced corresponding reductions with Bitcoin average daily volume in Q4 2022 21% lower than Q4 2021. The development of institutional grade and regulated digital asset market infrastructure continued to progress in 2022, namely in custody solutions, prime brokerage, data and analytics, AML-KYC and other risk solutions, digital property rights, digital identity solutions as well as DEFI ecosystems.

Crypto ETPs are another clear example of regulatory and investor acceptance of digital assets. They solve liquidity and custody issues many investors, both retail and institutional, face by having an exchange-listed instrument with registered market makers providing liquidity under all market circumstances.

Flow Traders' crypto liquidity provision commenced 5 years ago and spans OTC spot as well as ETPs. We are connected to 20 trading venues globally and trade 300 coins. From an ETP perspective, Flow Traders is the number 1 liquidity provider in crypto ETPs in Europe with a circa 45% market share and has a 27% market share globally on exchange. The digital assets space is well suited to Flow Traders' technology-enabled capabilities.



The volatility evident in the crypto markets in 2022 with the onset of the "crypto winter" and the collapse of FTX digital assets trading platform has not altered our conviction around the long term potential of crypto and decentralised finance both from a trading as well as a technological and financial markets innovation standpoint. With Flow Traders' generally market neutral approach, we continuously provided liquidity across these markets in throughout 2022 which once again highlights our trading capabilities, strong risk framework and consistently improving technology stack.

The future focus and opportunities for digital assets include:

- ETPs - maintain our leading position in crypto ETP market making with prospect of further regional expansion while at the same time working to increase efficiency of access across the ecosystem
- Spot and derivatives - continue to grow market making business across these products by expanding platform and token coverage
- Strategic partnerships - leverage new and existing partnerships to build out further the trading infrastructure around digital assets. Work with Flow Traders Capital to embed Flow Traders further into the overall ecosystem

Flow Traders Capital

In 2022, Flow Traders Capital, a dedicated corporate venture capital unit, was established with an initial commitment of €50 million to actively invest in the development of financial markets infrastructure and the digital asset space.

The primary focus of Flow Traders Capital is to invest in innovative ventures that accelerate growth, create greater transparency within the digital asset space and enable financial ecosystem scalability. Flow Traders Capital will make direct investments, across all geographies, with an emphasis on three key themes: platform, data, and connectivity.

To support portfolio investments, Flow Traders Capital offers a combination of funding and a dedicated team with expertise in product design, product development, capital market and go-to-market strategies as well as trading insights. Portfolio investments will also be able to access Flow Traders' network of partners and resources, as well as leveraging the expertise within the existing Flow Traders Capital portfolio community.

In addition to the potential to generate investment returns, by deploying this unique capability set, Flow Traders will expand its involvement in emerging technologies, identify market trends and explore new business opportunities that create long-term strategic value.

Flow Traders' current investment portfolio already includes leading digital asset ventures such as Elwood, Tonic, bloXroute, Ondo, AllianceDAO and D2X. Additionally, the ongoing strategic investments in MEMX, RFQ-Hub, LedgerEdge, ShapeQ and the Pyth Network will also be managed as part of the Flow Traders Capital portfolio moving forward. As at

31 December 2022, the value of Flow Traders Capital's investments was €25.3 million.

During 2022, Flow Traders Capital announced a number of strategic investments / actions:

Company	Date	Description
Elwood Technologies	January 2022	Digital assets trading platform built for financial institutions, institutional investors, fintechs & neobanks and corporations
Ondo Finance	January 2022	Decentralized investment bank
Mariana Labs	January 2022	Delivers 'roll-up' technologies to leading layer 1 ecosystems by offering the most popular smart contracting language, Solidity
Osprey Funds	January 2022	Osprey is a crypto asset manager that offers products to the retail and institutional investors directly as well as to intermediaries
BloXroute	February 2022	High performance blockchain distribution network for Ethereum, BSC and Polygon
Tonic Exchange	March 2022	On-chain central limit orderbook to bring the flexibility of centralized exchanges to NEAR. The protocol will create an exchange platform where products can be built on top such as DEXs, swaps, derivatives, and trading bots
Membrane	March 2022	Decentralized prime broker that facilitates multi-chain netting and clearing, trading and lending of crypto assets
RFQ Hub	May 2022	Multi-asset RFQ platform
Defi Alliance	April 2022	A community governed Web3 Accelerator
Astaria	June 2022	Capital efficient borrowing and lending market
C3	June 2022	Decentralized capital market for spot and derivatives trading that uses a cross-margin and cross-collateralization engine
GoGo Pool	June 2022	Decentralized staking protocol for Avalanche subnets
Thalex Holding	June 2022	Derivatives trading platform that focuses on crypto options, futures and perps
Primary Portal	July 2022	Capital markets platform that connects banks and institutional investors active in the equity issuance space, providing a digital infrastructure layer
Kemet	July 2022	Digital asset derivative trading infrastructure for institutions
Crossover Investments	September 2022	Digital assets spot and derivatives trading platform for institutions. Crossover will be the institutional, execution only, digital assets exchange

Our performance

Flow Traders delivered an improved financial and trading performance in 2022 compared to 2021 reflecting a more active market environment. We recorded Normalized Total Income in 2022 of €460.6 million (2021: €387.1 million). Significant operational highlights included the continued growth of our fixed income proposition, broadening and deepening our equity ETP trading footprint, as well as resilience in the digital assets markets. A key strategic milestone was the successful the update of our corporate holding structure.

Financial overview

Total income

The market environment in 2022 was more active compared to 2021 as the markets and investors reacted to the Russia-Ukraine conflict as well as the changing macro environment as rising interest rates and inflation affected the global economy. Volatility in 2022 was on average higher than seen in 2021 as measured by the VIX index (25.98 vs 19.88).

Given this market backdrop and our leading global trading footprint, Flow Traders total value traded in 2022 grew to €6.8 trillion (2021: €5.7 trillion), of which €1.8 trillion (2021: €1.5 trillion) was traded in ETPs (on-exchange and off-exchange). The rest was traded in related financial products to facilitate competitive pricing in ETPs as well trading in other asset classes, such as fixed income, FX and cryptocurrency. Meanwhile, ETP market value traded (on-exchange and off-exchange) also increased during the same period to €51.8 trillion (2021: €36.8 trillion).

The market environment Normalized total income of €460.6 million in 2022 (2021: €387.1 million), comprising Normalized Net Trading Income (NTI) of €459.5 million (2021: €384.0 million) and €1.1 million of other income from unrealized gains in our growing portfolio of strategic investments (2021: €3.1 million) - the second most successful year for Flow Traders. Europe, our home market, contributed the most to our NTI which reflects that region's high level of flow visibility and counterparty and product coverage. There was also significant contributions from the US and APAC. During 2022, we were able

to successfully leverage our recent dedicated efforts to diversify our trading activities across various asset classes and products.

In the fourth quarter of 2022, Flow Traders reported Normalized total income of €113.9 million which reflected generally higher activity levels in the markets as well as the growing resilience and trading diversification of the business.

Market volatility

In 2022 market volatility increased from the levels witnessed in 2021. The main volatility took place during October, May and June with average VIX levels of 30.37, 29.98, and 28.56 respectively.

Operational expenses

On the cost side, Normalized fixed operating expenses increased to €161.6 million in 2022 (2021: €122.1 million). The main drivers of the increase in fixed expenses related to USD strengthening, base compensation increases, technology investments to support diversification initiatives as well as new hires. FTEs increased by 8 percent to 660. Normalized variable employee expenses increased to €90.8 million (2021: €86.5 million) which reflects the improved overall financial performance of the business during the year and the adjusted profit sharing percentage of 32.5% (2021: 35%) which was implemented to ensure the base compensation increases were income statement neutral.

Given these income and cost dynamics, Flow Traders continued to demonstrate strong operational leverage with a Normalized EBITDA margin of 45%

in 2022 (2021: 46%) with Normalized EBITDA of €208.2 million (2021: €178.5 million).

Normalized Performance: IFRS Reconciliation

Flow Traders makes certain adjustments to various IFRS expense and profit measures to derive an Alternative Performance Measures (APM). The policy is to exclude or adjust items that are considered to be significant in both nature or size and where the treatment as an adjusted item provides stakeholders with useful information to assess the year-on-year or quarter-on-quarter underlying performance. On this basis, the following items were adjusted or excluded for the 2022 results reporting:

- Removal of IFRS 2 treatment of share-based payments which include the deferral of a portion of the current year share plans as well as recognition of prior years' share plans. This adjustment provides insights into the relationship between the current year variable employee expenses and current year trading performance.
- Other income line includes all the realized and unrealized results on Flow Traders' long-term equity investments whether accounted for as Fair Value Other Comprehensive Income (FV OCI), Fair Value Profit and Loss (FVPL) or Results of Equity-accounted Investments.
- Exclusion of strategic advisory costs as one-off expenses in 2022 in relation to optimization of the Group legal entity and regulatory structure and further balance sheet review efforts.
- Tax expenses are adjusted based upon the pre-tax adjustments and/or excluded items above.

See normalized to IFRS reconciliation:

In thousands of euro

	<i>For the year ended</i>	
	2022	2021
Normalized Income	460,605	387,121
Fair value OCI adjustment	(2,563)	(2,495)
Results of equity - accounted investments	631	(585)
Total IFRS Income	458,673	384,041
Normalized EBITDA	208,176	178,479
FVOCI adjustment from equity to PL	(2,563)	(2,495)
Profit or (loss) on equity-accounted investments	631	(585)
One-off expenses	(14,057)	—
Prior year share plans	(25,359)	(27,282)
Other variable remuneration plan adjustments	—	—
Current share plan deferral	12,510	11,332
Total IFRS EBITDA	179,338	159,449
Normalized net profit	150,200	130,885
Profit before tax IFRS adjustments	(29,469)	(18,445)
Tax difference	6,096	2,494
IFRS net profit	126,827	114,934

Capital base and dividends

During the year we continued to maintain a strong, stable capital base, comfortably exceeding both our regulatory and prime broker capital requirements. We paid out a €0.70 interim dividend in August 2022 and propose to pay €0.80 as a final dividend over 2022. Over the course of 2022 we therefore aim to return a total of €1.50 per share through dividends to our shareholders, which represents a 51% (2021: 51%) percent dividend pay-out ratio.

As at 31 December 2022 our regulatory capital requirements under IFR/IFD were €274 million. As Flow Traders' total regulatory capital stood at €538 million, this resulted in an excess capital position of €264 million. Trading capital stood at €651.0 million at the end of 2022 (€610.6 million as at 31 December 2021).

Cash flows

Cash flows from operating activities decreased to €93.8 million in 2022 (2021: €244.8 million in 2021). Cash flows from operating activities in 2021 were at an elevated level due to dividend funding and share repurchases.

Cash outflows from investing activities amounted to €19.7 million in 2022 (2021: €13.8 million) as additional strategic investments were made through the newly established Flow Traders Capital alongside continued investment in the business. Lastly, cash outflows from financing activities in 2022 amounted to €70.6 million (2021: €234.6 million) as dividends and share buybacks reduced year over year.

Growth

We continued to grow our global team, trading strategies and infrastructure in 2022. We increased our institutional counterparty base globally to over 2,200 as well as being connected to over 180 trading venues. To facilitate this growth, we continued to grow the business during the year across all regions, resulting in an increase in the number of FTEs to 660 by year-end (2021: 613).

Outlook

While Flow Traders remains committed to bringing onboard additional talent in growth business areas, FTEs are expected to remain broadly flat during 2023 given expected efficiency gains. There is a strong commitment to maintain the fixed operating cost base in line with the December 2022 run-rate. Accordingly, normalized fixed operating expenses in 2023 are expected to amount to c. €175 - €185 million compared to €161.6 million in 2022.

Flow Traders will remain focused on all arising opportunities to create shareholder value through systematic capital management going forward.



Our ESG focus areas

- **Business integrity**

Being able to act with honesty and being consistent in whatever it is you are doing based on the particular moral value or belief compass you have. For Flow Traders this implies conducting business within a framework of laws and regulations, high ethical standards, respecting human rights and own policies and procedures. See page 34

- **Liquidity in financial markets**

Providing liquidity to global financial markets to promote fair, transparent and stable markets. Flow Traders ensures the provision of liquidity to support the uninterrupted functioning of financial markets. The provision of this liquidity allows investors to continue to buy or sell ETPs or other financial instruments under all market circumstances. See pages 34-35

- **Good corporate governance**

Pursuing the highest standards of good corporate governance to make sure we take actions that have a beneficial effect on all our stakeholders. Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled and essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community. See page 35

- **Diversity and inclusion**

Pursuing a diverse and inclusive business. Diversity is defined as the range of human differences, including but not limited to race, ethnicity, gender, gender identity, sexual orientation, age, social class, physical ability or

attributes, religious or ethical values system, national origin, and political beliefs. Inclusion is defined as involvement and empowerment, where the inherent worth and dignity of all people are recognized. For Flow Traders it implies being a truly equal opportunity employer, by recruiting, retaining and promoting people based on merit, and merit alone. See page 35-36

- **Sustainable employment**

Creating a context that contributes to sustainable employment, which refers to the extent to which workers are able and willing to remain working for Flow Traders. Flow Traders creates such a context by offering high-quality jobs, developing talent in-house, maintaining a substantial employee shareholder base, offering variable remuneration which allows employees to share in the success of Flow Traders and creating and maintaining high-quality jobs in the places where we conduct business. See pages 36-41

- **Fair taxation**

Pursuing the principle that tax should follow the business. Consequently Flow Traders pays taxes where profits are earned in accordance with local tax legislation. We aim to comply with domestic and international tax laws and also the standards set by the OECD Guidelines. Flow Traders is aware that its business, including our approach to tax, has an impact on society. See pages 41-42

- **Societal commitments and charities**

Supporting charitable initiatives and engaging in community giving, not only financially but also by offering access to our knowledge and experience. A key part of this support will be through the

Flow Traders Foundation which was established in 2020. See pages 43

- **Stakeholder engagement**

Engaging with stakeholders that may be affected by decisions and giving stakeholders the opportunity to influence decision making processes through extensive stakeholder dialogue. See pages 43-44

- **Carbon emissions, material use and waste**

Reducing the amount of carbon we emit through energy consumption and travel as well as reducing the amount of materials we use and waste at our offices which consists of stationary products and general household waste. Flow Traders does this e.g. by sourcing sustainably, video conferencing, buying green energy, limiting the amount of food wasted during lunches and separating waste. See pages 44-45

Summary ESG approach

OBJECTIVES	HOW WE AIM TO CONTRIBUTE	GOVERNANCE	TRACKING PERFORMANCE
Flow Traders ESG ambition is to ensure to smooth functioning of markets which will assist in financing the transition towards a sustainable society	Flow Traders has a critical and important role to play in the global financial ecosystem and ensures that financial markets function in an orderly manner	Strategy and agenda set by the Executive Committee with regular monitoring by the Board	<ul style="list-style-type: none"> ▪ Expand trading footprint through connecting additional counterparties, venues and countries ▪ Uninterrupted provision of liquidity ▪ Promoting the trading of ESG products

ESG FOCUS AREAS

Business integrity	Acting with honesty and integrity	<ul style="list-style-type: none"> ▪ Robust Compliance and Risk Management processes ▪ Code of Conduct ▪ Continuous training 	<ul style="list-style-type: none"> ▪ Number of regulatory breaches ▪ Number of bribery and corruption incidents ▪ Number of risk management incidents
Liquidity in financial markets	Providing liquidity to global financial markets to promote fair, transparent and stable markets	<ul style="list-style-type: none"> ▪ Regular monitoring by Chief Trading Officer and the Heads of Trading as well as the Executive Committee ▪ Continuous investments in trading infrastructure 	<ul style="list-style-type: none"> ▪ Value Traded ▪ Number of counterparties ▪ Number of venues ▪ Number of listings traded
Good corporate governance	Pursuing the highest standards of good corporate governance	<ul style="list-style-type: none"> ▪ One-tier Board structure ▪ Broader organizational structure ▪ Internal rules and regulations, including our Articles of Association, Board By-Laws, the Terms of Reference of our Board committees and our Code of Conduct ▪ Overseen by Board and Company Secretary 	<ul style="list-style-type: none"> ▪ Number of Board and Committee meetings ▪ Full and transparent reporting
Diversity and inclusion	Pursuing a diverse and inclusive business	<ul style="list-style-type: none"> ▪ Regular monitoring by HR, Executive Committee and Board. Reference made to Equal Opportunity Policy 	<ul style="list-style-type: none"> ▪ Number of nationalities ▪ Gender representation

OBJECTIVES	HOW WE AIM TO CONTRIBUTE	GOVERNANCE	TRACKING PERFORMANCE
Flow Traders ESG ambition is to ensure to smooth functioning of markets which will assist in financing the transition towards a sustainable society	Flow Traders has a critical and important role to play in the global financial ecosystem and ensures that financial markets function in an orderly manner	Strategy and agenda set by the Executive Committee with regular monitoring by the Board	<ul style="list-style-type: none"> Expand trading footprint through connecting additional counterparties, venues and countries Uninterrupted provision of liquidity Promoting the trading of ESG products

ESG FOCUS AREAS

Sustainable employment	Creating a context that contributes to sustainable employment	<ul style="list-style-type: none"> Agenda set by the Executive Committee and implemented by senior management across the company 	<ul style="list-style-type: none"> Absenteeism rate Training hours Employee share ownership
Fair taxation	Pursuing the principle that tax should follow the business	<ul style="list-style-type: none"> Monitored by Global Head of Tax to ensure best practice and adherence to relevant tax laws. Additional oversight from the Executive Committee and the Board 	<ul style="list-style-type: none"> Taxes paid by category Overall tax disclosure
Societal commitments and charities	Supporting charitable initiatives	<ul style="list-style-type: none"> Employee led with Executive Committee oversight 	<ul style="list-style-type: none"> Total charitable contributions Employee participation in the Flow Traders Foundation
Stakeholder engagement	Engaging with stakeholders that may be affected by our business	<ul style="list-style-type: none"> Agenda set by the Executive Committee and monitored by the Board 	<ul style="list-style-type: none"> Number of meetings with investors Engagement with issuers, exchanges, counterparties Participation in leading industry events Membership of industry associations
Carbon emissions, material use and waste	Reducing the amount of carbon we emit and the amount of waste we generate	<ul style="list-style-type: none"> Agenda set by the Executive Committee and monitored by the Board 	<ul style="list-style-type: none"> CO2 footprint Remaining carbon neutral

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

SDG 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
SDG 5	Achieve gender equality and empower all women and girls
SDG 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Shared value

Flow Traders was founded more than 15 years ago, and in that time we have developed an innovative and entrepreneurial spirit that enables us to grow and explore new markets. We recognize that with this growth come responsibilities that go beyond our core business, and that our activities influence the society in which we live and operate.

At the same time, society has a very real impact on our business and operations. Both the Executive Committee and the Board pay close attention to a wide variety of developments and trends that could pose either a risk or an opportunity and in 2022 the COVID-19 pandemic was still relevant as such an event. Another is the opportunity that comes with the shift to digitalization, which is helping make financial products and services more widely available to investors across society.

For us Environmental, Social, and Governance (ESG) is about creating shared value. To better help manage our impact and our need to create shared value, we have divided our ESG focus across nine main focus areas. We have also connected these 9 ESG focus areas with three corresponding United Nations Sustainable Development Goals (SDGs) that we believe are particularly relevant for Flow Traders.

Below we outline our priorities within each of these ESG focus areas, and explain our extended efforts to positively impact the world around us. At the end of this chapter we provide more information on our SDGs.

Flow Traders ESG mission and ambition

The world is facing significant challenges in ensuring a sustainable future for our people and our planet. Many national and international initiatives are

addressing these challenges. Every organization will have to play its own role in the transition to a sustainable society, depending on its impact and its opportunities.

The finance sector can be an important contributor to the global sustainability agenda and can promote sustainable finance, by incorporating environmental, social and governance (ESG) factors into investment decision-making, and by supporting the allocation of capital to sustainable initiatives.

Flow Traders has a critical and important role to play in the global financial ecosystem and ensures that financial markets function in an orderly manner. We serve the real economy by allowing investors, including pension funds and retail investors, to manage their risks by being able to trade at all times. Moreover, market makers such as ourselves, have made it much cheaper and more efficient to trade than in previous decades, which benefits everyone. In this key role Flow Traders has a responsibility to contribute to the financial stability and the sustainable agenda in the countries in which we operate (see Flow Traders' value creation model). As a key market participant, at the core of the financial ecosystem, Flow Traders will support the acceleration of the transition towards sustainable growth and finance, notably by providing liquidity in the ever growing suite of ESG ETFs.

Flow Traders ESG ambition is to ensure to smooth functioning of markets which will assist in financing the transition towards a sustainable society by:

- Investing in our trading capabilities to ensure that sustainable investment products can be traded easily and efficiently;
- Promoting the drive for fair and transparent markets, in continuous collaboration with the financial and investment community;

- Operating with high ethical standards at all times and compliance with laws and regulations and respecting human rights;
- Promoting sustainable tangible practices within our company and towards our communities, by respecting and developing our people and by supporting our ecosystem.

EU Taxonomy

The EU Taxonomy is a classification system, which will be used to determine, and report on, which activities are sustainable, through the creation of activity specific sustainability criteria. As financial and non-financial actors must report on their performance in reference to the same criteria, the Taxonomy will create a common language for companies, investors and society alike. Corporate activities (known as economic activities under the Taxonomy regulation), will need to be aligned with the following three elements to be considered sustainable or “green” under the Taxonomy Regulation: a) Substantially contribute to at least one of the six environmental objectives per the Technical Screening Criteria (TSC) defined in the Regulation; b) Do no significant harm to any of the remaining five environmental objectives; and c) Comply with the minimum social safeguards. The European Commission (EC) is defining TSC for the six environmental objectives at a sector and economic activity level. The TSC for Climate Change Adaptation (CCA) and Climate Change Mitigation (CCM) have already been defined in the EU Taxonomy Climate Delegated Act.

The EU Taxonomy Regulation was adopted by the European Parliament in June 2020 and is now binding throughout the EU. The EU Taxonomy currently applies to Flow Traders as Flow Traders falls under the scope of the Non Financial Reporting Directive (NFRD) and as an Investment Firm under IFR/IFD.

As part of the EU Taxonomy Regulation, the Group has prepared the mandatory overview of Total Assets broken down into EU Taxonomy KPI relevant asset classes.

Accordingly, we report a nil value for the Eligibility EU Taxonomy percentage for 2022. As a global liquidity provider, we have no direct access to the entities for which we hold ETP, equity, debt or other instruments on our balance sheet as at 31 December 2022. Moreover, 2022 annual accounts including Taxonomy information are not available. We have not provided disclosure regarding voluntary EU Eligible Taxonomy percentages as our balance sheet reflects a point-in-time position and our trading books reflect the extremely short holding periods in relation to the underlying assets. In our view, a voluntary eligible EU Taxonomy percentage will not provide readers of this report any insight to our contribution to Climate Change Mitigation and/or Climate Change Adaption.

Stakeholder expectations and materiality analysis

As a first step towards the creation of our ESG strategy, we performed in late 2020, a materiality analysis to identify the ESG related issues that should be our main areas of focus. Based on internal and external developments we determined a shortlist of relevant topics. To determine the priority of the relevant topics we first launched a stakeholder consultation process to identify the ESG related issues that various stakeholders believe should be our main areas of focus, through a survey. Flow Traders has had the feedback from a wide selection of stakeholders, including shareholders, counterparties and issuers and employees. These stakeholders were selected because Flow Traders directly influences their interests. These Flow Traders’ stakeholders recognize that we play a role in ESG from numerous standpoints: Flow Traders as a participant in the financial markets ecosystem, Flow Traders as a business providing services and as a corporate actor. In each of these roles, Flow Traders has different responsibilities. A consultation

was held with internal management to prioritize the issues with which Flow Traders can have the most economic, environmental and societal impact. The outcomes of the stakeholder and management prioritization is presented in the materiality matrix below which was validated by both the Management Board and Supervisory Board, helped us determine our ESG priorities. The x-axis represents the prioritization by internal management and the y-axis the prioritization by stakeholders. On the basis of the materiality matrix Flow Traders has identified 9 key issues, of which five are considered highly material.

31 December 2022					
(€ millions)	Total	Of which covered by the KPI (dealing on own account)	Climate change mitigation (CCM)	Climate change adaption (CCA)	TOTAL (CCM + CCA)
		Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)	Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)	Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)	
Total assets					
Of which: on own behalf (4)	10,957	5,852	— %	— %	— %

(1) The exposure to non-NFRD counterparties amounts to €5,105 million.

(2) The exposure to central government, central bank and supranational issuers amounts to €424 million.

(3) The exposure to derivatives amounts to €0 million.

(4) Invested under investment firms' activities dealing on own account (as per Section A of Annex I of Directive 2014/65/EU)

31 December 2021					
Total	Of which covered by the KPI (dealing on own account)	Climate change mitigation (CCM)	Climate change adaption (CCA)	TOTAL (CCM + CCA)	
		Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)	Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)	Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)	
	10,739	5,048	— %	— %	— %

(1) The exposure to non-NFRD counterparties amounts to €5,367 million.

(2) The exposure to central government, central bank and supranational issuers amounts to €315 million.

(3) The exposure to derivatives amounts to €9 million.

(4) Invested under investment firms' activities dealing on own account (as per Section A of Annex I of Directive 2014/65/EU)

Activities relating to ESG priorities

1. Business integrity

At Flow Traders, business integrity means conducting business within a framework of laws and regulations, to high ethical standards, and in accordance with our own policies and procedures. We also have a great respect for human rights in every jurisdiction where we operate. Moreover, Flow Traders operates in an industry where the risk of modern slavery and human trafficking is inherently low and in jurisdictions where labour standards are high.

Nonetheless, we have applied to become a signatory to the United Nations Global Compact. Flow Traders' complies with these fundamental rights, conventions and recommendations, notably social rights, freedom of association and equality, abolishment of forced and child labour. An example of our business integrity can be seen in the fact we have zero tolerance towards bribery and corruption and we actively ensure that no such behaviour occurs. No cases of bribery or corruption were reported in 2022. Continuous training of staff as well as robust risk and compliance controls contribute to the business integrity of Flow Traders.

2. Liquidity in financial markets

As a liquidity provider we are active on global financial markets and we contribute to transparency in the pricing process, enabling market participants to invest at fair prices and lower costs. We enable thousands of exchange-traded products (ETPs) and other financial products to be traded across the world's markets, by continuously quoting bid and ask prices. As an innovative segment of global financial markets, ETPs have introduced efficiencies and cut investment costs substantially for a wide range of investors, from pension funds to retail investors. Increased liquidity, higher execution quality, and lower overall trading costs are just some of the benefits that liquidity providers, such as Flow Traders, offer through these innovative financial products compared to more traditional investment products. We are seeking to bring the same benefits to other markets we operate in such as fixed income (corporate bonds) and digital assets. In 2022 we saw an increase in the amount of ESG ETFs and ETPs, including ESG products focused on clean/alternative energy investments. As a leading liquidity provider in ETPs globally, Flow Traders naturally trades ESG-related products with its counterparties.

Our role is to enable trading in widely diversified investment products to anyone at any time, allowing end-investors to invest with lower costs and thus produce potentially higher returns. As a result of the efforts of liquidity providers such as ourselves, over the years trading costs have dropped dramatically and access to transparent and inexpensive investment products for anyone has never been more open or efficient. This benefits institutional investors, individual investors and, ultimately, society at large by creating a more open and accessible financial market.

Materiality matrix (equal weight for each stakeholder group)



This role was never more important than during the exceptional and extraordinary market circumstances evident in late March and early April 2020 when Flow Traders was able to continuously provide liquidity and pricing to the ETP markets on a global basis. End-investors, issuers and counterparties have been reassured by our continuous presence when markets were under pressure which has enabled them to trade in all circumstances and when liquidity is most sought after.

We are not a bank, broker or investment manager and do not have our own Assets under Management (AuM). We also do not develop or make products, do not provide any services and do not have (consumer) clients. Our value chain comprises, among others, of our institutional counterparties, prime brokers and regulators.

3. Good corporate governance

As of 13 January 2023, Flow Traders operates a one-tier board governance structure, comprising executive and non-executive directors. The executive directors along with the Executive Committee which was established in September 2022 are responsible for the day-to-day management of the company, formulating strategies and policies, and setting and achieving our objectives. The non-executive directors on the Board supervises and advises the senior management team. The Board is accountable to the Annual General Meeting for the company's and its performance.

Our governance is reflected in our internal rules and regulations, including our Articles of Association, By-Laws, the Terms of Reference of our Board committees and our Code of Conduct. These, together with our policies, can be found on our website.

Flow Traders remains focused on long-term value creation, culture and risk management while balancing the interests of our many stakeholders, such as shareholders, senior management executives, counterparties, suppliers, investors, employees, regulators and the community. When making decisions, both boards carefully weighs the interest of all these stakeholders in relation to our company objectives and ESG priorities. ESG strategy and agenda is determined and set by the Executive Directors and Executive Committee with regular monitoring by the Board. Please refer to the chapter 'Governance' for further information.

4. Diversity and inclusion

Flow Traders is a multinational company with offices across the globe. This naturally creates an environment where people of diverse cultures and backgrounds collaborate and drive our organization forward, excel every day, and perform at the highest level possible. We believe that a diverse workforce, which has open communication channels and the freedom to collaborate and introduce best practices, helps create a richer variety of ideas and can better develop solutions to the challenges we face.

We have a long-standing policy of recruiting and retaining the best talent available and aim to provide an inclusive working environment regardless of the gender, ethnicity, faith or sexual orientation of our employees. We are committed to providing equal employment opportunities to all qualified job applicants.

Companies that are diverse in e.g., age, gender, race, sexual orientation, physical or mental ability, ethnicity, and perspective are proven to be more successful in attracting talent and are also proven to accomplish better performance and growth. A diverse workforce will stimulate greater innovation

and creativity, bring forward a larger range of skills, increase productivity through a broad range of background and experience, and provide more talent to choose from.

Flow Traders embraces this philosophy and sees the added value diversity brings to our business. Our current company demographics are also something to be proud of:

- Over 25% of the world's nationalities (of all inhabited continents) are represented in our 650+employee workforce over 8 offices globally
- Our people bring in experience over 50 academic study backgrounds, providing multiple angles, broad perspectives, and insights to solve challenges together and develop personally by learning from others
- We are a relatively young company with an overall average age of 34 years. However, we see a healthy mix of ages through all ranks with ~40% of our workforce in the age category of 30-40 years old. Average age between our three company divisions (Trading, Tech, and Business Support) is also balanced with a difference in average age of less than 5 years
- Gender diversity is on our mind at Flow Traders. Our Business Support division, comprising of ~180 employees, shows a balanced ratio of 51% female employees in line with the sector benchmark of 44%. The Tech and Trading divisions female representation is growing
- We employ people from 58 nationalities across our offices.

We strongly encourage women to apply for any function within the firm, particularly when they have a background in fields that traditionally have a higher proportion of male employees. This is

supported by our new Diversity, Equity and Inclusion policy which was adopted and approved by the Supervisory Board on 21 September 2022.

We are committed to being a truly equal opportunity employer, by recruiting, retaining and promoting people based on merit, and merit alone. This also holds for our Board and accordingly, Flow Traders met the Dutch legislative requirement that at least one-third of its Supervisory Board consists of women and one-third consists of men in 2022. For any further future board appointments, due regard will of course be made towards our Diversity, Equity and Inclusion policy (September 2022).

To ensure we keep evolving, enforcing, and nurturing our company culture we want to increase our Diversity, Equity and Inclusion mark. For the coming years we have indicated several targets across the three themes. Some of these targets are mandatory and need to be made public (in e.g. the Annual Report) or reported to external organizations (e.g. the SER; "Sociaal Economische Raad"). Other targets are voluntary targets that we feel strongly about.

Below is Flow Traders' DE&I strategy for the coming years up to 2025. Mandatory KPIs/targets have been marked to clarify the difference between chosen metrics/targets and metrics/targets that are non-negotiable.

Diversity

In general, we aim to incorporate diversity aspects such as nationality, age, gender, educational background or professional background into decision making concerning the composition of our workforce. To the extent possible, this also applies to the composition of our Management Board,

Supervisory Board and Executive Committee, as well as the corporate bodies of Flow Traders B.V.

Regardless of rules and regulations, we see diversity as a means to guarantee a safe and inclusive environment for our employees. Nonetheless, since the introduction of "de wet ingroeiquotum en streefcijfers" as per 1 January 2022 it has become increasingly important to track explicit metrics and have clear targets to work towards. This piece of legislation obliges corporates to disclose a number of diversity metrics. We therefore aim for the following goals and targets:

- Strive to have more than 20% of world's nationalities working at Flow Traders (currently 25%)
- Strive to have women in Technology at par with the market (benchmark 17%)
- Strive to have at least 1/3 female and 1/3 male non-executive directors
- Strive to have at least one female and one male executive director
- Flow Traders top-50 (which includes the members of the Executive Committee) reflects the total workforce gender distribution

Equity and Inclusion

Equity and Inclusion are paramount in maintaining and thriving our entrepreneurial culture and mindset. Next to current focus we are always looking to expand and improve. In the coming years we will therefore keep on evolving and implementing initiatives to keep Equity and inclusion top of mind. Below a subset of what's on the roadmap

- Increase our range of (online) training even further on communication and unconscious bias

- Include a D&I module in our Leadership training to train our managers on inclusive leadership
- Start with "high performing team training" and offer team activities around DE&I to ensure more inclusive collaboration and train employees in understanding how inclusion will improve performance / high performing teams
- Become even more vocal internally and externally about our (D)E&I initiatives, partnering with other companies in the sector on big DE&I topics
- Create even more external awareness about Flow Traders, our mission, our people, and our culture through external events.
- Keep reviewing policies and procedures on a yearly basis and update/create where applicable or required by law

We also believe in open communication and encourage collaboration across the company. Everyone within the company has unrestricted, direct access to senior management and are regularly informed and consulted about key developments. People are encouraged to speak their minds to help make Flow Traders a better place to work. Information travels freely and is not restricted unless we need to protect overriding interests, such as those concerning regulations, commercial sensitivities or to protect our intellectual property.

5. Sustainable employment

Since the day we were founded, our goal has been to foster a culture that encourages innovation, entrepreneurialism and risk-awareness, while focusing on drive, teamwork and ownership. By developing talent in-house and maintaining a committed and substantial employee shareholder base, we have strengthened internal bonds and helped create a loyal, forward-looking team. We are

proud that we create and maintain high-quality jobs, which result in a stable and trusting working environment that benefits our people, our business, and society. This is reflected in a low absenteeism rate of 1.36% globally in 2022 (2021: 1.51%).

Our offices are all growing, and we look to hire as many qualified applicants as we can find. However, our selection standards remain high – our candidates need to go through a number of tests and interviews, with less than 1 percent of applicants for trading positions ultimately receiving a job offer. To find people with the unique skill sets needed for a global liquidity provider we recruit across the globe, advertising and searching across multiple platforms. We also visit campuses in India, Hong Kong, Australia, Singapore, the US, and across Europe, meeting talents in career fairs and workshops. This year, due to the easing of pandemic-related restrictions, we have resumed in person campus recruiting events. We still recruit for all disciplines and look for the best calibre available, regardless of their gender, age, ethnicity, faith or sexual orientation. To take an unbiased decision, in our recruitment process for certain events, certain data, including names and gender, is blacked out.

Graduate traders are typically recruited straight from university. Although our traders have a varied educational background, they share a strong numerical aptitude, which is why a numerical test is an important part of the selection procedure. To experience the world of trading first hand, we invite a select group of students to our Business Courses in our Amsterdam and New York offices. The two-day event is packed with interesting and challenging trading exercises and simulations and includes quantitative and technical cases to mirror the evolving nature of the role. In a similar fashion, we host the Flow Traders Arbitrage Challenge case competition in Singapore and Hong Kong. We also

host numerous informal events such as the annual poker tournaments in Amsterdam, Australia and New York, chess tournaments in Amsterdam, and trading competitions in select universities in Canada, the US, Australia, Hong Kong and Singapore.

As a technology enabled firm, we facilitate opportunities for young talent in technology. In 2022 we continued to invest in the Graduate Software Development program, which will enhance the experience of new graduates joining the company in 2022. The program was designed for ambitious, skilled and creative graduates who like to be challenged every day and who strive to make visible contributions to the further growth of our business. Successful applicants join the company's development teams for one year to work on a variety of projects. One of the goals is to improve the proprietary technology platform that enables Flow Traders to trade on exchanges worldwide. The projects cover multiple areas of our technology landscape. After completing their project, participants present their results to a jury, led by senior members of the Technology department. Throughout the program, graduates receive continuous support from dedicated mentors, not only in the field of technology, but also in the area of personal development.

Graduate Software Developers are typically recruited straight from university, having Computer Science or Engineering-related educational backgrounds. All graduates share a strong interest in either C++ or Java, which is why a coding test is an important part of the selection procedure. To experience development at Flow Traders first hand, we invite an exclusive group of students to our technology event CODE@FLOW in our Amsterdam office. The two-day challenge gives participants an opportunity to engage in high-tech discussions and technical cases

with our specialists in software development and trading, followed by a competitive hackathon.

In 2022 we continued hosting, participating in, and sponsoring a variety of events, ranging from in-house days to a special event for women who are curious about a career in the trading industry to various meet ups. With the opening of our London office in 2018, we have structurally increased our presence at the relevant universities in the UK and held multiple recruitment campaigns.

All our offices are designed to provide a pleasant and ergonomically sound place to work. They are flooded with light, have attractive, well laid out interiors and ergonomically-optimized furniture. In addition, to give our people the opportunity to perform at their best, we offer healthy breakfast and lunch options, have our own bar in Amsterdam, Hong Kong, New York and Singapore, and organize great company trips and parties. In Amsterdam, we also have our own in-house gym facilities and an in-house barber in New York. We not only use our newly-designed bars for after work gatherings, but also for recruiting events and quarterly staff updates. We believe these benefits are important to maintain a healthy and happy workforce and to stimulate bonding and connections beyond employees' direct circle of colleagues, helping to encourage teamwork across the whole company. Following the easing of COVID-19 restrictions across the countries we operate in, we have formally instituted a hybrid working policy whereby certain function have the option of working from home for 2 days a week. To facilitate this we have continued to invest in people's home office environments by granting a budget for buying equipment.

We are a fast growing company, which creates good jobs across a variety of departments. In 2022 we welcomed 206 new hires (2021: 165), resulting in a 8% percent increase in the number of FTEs year-on-year. Our new colleagues join us from all parts of the world. To make sure they feel at home quickly we offer full relocation support for everyone moving to our offices from abroad.

We help with finding a home, applying for a visa and getting to know the local culture. We also offer our international employees based in Amsterdam the opportunity to attend Dutch language classes. In 2022, 62 employees took advantage of this offer and attended a Dutch language class. At the start of this year, we once again had to onboard a large part of our new hires online, as we were limiting presence in the offices by having the majority of our staff working from home for a prolonged period of time due to the COVID-19 pandemic.



FTE PER BUSINESS UNIT/NATIONALITIES ON 31 DECEMBER 2022

	Dutch	American	Indian	British	Russian	Romanian	Chinese	Italian	French	German	Other	Total
Trading	71	32	5	17	1	1	8	8	5	4	55	207
Technology	42	22	35	9	24	21	6	6	3	5	89	262
Risk	5	5	1	3	—	—	1	—	2	1	7	25
Operations	12	2	3	1	—	—	2	1	—	1	8	30
Management Team	5	—	—	—	—	—	—	—	—	1	1	7
Supervisory Board	4	—	—	—	—	—	—	—	1	—	1	6
Legal	3	—	—	—	—	—	—	—	—	—	2	5
HR & Facilities	25	13	2	3	—	3	1	—	—	—	12	58
Finance & Tax	9	3	—	1	—	—	—	—	—	—	4	17
Compliance	5	6	1	4	1	—	—	2	2	—	7	28
Business Development	4	2	—	—	—	—	1	—	—	—	5	12
Audit	3	—	—	—	—	—	—	—	—	—	—	3
TOTAL	187	85	47	38	26	25	19	17	13	12	191	660

FTEs AS OF 31 DECEMBER 2022

	Amsterdam	Cluj	Paris	London	Milan	New York	Singapore	Hong Kong	Shanghai	Total
Female	77	5	0	3	0	25	5	13	1	128
Male	357	9	1	4	1	94	9	57	0	531
Total	433	14	1	7	1	119	14	70	1	660



Culture

Informal 'work hard-play hard' culture

- Casual dress code
- Highly skilled innovative people
- Drive, teamwork, ownership, transparency
- Aiming to be the best
- Playing to win
- Enjoying life, organizing great events



Office

Stimulating collaboration and collegiality

- Open office spaces
- In-house bar
- Annual company trips



Lifestyle

Enabling a healthy lifestyle

- Free healthy breakfast, lunch and dinner
- In-house gym
- Sports programs and events
- Personal trainers
- Chair massage
- Free drinks and snacks
- Quarterly health checks
- In-house barber

We invest in our people. For example, we provide them with a range of excellent training programs, benefiting them and the company.

Our new hires in trading and technology start with an intensive introduction program, bringing them up to speed with our way of working and training them in the specific skills they need to do their job well. All junior traders – including those hired for our Asian and the US offices – begin their global training program at our offices in Amsterdam.

And all new employees receive an introduction to Flow Traders through the Flow Academy, including online and on-site training that provides programs in a wide variety of subjects, including culture, technology, regulatory developments, trading for non-traders, and the Whistleblower Policy, including anti-corruption. Through Flow Academy we offer everyone varied training opportunities, aimed at improving function-specific skills or for their own personal development. In 2022, we expanded soft skill training opportunities and created mid-level and advanced-level trading classes for our non-trading staff. In addition we created a second technology onboarding to provide a deep dive into our technology landscape.

In total, employees undertook 10,733 training hours during the course of 2022 which comprised of onboarding, leadership training, mandatory training, e-learning and coaching programs.

Many of our managers are 'home-grown', having developed into their positions after a number of years working with the company. They set an example and act as an inspiration for new hires, illustrating the career paths open to them. And to complement self-growth, we also like to give our employees the chance to transfer between our offices and experience life and work elsewhere.



We believe in sharing our profits with all relevant stakeholders, including our employees. Given good performance, employees from any role and office are entitled to receive variable compensation relative to their contribution to the firm as a whole. We are transparent about how we pay our people and how much we pay them, including management. We have a Remuneration Policy that permits variable pay only when a profit is made. We are constantly looking for ways to improve our remuneration principles. And because variable remuneration is, to a large extent, deferred, it remains at risk of forfeiture if we sustain a loss. We believe this is the strongest incentive for sustainable, risk-aware behaviour for all our staff. In addition, we promote employee shareholding through rewarding a significant part of variable remuneration in shares. This aligns the interests of the company and its shareholders with those of our employees by creating 'skin in the game'.

Shares held by employees and Board members

We have a long-standing philosophy of encouraging management and employee share ownership, thus aligning the company's long-term success to their personal financial circumstances. Since IPO, we have utilized a number of share schemes. Around the time of the IPO, our CEO at the time and a significant number of current and former employees invested in Flow Traders. Subsequently, the Flow Traders Cash Incentive Plan (FCIP) and Flow Traders Loyalty Incentive Plan (FLIP) were introduced. The FCIP was replaced in 2020 by a new share plan which provides the award up to 50% of variable remuneration in shares (or share-like instruments).

On 31 December 2022, 457 employees out of 660 (31 December 2021, 407 out of 613) employees are active participants of various employee share plans.

SHARES HELD BY EXECUTIVE DIRECTORS OF THE BOARD

		% of outstanding total shares
<small>(31 December 2022)</small>		
Dennis Dijkstra	1,075,000	2.31
Folkert Joling	424,817	0.91
Mike Kuehnel	25,000	0.05
Total	1,524,817	3.28

The co-founders of Flow Traders, Roger Hodenius and Jan van Kuijk, are currently non-executive directors. The table below provides an overview of the shares indirectly held by them on 31 December 2022 as also reflected in the relevant AFM register.

SHARES INDIRECTLY HELD BY NON-EXECUTIVE DIRECTORS OF THE BOARD

		% of outstanding total shares
<small>(31 December 2022)</small>		
R. Hodenius (Avalon Holding B.V.)	4,686,825	10.07
J.T.A.G. van Kuijk (Javak Investments B.V.)	5,686,826	12.22
Total	10,373,651	22.29

6. Fair taxation

We are committed to being good corporate citizens, bringing positive value to the communities we operate in. We pay taxes where they are due and subscribe to fair taxation in terms of corporate income tax. We note that taxes are not limited to corporate income tax but also include VAT, wages tax, social securities, dividend withholding tax, stamp duties and other transaction taxes. In 2022 we incurred total corporate income taxes of €35

million (2021: €30 million) which was 22% (2021: 21%) of our taxable income. We believe it is vital to operate a fair, transparent and straightforward tax policy, which is required when running a sustainable business and delivering long-term value to all our stakeholders.

Flow Traders is prudent and transparent in respect of its financial reporting and its relations with tax authorities globally. With regard to financial reporting, conservative accounting principles are being applied and one-offs must occur infrequently and be clearly documented. In the current rapid changing tax landscape and the associated various (new) tax reporting requirements, Flow Traders as a technology enabled liquidity provider strives to automate tax filing processes as much as possible. Flow Traders is a strong believer that by automating tax processes it improves the compliance quality and the insight of the company's tax position.

The dialogue we have with stakeholders includes discussions on our financial reporting and tax policy and, as with all stakeholder input, is considered during our decision-making process. However, so far we have not seen a desire among stakeholders for a change to our tax policy. We support transparency initiatives, such as country-by-country reporting and Base Erosion and Profit Shifting from the Organization for Economic Co-operation and Development (OECD), and frequently assess the impact of such initiatives. We also closely monitor the reporting thresholds under the country-by-country reporting rules, to ensure that we meet our reporting obligations when we fall under the scope of this rule. Where necessary or relevant, we take the appropriate actions to adopt these initiatives in our tax control framework. Further details on our tax policy can be found under Tax Principles on our website. The tax principles also serve as KPIs throughout our performance measurement. The tax

function within the company will therefore provide appropriate input as part of the approval process for business proposals to ensure a clear understanding of the tax consequences.

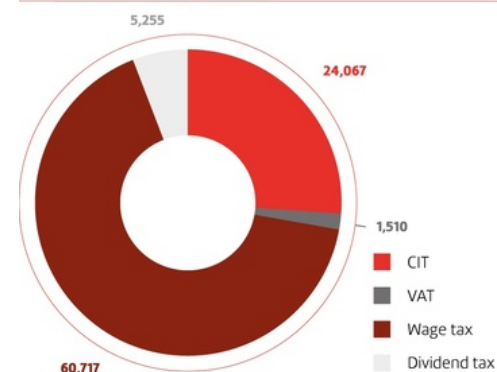
We have good standing relationships with the tax authorities in each region in which we operate. We proactively manage our relationship with the tax authorities with the aim of minimizing the risk of challenge, dispute or damage that could have an impact on our credibility. We concluded a horizontal supervision agreement with the Dutch Tax Authority (*horizontaal toezicht*) with a view to further strengthening our transparent and professional relationship with the tax authorities. Tax laws, rules and interpretations are continuously subject to a changing social view towards tax and we cannot be certain of continued benefit from certain tax regimes, such as the innovation box regime in the Netherlands. Given the complexity of the continuously changing tax legislation, and the fact that this may create uncertainty for Flow Traders, we obtain independent external tax advice through reputable tax firms or, when appropriate, approval is obtained from tax authorities on specific material or complex tax matters.

The key participants in the Tax Control Framework are well established and include the Supervisory Board, Management Board, Finance department, Tax department and external auditors. They are able to assess and weigh the risks associated with the tax decision process for our business and stakeholders. Under Flow Traders Tax Control Framework, significant tax positions, including the tax strategy, are always shared with and subject to the approval of the Management Board.

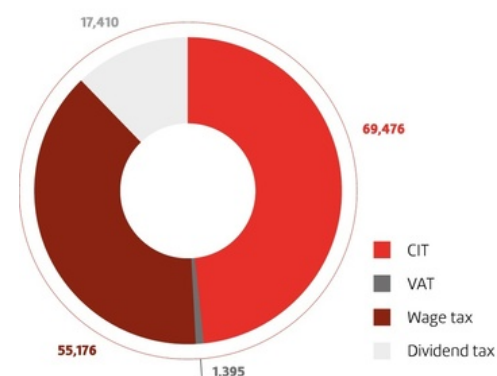
Flow Traders pays taxes where profits are earned in accordance with local tax legislation. We do not use tax haven jurisdictions for tax avoidance purposes

and carry out our business through entities in jurisdictions where we factually operate our business. With this simple tax philosophy in place, the company can operate its business in line with its belief that it is part of the corporate social responsibility duty to pay taxes where it operates. In addition to corporate income taxes, Flow Traders pays many other taxes, including but not limited to, payroll taxes and social security contributions on the wages of its employees, value added taxes and property taxes. All these taxes are a significant basis of funding governmental public services. It is our social responsibility to contribute through taxes in the regions we operate in. For more information on our tax position, please refer to note 14 of the financial statements

Total taxes due 2022 (€ 91.5 million)



Total taxes due 2021 (€ 143.5 million)



Note: Total taxes due shows the total amount of tax due as a result of the financial performance of the Group in the respective year.

7. Societal commitments and charities

At Flow Traders, we believe it is important to support initiatives that contribute to society in a positive way. We've done so for many years – through the firm and via our colleagues' personal efforts. We support several charities, not only financially but also by offering our knowledge, expertise and time. Our people have always been enthusiastic about supporting charitable initiatives, something which is also a core part of our company culture.

To continue giving to our communities in a more structured manner, we established the Flow Traders Foundation ('the Foundation') in 2020. Over the past few years, we have continued to support several global and local charities and projects. Each year we have also focused on an annual theme, past themes have been: COVID-19, Education and the theme for 2022 was helping the people of Ukraine.

The Board of the Foundation (Sjoerd Rietberg, former Co-CEO of Flow Traders) retained his role as Chairman, as did Jan van Kuijk (Treasurer) and Roger Hodenius (Secretary) with respect to their roles.

Flow Traders N.V. donated 175.000 Flow Traders shares to the Foundation in 2020. The two Flow Traders founders as well as members of the Management Board, employees and former employees have committed to provide further funding, adding up to a total contribution of €3.25 million which will be received over a period of five years and which will be partially used to acquire Flow Traders shares to ensure long-term cash flows for the Foundation. By the end of the year 2022 the Foundation owned 266,220 shares in the company.

These shares yielded almost €280,000 over the year, all in the form of dividends for the benefit of the Foundation. In addition, the Foundation has received €435,000 in cash from Flow Traders Ltd. in 2022 as part of a yearly variable contribution.

This funding allowed the Foundation to commence fulfilling its mission of fighting poverty through supporting charities. At the Foundation, there is a focus on tackling challenges faced by those in poverty, through supporting highly transparent and cost-effective causes that contribute to improving people's lives. The strategy of the Foundation is based on and embraces the United Nations Sustainable Development Goal 1 - No Poverty. Since the focus in 2022 has been on helping the Ukraine, donations were made to several projects which support people in Ukraine and the surrounding countries that were impacted by the war and projects which focused on helping displaced Ukrainian people who came to the Netherlands.

The contributions the Foundation makes to different charities and projects are divided into three different categories:

1. Ad-hoc contributions
2. One-year contributions, based on the annual theme (i.e. Ukraine in 2022)
3. Long-term contributions of at least three years to structurally support a cause

Based on these categories and the annual theme of 2022 we supported various charities and projects across the globe. Next to this we continued our support for our long-term projects from 2020 and 2021 such as Free a Girl, Flor Ayuda, Project Backboard, Neighbor Share and Stichting Petje Af.

The charities we supported based on the annual theme were: UNHCR, Netherlands for Ukraine Foundation (NL4UA), War Child (project Team Up), the Red Cross and several great initiatives nominated by our employees.

8. Stakeholder engagement

Flow Traders operates in one of the most regulated and competitive markets and is part of an innovative industry. In the era in which we find ourselves today, business, politics and society merge almost seamlessly together. New opportunities, challenges and regulatory change are always on the horizon as the industry continues to innovate and paradigms shift. We connect with several stakeholders and peers to collaboratively demonstrate the benefit for society originating from our innovative industry and other tech-oriented companies. In addition, to be able to take our corporate responsibility agenda to the next level, we engage with our stakeholders on a continuous basis to understand whether we have a mutual vision on business developments and essential reforms in our regulatory environment. We consistently monitor and analyse societal and regulatory trends and carry out materiality assessments to categorize topics that may affect our business operations and that could inform our strategy, targets and reporting.

Commitment

We commit to continuously providing liquidity to secure global financial markets which are essential for real economic growth and create value for all people. We always enter the public debate with full transparency, substantiate our long-term vision with data-driven arguments and identify viable improvements for the financial markets. Our contributions to the regulatory and legislative dialogue are typically made public and we are always willing to discuss our position and the interests we take into account.

One of the main issues we addressed in our long-term engagement with regulators marked the capital requirement regime for investment firms. Besides the onerous changes in capital requirements and thresholds, the IFR/IFD implementation also impacted other internal policies and our group governance in 2022, which were discussed with the national competent authorities. These encounters and pending issues demonstrate that the review process of IFR/IFD starting in 2023, will be detrimental in creating a viable and competitive European regulatory framework that supports innovation and enables imminent developments regarding digital assets and decentralized finance. Aligned with this issue we campaigned along with industry peers an alternative proposal on capital requirements related to digital assets.

Furthermore, 2022 was characterized by intensifying proactive work to position Flow Traders in the discussions regarding the MiFIR Review, the new EU Markets in Crypto Assets (MiCA) rules and Dutch corporate and financial markets legislation. The MiFIR review includes some important topics for proprietary trading firms like the consolidated tape and a review of payment for order flow (PFOF). We have reconfirmed our position to robust market transparency and strive for a near real time consolidate tape, specifically in the bond market without deferrals longer than printing the data of large volume trades at the end of the trading day. Because the political agreement on MiCA marks the beginning of regulating the digital asset ecosystem, Flow Traders will maintain its involvement in the next phase of the legislative process and the following implementation.

Collaboration

As part of our regulatory strategy and agenda, we collaborate with other market participants, governments, regulators, interest groups and trade

associations to align on key issues impacting the industry we operate in. Flow Traders also through all its activities continuously strives for fair, transparent and efficient financial markets. One of the key pillars of this strategy is to establish open dialogue with our stakeholders, responding to their views and concerns to be able to balance competing expectations. We are always keen to address pressing issues, demonstrates our positive impact to society and ultimately improve our business. As part of our collaborative strategy, we contribute to representative bodies like the EU Consolidated Tape Expert Group and the Foreign Exchange Contact Group at the ECB and advisory committees of exchanges. We are an active member of several trade associations and are participating specifically in the board of the Dutch Association of Proprietary Traders (APT) and the Executive Committee of the European Proprietary Traders Association (FIA-EPTA). In our trade associations we have representation on several committees regarding market structure, prudential regulation, digital assets and DeFi, sustainable finance and ESG, diversity and well-being. Flow Traders is also a member of Holland Fintech, the International Capital Markets Association (ICMA) and participates in several other professional networks.

Our Board and management engage with shareholders, prospective investors and other stakeholders throughout the year and had 381 engagement meetings in 2022 either one-on-one, in market intelligence meetings or at a (virtual) conference and high level seminars. Notably, the Supervisory Board also engaged with shareholders, proxy agencies and governance bodies regarding the remuneration policy for the Management Board, ESG and corporate governance developments and the update of our holding structure. In addition, our employees contribute to our engagement efforts, providing their knowledge and expertise to better

inform our stakeholders, improve regulation and safeguard fair markets. Together, as a team, we serve society by improving financial markets, supporting innovation and inspiring people.

9. Carbon emissions, material use and waste

Flow Traders considers its overall direct impact on the environment to be low. Due to the nature of our business, Flow Traders has a relatively light carbon footprint in relation to its direct activities. We promote public transport by having conveniently located offices and by not offering lease cars as well as where possible using video-conferencing to limit travel.

Nevertheless, conscious of the challenges linked to climate change, the need to reduce greenhouse gas emissions and to manage natural resources prudently and sparingly, Flow Traders has sought to integrate environmental issues into its activities and strategy. In this context, Flow Traders carried out an analysis for the first time of its carbon footprint in 2020 which serves as the baseline. In 2021 and 2022 we carried out the yearly carbon footprint analyses. In 2022 we applied improved measurement models as part of our approach for continuous improvement. The right data informs the decision making process. This was particularly relevant for the electricity consumption in our buildings using primary data (scope 2). Flow Traders will focus in the coming years on reducing its carbon footprint. Since 2020, Flow Traders has been a Carbon-Neutral company for our own operations, committing to zero emissions by offsetting our entire carbon footprint. By measuring, mitigating and offsetting our remaining carbon footprint, we aim to do our part in tackling global climate change, while supporting sustainable development in local communities.

Flow Traders reports its scope 1 & 2 emissions via the operational control approach. Scope 2 represents market-based emissions from electricity. For more information please refer to our Carbon footprint report, which can be requested from Investor Relations. Flow Traders' carbon footprint is equivalent to 4741 tons CO₂eq (2021: 1287 tons CO₂eq) that may be split as following:

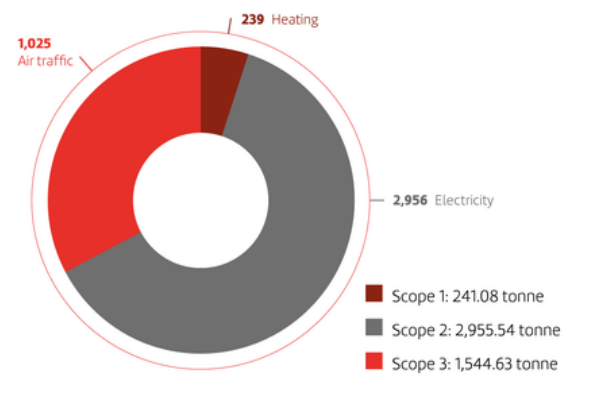
- scope 1 = 241 tons CO₂eq representing 5% of Flow Traders' global carbon footprint, which are direct emissions from buildings;
- scope 2 = 2,956 tons CO₂eq representing 62% of Flow Traders' global carbon footprint, which comprise electricity consumption from buildings;
- scope 3 = 1,545 tons CO₂eq representing 33% of Flow Traders' global carbon footprint, which currently calculated through business flights and the use of servers but exclude our strategic investments which have additional carbon footprints.

Flow Traders' primary GHG emissions arise from energy use in its offices and data centers, from staff travel, and indirectly from its supply chain (Scope 3). Flow Traders has a direct grasp only on Scope 1 and 2, which represent only 67% of the complete GHG emissions. For scope 3, we will need to initiate a dialogue with our entire value chain (upstream and downstream) to act on the bulk of these emissions.

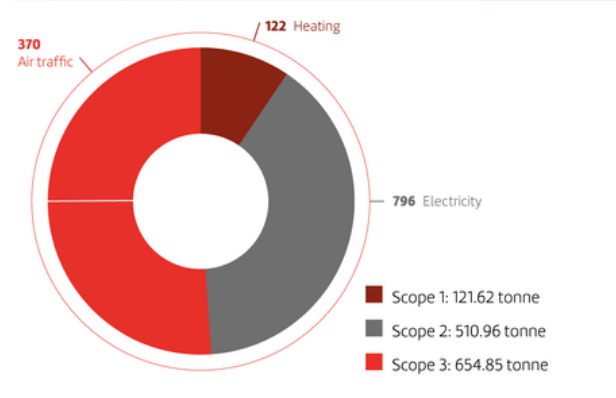
In addition, for several years, Flow Traders has taken care to reduce its consumption of paper and water in its offices and data centres as well as reduce its waste to minimize its ecological footprint. We have stopped using single-use water bottles and provided employees with reusable water bottles. This has limited the plastic waste within the company significantly. When refurbishing our offices, we sought to use more environmentally friendly solutions for lighting and water consumption. We also offer a full lunch to all our employees, healthy

and free of charge. We work to limit our food waste as much as possible by responsible purchasing of ingredients and making sure leftovers are consumed the next day.

CO₂ emissions per scope 2022 (4,741 tonne)



CO₂ emissions per scope 2021 (1,287 tonne)



Our culture and values

We have always believed that creating a strong and successful business requires a set of shared values that everyone can rally around. Values that help shape how everyone behaves, feels and develops at work. We live by our values every day - they are at the core of what we do:

- We make investing cheaper, fairer and more efficient for end-investors
- We support markets with liquidity provision under all circumstances
- We promote fair, transparent and orderly markets
- We promote competition on a level playing field
- We comply with all rules and regulations
- We subscribe to fair taxation and transparent reporting
- We are open, informal and diverse
- We want colleagues to take ownership, be entrepreneurial and be team players
- We reward responsibility, performance and initiatives that benefit the firm as a whole
- We always give back to society and the communities we live in

These values are a reflection of the things we believe in. And they shape our culture. We believe that how you perform is more important than what you wear. So our employees dress comfortably for work - jeans, t-shirts and sneakers are common. We believe that what someone says is more important than who says it. We believe that the contributions of our team-members are crucial to the success of the company. We believe that two people know more than one, and that people can have great ideas even in areas different to their core expertise. Which is why we welcome and encourage everyone to share their opinions. Anyone with a good idea, in their own area of expertise or another, is encouraged to share. This is part of the open,

informal and diverse culture that makes us who we truly are.

Nurturing our inclusive and equal culture

Maintaining, preserving and nurturing our culture is extremely important to everyone across the organization. This is done by:

- The Management Board - through the organization of firm-wide events and company outings as well as regular all-staff updates. In addition, a bi yearly engagement survey is offered to ensure open communication and enable employees to raise their voice
- Business departments - providing specific trainings or learning sessions towards our people through which we actively stimulate their personal and career development.
- Colleagues themselves - reinforcing the strength of our culture by organizing their own events, competitions, and charitable endeavours.
- Societal commitments and charities - Supporting multiple charities, also through our own Flow Traders Foundation, not only financially but also by offering access to our knowledge and experience.

To guarantee the safe and inclusive environment Flow Traders lays emphasis on several strong enablers to make all employees feel included and safe.

- A group of internal and external 'trusted persons' to discuss challenges and difficulties in private in case desirable.
- A proven zero-tolerance policy in case of unacceptable behaviour in any form whatsoever

and clear follow up procedures towards all stakeholders.

- Ability to always work in the office to connect and thrive together.
- Ability to work from home at dedicated moments per week to maintain the flexibility to perform in the best way possible if that means working from a remote location.
- A non-hierarchical working culture in which all employees can easily contact each other without any hierarchical boundaries (e.g., MB members and senior leadership always approachable, instilling ownership and accountability).
- A wide range of global and local company events in which all employees from all backgrounds can participate if they like to.
- A focus on healthy lifestyle for employees to participate in voluntarily (gym with personal programs, hairdresser, massages, healthy kitchen meals and nutrition advise, etc.).

Outstanding behaviour in 2022

There have been many individual examples of outstanding behaviour which has reinforced Flow Traders' strong culture. Examples worth highlighting include:

- Various colleagues continue to give up their valuable spare time to assist with the ongoing operation of the Flow Traders Foundation.
- Annual *Sinterklaas* toy donations in Amsterdam
- Climbing Kilimanjaro to raise money for charity
- Support for Project Backboard and NeighborShare by colleagues in our New York office



Sustainable Development Goals

The United Nations (UN) has identified 17 SDGs that are designed to help bring peace and prosperity for people and the planet as we work collectively towards the 2030 Agenda for Sustainable Development. In 2020 we performed a materiality analysis to identify our ESG priorities. Based on these ESG priorities we analyzed the SDGs on subtarget level, to identify the three SDGs we (can) have an impact on. In 2022 we will be developing our ESG strategy to steer towards more positive impact on these SDGs.



SDG 4
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Within SDG 4, there is one target that we are focused on:

- Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



SDG 5
Achieve gender equality and empower all women and girls

Within SDG 5, there are two targets that we are focused on:

- End all forms of discrimination against all women and girls everywhere.
- Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



SDG 8
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Within SDG 8, there are five targets that we are focused on:

- Achieve higher levels of economic productivity through diversification, technological upgrading and innovation.
- Promote decent job creation, entrepreneurship, creativity and innovations.
- Contribute to decent work for everyone, including young people and persons with disabilities, and equal pay for work of equal value.
- Promote a safe and secure working environment for everyone.
- Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

Outlook

Our aim is to continue to look for ways to strengthen our ESG focus and associated disclosure. With this in mind, we will seek to develop a full ESG and sustainability strategy. This will include alignment with relevant reporting standards as well as setting targets and associated KPIs. We will also develop and adopt specific policies, including human rights policy, environmental policy and supply chain policy. Given the EU Taxonomy is relatively new and contains some significant uncertainties around specific implementation, Flow Traders will continue to assess the eligibility and the extent of the Taxonomy alignment during the course of 2023. Accordingly, this may impact the way in which Flow Traders addresses EU Taxonomy reporting in 2023.

Going concern

Flow Traders, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the 2022 financial statements. In reaching these conclusions, the Group's financial position as at 31 December 2022 and the strong free cash flow of the Group, the Group's ability to access capital markets and the principal risks facing the Group are taken into consideration. A commentary on the Group's cash flows, financial position and liquidity for the year ended 31 December 2022 is set out in the section notes to the consolidated financial statements. The Group's capital position is strong and therefore the Management Board believes that Flow Traders is well prepared for the future.

Capital metrics

Own Funds
Requirements

€274
million

2021: €243 million

Own Funds Ratio

196%

2021: 199%

Excess Capital

€264
million

2021: €240 million

Capital management

The Board's policy is to maintain a strong capital base well above the required margins in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Executive Committee monitors the return on capital as well as the level of dividends to shareholders while complying with prime broker and regulatory capital requirements.

The available capital in the trading companies is monitored on a daily basis to ensure that requirements are met at all times and sufficient capital is available to support the Group's strategy.

Capital requirements

The Group needs to comply with capital requirements from its prime brokers, as well as regulatory capital requirements. Capital is being managed by the Group in order to maintain net liquidity (which represents the value of our trading positions, principally long and short positions in equity securities, plus cash and cash equivalents) in excess of our various capital requirements at all times, while simultaneously exceed the regulatory capital requirements.

Prime broker capital requirements

The prime brokers require the Group to maintain certain minimum capital levels. Prime brokers use various internal systems to calculate required capital amounts (e.g., the 'internal haircut model' and the 'margin based approach model', both intending to ensure sufficient levels of risk allowances) and have different limits structure, pre-funding possibilities and cut-off times for wiring capital.

The aggregate capital that the prime brokers require is significantly higher than their risk exposure. For example, we may clear two legs of one transaction through two different prime brokers. Even when the transaction is fully hedged (the risk is fully offset), each prime broker will still require capital for such position as if the risk is not being offset. The prime brokers cannot establish that the other prime broker has an offsetting position so they will charge a full capital requirement. This increases the capital they require us to maintain beyond what would be necessary. In addition, margin requirements of prime brokers are conservatively determined by the sophistication of their models and the regulatory requirements, which might not necessarily be efficient in respect of our business model and trading portfolios.

The following table sets out the capital required to be posted with our prime brokers and capital available (Net Liquidation value).

	At 31 December	
	2022	2021
Net liquidity at clearings/ prime brokers	642,367	605,642
Cash at bank	8,612	4,949
Net trading capital	650,979	610,591

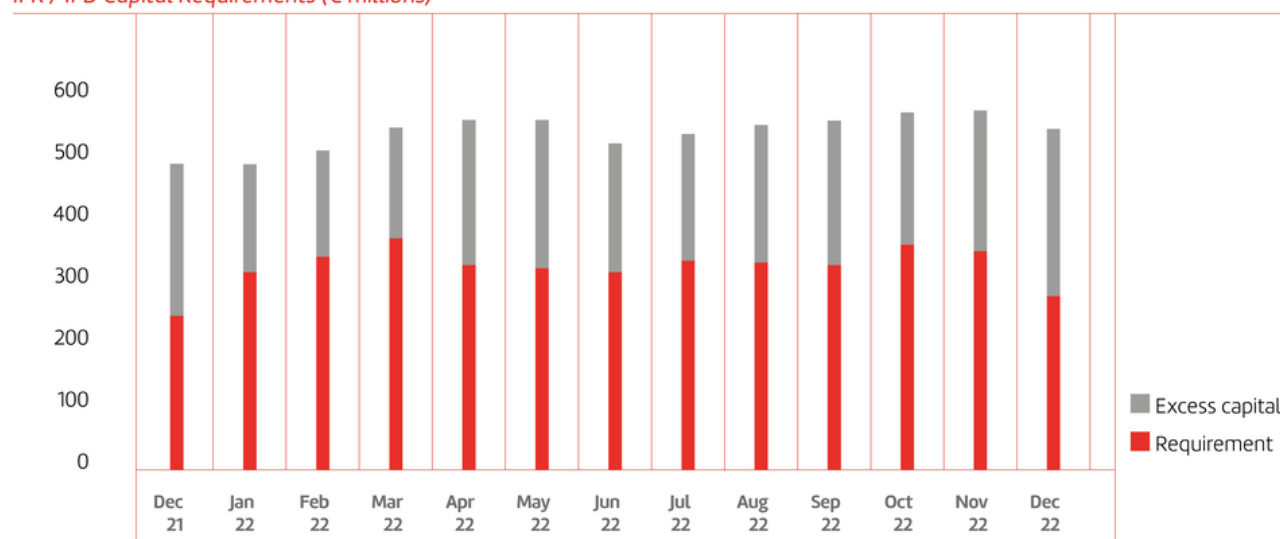
Regulatory capital requirements

In 2022, Flow Traders as a group and our subsidiary Flow Traders B.V. were subject to separate regulatory capital requirements in the Netherlands and our subsidiary Flow Traders U.S. LLC is subject to regulatory capital requirements in the United States. Flow Traders Asia Pte. Ltd. is exempt from regulatory capital requirements and Flow Traders Hong Kong Limited has a capital requirement in Hong Kong. Failure to comply with regulatory capital requirements could result in sanctions, including citations, fines, limits to our trading and revocation of a regulatory license.

From 31 March 2018 until 25 June 2021, the company met the regulatory requirements of the EU Capital Requirement Regulation (CRR), which prescribes capital and reporting requirements. These regulatory capital requirements are supervised by the Dutch Central Bank in respect of Flow Traders B.V. and the company. As of 26 June 2021, the EU's new Investment Firm Regulation and Directive (IFR/IFD) has applied to Flow Traders and is implemented and supervised by the Dutch Central Bank.

Following the completion of the update of our corporate holding structure on 13 January 2023, group consolidated capital requirements are no longer applicable. Accordingly, CET1 and the Own Funds Requirement will no longer exist at the group level. Our regulated subsidiaries will continue to hold regulatory capital as required by their respective individual regulators.

IFR / IFD Capital Requirements (€ millions)



Our Pillar III disclosures pursuant to IFR/IFD can be requested through our website www.flowtraders.com around the time the Financial Statements of our Dutch trading entity, Flow Traders B.V., have been approved and published, which is expected to be within the next few months.

Management and control

Our global capital position is managed on a daily and intra-day level by the Risk and Mid-Office department. The Risk and Mid-Office department checks our positions and capital posted at every prime broker for correctness and compares these numbers with the relevant prime broker or regulatory requirements. Separately, the Finance department prepares a rolling 12-month forecast for our capital positions, every month.

As part of our regulatory capital management cycle, the Risk and Mid-Office departments prepare a daily report that shows all the group's positions and capital versus the regulatory capital requirements. At the end of every quarter the company and Flow Traders B.V. report their capital requirements and corresponding coverage to the Dutch Central Bank.

A final part of the internal risk management and capital cycle is the annual Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP) for our largest trading entity, Flow Traders B.V.. The ICLAAP comprises a review of prevalent risks, the capital management processes, the risk management framework and an assessment of capital adequacy and liquidity and is reported to the Dutch Central Bank annually. The Dutch Central Bank assesses the capital adequacy for Flow Traders B.V. based on this report.

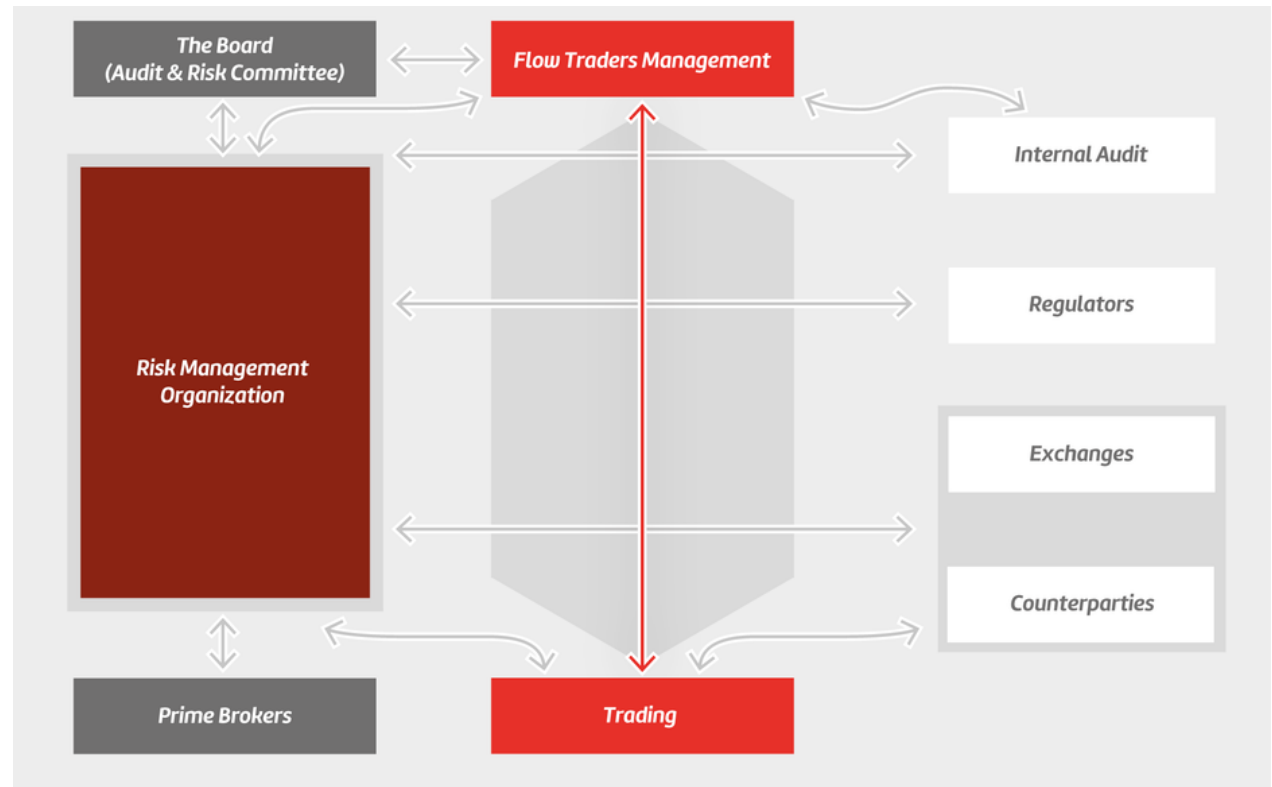


Our risk management

Flow Traders' Enterprise Risk Management Framework (ERMF) forms the foundation of our approach to managing risks. The ERMF is documented in Flow Traders' Enterprise Risk Management Policy and is reviewed annually by our Management Board.

Where possible, we identify, assess, monitor, quantify and document potential risks which are inherent to trading in an automated market-making firm. In the fast and dynamic environment of automated trading we designed our ERMF in such a way that it is robust, efficient and transparent. In the figure below, we present the stakeholders that have an interest and place value in how our framework operates.

Our ERMF helps us to ensure that we have adequate systems and controls including the management of our liquidity and capital. This is delivered through a consistent, continuous and careful method for addressing, managing and prioritising our key risks in the context of our Group's strategic objectives.



Enterprise Risk Management

We aim for a good balance between our business activities, return on capital and related risks taken. Flow Traders' Enterprise Risk Management (ERM) approach to ensure that our risk appetite and profile are integrated in our day-to-day operations and strategic decision-making. Every year, our Management Board derives its business targets after determining its strategic goals. Based on these targets and objectives, the Management Board formulates its risk appetite. The targets, objectives and risk appetite give direction to the various departments within the company and are used to derive our strategic risks.

We deliver on the risk activities set out in our annual Risk Management cycle to ensure that the residual risk profile is (and remains) in line with our set risk appetite. In order to achieve this, we perform risk control self-assessments (RCSAs) to assess current risks and identify risks that have newly arisen. Following the RCSAs, the Management Board decides on the appropriate risk response.

Risk categories

Our risk taxonomy is split into three broad risk categories - Strategic, Operational and Financial risk - each with their own specific sub-risks:

Risk	Description
BUSINESS AND STRATEGIC	
Strategic	Risk that may arise from the pursuit of Flow Traders's business plan, from strategic changes in the business environment, and/or from adverse strategic business decisions. Market activity risk is part of this risk as our NTI and profitability are primarily a function of the level of trading activity, or trading volumes, in the financial instruments in which we trade.
Concentration	Probability of loss arising from heavily lopsided exposure to a particular group of counterparties or products. Concentration risk also includes supplier dependency risks.
Project management	The risk of inaccurate project management leading to inadequate realization of project objectives.
COMPLIANCE AND ETHICAL	
External fraud	Acts intended to defraud, misappropriate assets, deceive or circumvent regulations or the law, attempted or perpetrated against the entity by a party without a direct relationship to the entity, without the involvement of an employee or affiliate of the entity.
Internal fraud	Acts intended to defraud, misappropriate assets, deceive or circumvent regulations, the law or company policies, attempted or perpetrated against the entity by an internal party, including instances where an employee or affiliate is acting in collusion with external parties.
Conduct	Failure to act in accordance with internal and external stakeholders' and society's best interests, fair market practices, and codes of conduct.
Financial crime	The risk of money laundering, sanctions violations, bribery and corruption, and Know Your Customer (KYC) failure.
Regulatory compliance	Failure to comply with any legal or regulatory obligations that are not captured through other risks.
Reputation	The reputation risk is the risk of loss resulting from negative exposure to stakeholders.
FINANCIAL	
Prudential	The risk the entity is not able to cover the cumulative net cash outflow or available capital (e.g. needed trading capital or regulatory capital) over a certain period.
Market	Market risk is the risk to an institution resulting from movements in market prices; in particular, changes in interest rates, foreign exchange rates, and equity and commodity prices.
Credit	Credit risk is the risk of a counterparty and/or issuing institution involved in trading in or issuing a financial instrument defaulting on an obligation. ESG risks are also having an increasing impact here.

OPERATIONAL

Business continuity	The risk of failure to provide and maintain appropriate business continuity management (BCM), including inadequate business continuity plans.
Trading execution	The risk of losses due to errors in the execution.
People	The risk that the entity is not able to develop, retain and attract the necessary skills and diverse capabilities in our workforce to realise strategic objectives.
Model	The risk of incorrect model design, improper implementation of a correct model, or inappropriate application of a correct model.
Legal	The risk that applicability, enforceability and interpretation of contracts, laws and regulations and uncertainty about the outcome of legal actions against or initiated by the entity.
Reporting	The risk of not being able to report adequately to stakeholders (e.g. annual financial report, regulatory reporting).
Taxation	The risk of unexpected tax charges, including interest and penalties including tax related events resulting in for example a damaged reputation with the tax authorities, investors, employees and the public at large.
Third-party	The risk of failing to manage third-party relationships and related risks appropriately.
Trade settlement	The risk of ineffective trading leading to financial performance variability and non-compliance with internal and external regulation.
Physical security	The risk of damage to the organisation's physical assets or harming of employees at the workplace.

TECHNOLOGY RISKS

Technology strategy	The risk that the IT strategy is not described, unclear or incomplete and thereby not sufficient contributes to IT and business objectives. This includes the risk of the strategy not being properly executed.
Technology system	Risk of loss of information caused by failure, loss of confidentiality, integrity and/or availability of information and/or systems.
Data management	The risk of failing to appropriately manage and maintain data, including all types of data, for example, client data, employee data, and the organisation's proprietary data.
Project delivery	The risk of inaccurate project management leading to inadequate realization of project objectives.

	Category Definition	Risk Appetite
Business and strategic risk	Risk that may arise from the pursuit of Flow Trader's business plan, from strategic changes in the business environment, and/or from adverse strategic business decisions.	Flow Traders is prepared to take risk in a responsible way which: (i) takes our stakeholders' interests into account and (ii) is consistent with our business objectives.
Compliance and ethics risk	Compliance risk would crystallise in Flow Traders's potential exposure to legal fines, financial penalties and substantial loss, resulting from its failure to act according to industry laws and regulations, internal policies or industry best practices. Ethical risk refers to dealing with the negative consequences of acting unethically.	Considering the advance notice regulated firms get from their regulators about new regulations, Flow Traders has a low risk appetite for this risk as it directly impacts our reputation. It is mitigated by our Compliance department, who tracks new regulations, and supports adherence on "Day 1" when they come into force. Furthermore, we hold ourselves responsible for acting with honesty, integrity and respect, that is a part our Code of Conduct; in addition to adhering to applicable laws and regulations in the jurisdictions that we operate.
Financial risk	Risk relating to positions in our Trading Book, including risks primarily related to Market Risk, Liquidity Risk and Credit Risk.	We manages our financial risk carefully by applying a strict set of criterion in our interactions with counterparties, issuers and other relevant financial institutions. In addition, we manage our financial positions through sound risk management principles as set out in our risk management policies.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.	Flow Traders is naturally exposed to operational risk, as a result of conducting its business operations. Any firm can not completely eliminate this risk as this would not allow a firm to achieve its business objectives. These risks have to be mitigated, accepted or deferred.
Technology risk	Risk to technology or data or applications that negatively impact Flow Traders' operations.	About 40% of our employees work in our Technology Department. Technology is the backbone of Flow Traders and lies in one of its main competitive advantages. As a result, our risk appetite is moderate due to the complexity and intricacies of the trading venues we trade at. As part of our active risk mitigation, Flow Traders spend significant effort to maintain our residual technology risk at a low level.

Risk Management Governance

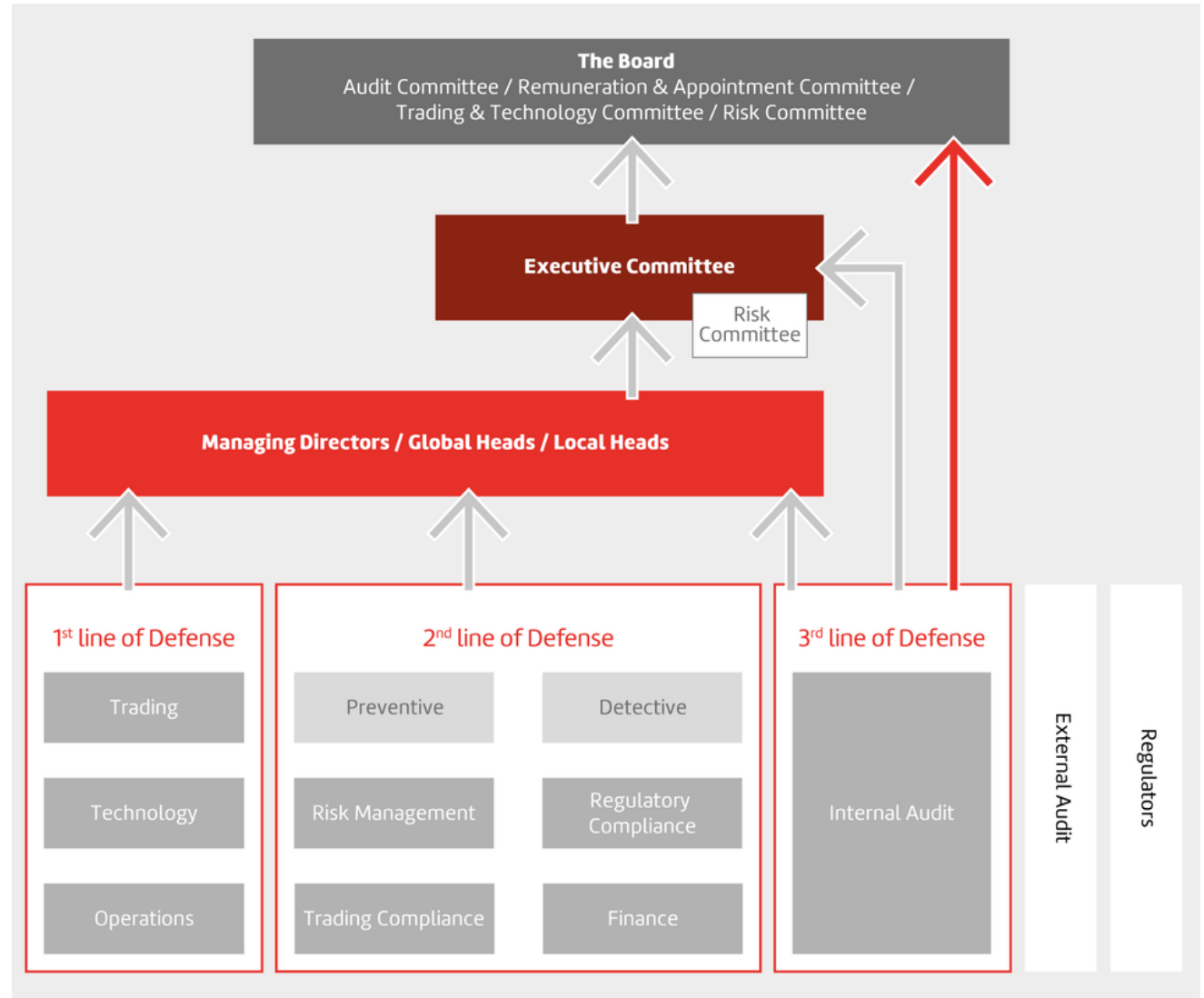
The effectiveness of risk management is linked to commitment and integrity. It is therefore crucial that the Management Board, the global and local department heads, and all employees are aware of the risks that the company faces and their responsibilities in managing it efficiently.

Our risk management is organised along three lines of defence.

The first line of defence is comprised of Trading, Technology and Operations. These departments are critical for managing the core processes within Flow Traders and are responsible for incorporating preventive and detective controls in the day-to-day trading and IT processes and for the continuous monitoring of Flow Traders' systems and trading controls.

The second line of defence is responsible for oversight and monitoring of risks, rules and requirements. Risk Management, Compliance and Finance manage risks through a combination of preventive and detective controls. Together they are responsible for the continuous risk management of Flow Traders.

The third line of defence is formed by Flow Traders' Internal Audit Function (IAF). They provide independent and objective assurance and advice on the adequacy and effectiveness of governance, risk management and control systems. It achieves this through the competent application of systematic and disciplined processes, expertise, and insight. It reports its findings to management and the governing body to promote and facilitate continuous improvement. The IAF carries out its audit work in accordance with the approved and implemented Group Internal Audit Charter.



Enterprise Risk Management roles and responsibilities

The role of the Risk Committee of the Board is to:

- Supervise the Executive Directors and Executive Committee with respect to:
- Identifying and analysing the risks associated with the strategy and activities of the company and its affiliated enterprise;
- Establishing the risk appetite, and putting in place the measures in order to counter the risks being taken;
- Designing, implementing and maintaining adequate internal risk management and control systems;
- Monitoring the operation of the internal risk management and control systems and carrying out a systematic assessment of their design and effectiveness at least once a year. Where necessary, improvements should be made to internal risk management and control systems;
- Accounting for the effectiveness of the design and the operation of the internal risk management and control systems together with the Audit Committee.
- Advise, and where applicable supervise, the Executive Directors and Executive Committee with respect to:
- the company's overall risk appetite, tolerance and strategy;
- the current risk exposures and future risk strategy;
- the intended appointment and/or removal of the Chief Risk Officer.
- Review, in relation to the company's internal risk management and control systems:
- the company's overall risk assessment processes that inform the Executive Committee's decision making, ensuring both qualitative and quantitative metrics are used;

- on an annual basis, the parameters used for these processes and the methodology adopted;
- the accurate and timely monitoring of certain risk types of high importance;
- the company's capability to identify and manage new risk types;
- reports on any material breaches of risk limits and the adequacy of proposed action.
- Monitor the manner in which the company's risk management function is provided with adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Risk Committee shall also keep under review that the function has the adequate independence and is free from management and other restrictions;
- Prepare reports, recommendations and deliberations on its findings regarding the company's internal risk management for purposes of the meetings of the Board or the Audit Committee;
- Review, and where applicable monitor, the Executive Committee's responsiveness to the reports, findings and recommendations of the Chief Risk Officer.

The role of the Audit Committee of the Board is to:

- Supervise the Executive Committee with respect to discussing the effectiveness of the design and operation of the internal risk management and control systems.

The Executive Directors and Executive Committee are responsible for:

- Setting company-wide objectives;
- Setting boundaries for risk taking by communicating our risk appetite;

- Successfully promoting, sponsoring and coordinating the development of a risk management culture throughout the company;
- Guiding the inclusion of risk management practices in all strategic and operational decision making;
- Maintaining and monitoring the effectiveness of the framework to manage, monitor and report risk;
- Identifying and evaluating the significant risks related to Flow Traders' strategy;
- Discussing current risk developments with the standing risk committee of the Executive Committee. The Executive Committee invites stakeholders within the firm to report on new and existing risk exposures;
- Reporting on the outcomes of the risk management activities to the Risk Committee of the Board.

Flow Traders' Managing Directors are responsible for:

- Setting local department targets and objectives in line with company-wide objectives together with the Global Heads;
- Supporting the company in the identification, handling, monitoring of risks related to its objectives;
- Identifying and evaluating the significant risks related to our objectives and operations;
- Managing the risk self-assessment cycle (non-trading Managing Directors);
- Monitoring of risks related to our objectives;
- Providing advice and follow-up on risk mitigating measures;
- Reporting on risks and risk management towards the Executive Committee.

Flow Traders' Global/Local Heads are responsible for:

- Setting global/local department targets and objectives in line with company-wide objectives;
- Performing annual risk self-assessments to identify assess and document existing and new risks and their impact on proposed plans;
- The adoption of risk management practices;
- Awareness and training on risk management;
- The results of risk management activities, relevant to their area of responsibility;
- Reporting on risks and risk management towards the Risk Department, the local Managing Directors and/or (Global) Head.

Flow Traders' Risk Department is responsible for:

- Monitoring, improving and developing the ERM;
- Triggering risk self-assessments for all departments;
- Gathering the necessary information and creating risk reports for internal stakeholders and the Executive Committee.

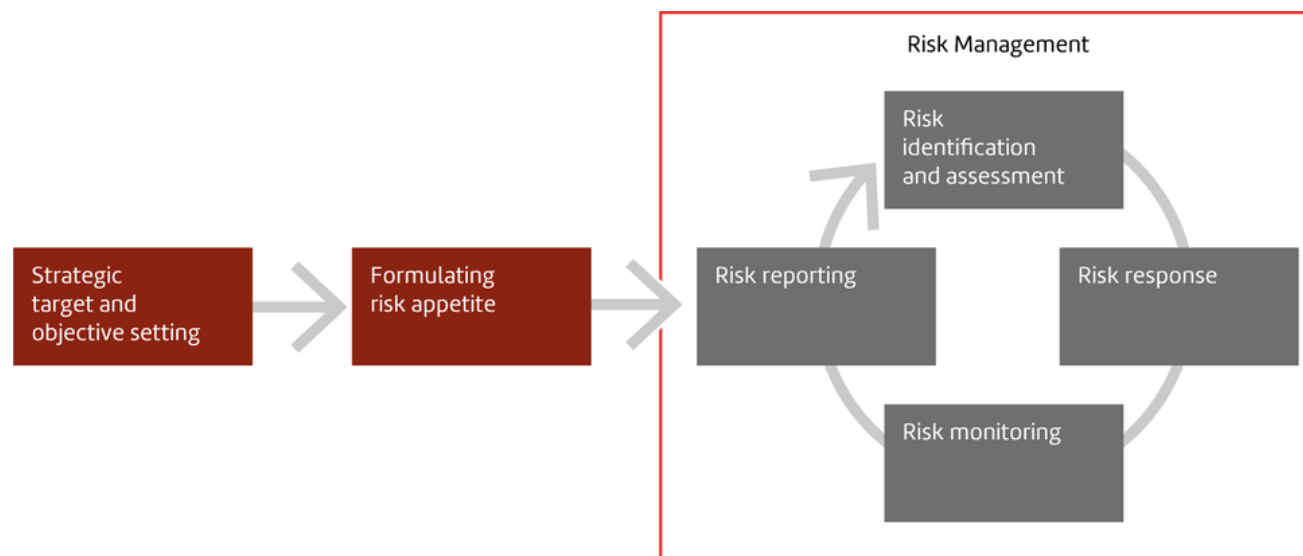
Flow Traders' Internal Audit Function is responsible for:

- Evaluating risk exposure relating to achievement of the organization's strategic objectives;
- Monitoring and evaluating the effectiveness of Flow Traders Group's risk management processes.

Flow Traders' employees are responsible for:

- Giving input to annual risk self-assessments to identify, assess and document existing and new risks and their impact on proposed plans;
- Identifying areas where risk management practices should be adopted and are to advise their supervisors accordingly.

The below figure shows the ERM cycle of Flow Traders:



The annual risk management cycle follows the below risk management framework:

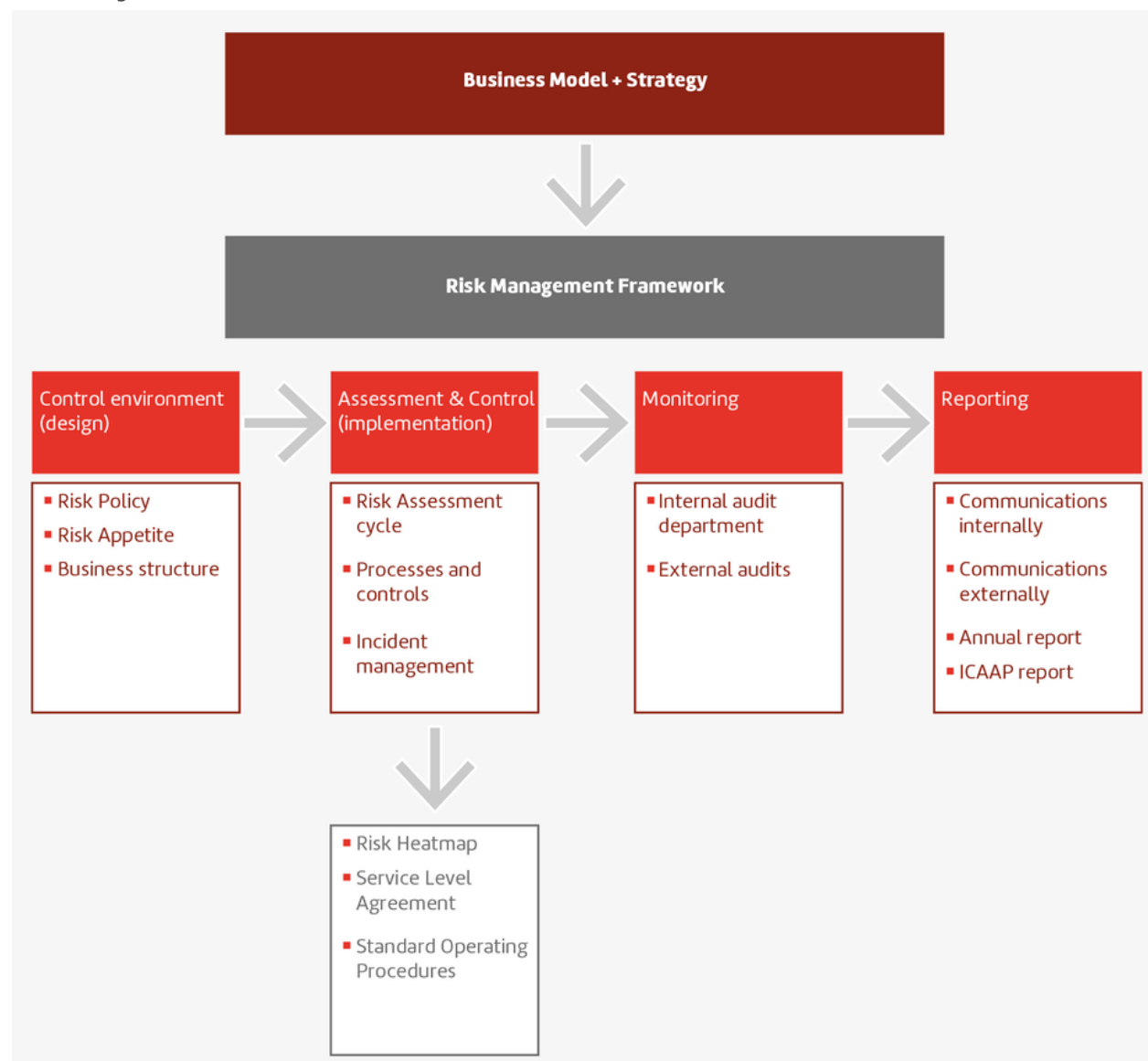


Figure 4.

Every year the Executive Committee sets its business targets following the strategic goals. The strategic goals are generally formulated in November/December. The Board approves the strategic goals and business targets.

Additionally, the Board is involved in the strategy setting exercise. Based on these long-term goals, short-term targets are determined. These targets are then translated into annual company-wide, departmental and individual goals and discussed in an annual meeting with the Executive Committee and all relevant Managing Directors.

Based on the targets and objectives, the Executive Committee formulates the risk appetite of the company. The targets, objectives and risk appetite give direction to the various departments within Flow Traders and are used to derive the company's strategic risks.

Flow Traders' Risk Management cycle is implemented to manage our residual risk profile to remain in line with our risk appetite. To help achieve this, we perform Risk Self Assessments to identify and assess current or emerging risks. Following the Risk Self Assessments, department heads in cooperation with the Executive Committee will decide on the appropriate risk response. The effects of the chosen risk responses will be monitored and the actual residual risk profile will be mapped versus the appetite annually.

Risk reporting

Flow Traders have a standing Risk Committee that continuously assesses the risks we face in our business, and is comprised our Global Head of Risk and certain members of the Executive Committee.

Aside from regular ongoing communication, there is a formal monthly meeting in which we discuss all risk assessments and risk proposals related to position limits, strategies, procedures, liquidity and capital requirements and other requests from prime brokers and due to market developments. Any material change to our risk profile, systems, strategies and limits must subsequently be approved by the Executive Committee.

In addition to this standing Risk Committee, we have a Risk Committee of the Board. All members of the Board are members of this Risk Committee. The Executive Committee informs the Risk Committee of the Board about the effectiveness of the internal risk management and control systems. This includes the reasonable assurance that the aforementioned systems do not contain any material inaccuracies.

The tasks of the Risk Committee of the Board includes supervision and monitoring, as well as advising the Executive Committee on the operation of the company's internal risk management and control systems. The Risk Committee is also responsible for providing advice to the Executive Committee on the company's development, performance, and sustainability of its trading strategies, as well as reviewing the risk of the company.

It also maintains regular contact with the company's Trading and Risk and Operations departments.

For more information on the responsibilities of our Risk Committee, please see the chapter "Our governance".

The monitoring of the company's internal risk management and control systems was previously identified as a priority. This is a joint responsibility of the Supervisory Board and its committees. Good progress has been made and the Board continue to oversee progress on this matter.

All risks relevant to each of the committees of the Board are monitored in the Risk Committee of the Board. This means that the relevant items set out in best practice provision 1.4.1 of the Corporate Governance Code have been discussed by the Board in 2022, as all members of the Board are members of the Risk Committee.

For more information, please refer to the chapter "Report of the Supervisory Board".

Key risks

Market risk

Market risk is the risk of loss resulting from unfavourable market movements in various drivers of a security's price that may result in a financial loss for its holder.

For illustration, the value of a financial instrument may fluctuate because of changes in factors such as equity prices, currency rates, future dividend expectations, interest rates and volatilities.

Our hedging strategies (typically implemented by a combination of underlying securities and vanilla derivatives) along with our continuous monitoring of our positions aim to minimise this risk.

Our trading philosophy is that we hedge our positions as perfectly as possible to minimise our market risk exposures.

Market activity risk (business risk)

Our NTI and profitability are primarily a function of the level of trading activity, or trading volumes, in the financial instruments in which we trade, and the bid-ask spreads (which largely determine the profit on the trade, or margins, we capture).

Trading volumes in securities, derivatives, currencies, commodities, digital assets and other financial instruments on exchanges and in other trading venues worldwide are directly affected by factors beyond our control, including economic and political conditions, broad trends in business and finance, regulatory requirements, actions by central banks, and changes in the markets in which such transactions occur.

To cope with periods of low market activity, we have diversified our trading into different products and across multiple markets. This is to safeguard that we are not overly dependent on market activity in one particular asset class or product type.

A key market and counterparty credit event that occurred in 2022 was that of the FTX platform's collapse due to the misbehaviour by their senior leaders and mismanagement of the firm. This resulted in a significant test of our digital asset trading ability and our new digital asset risk management approach. Due to the actions of our trading desk and risk management approach, we reduced our exposure significantly in short order. We suffered an immaterial impact from direct exposure to the FTX platform and this was then offset by gains in other parts of the digital assets space as volatility increased.

Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people, systems or external events. Operational risk management is an integral part of Flow Traders' risk and control systems. Our operational risk is dominated by technology-related events at our exchanges and clearing members. Therefore, the level of our investment in technology is important to mitigate those associated risks as well as having resilient and robust internal systems and controls.

We operate an integrated, in-house developed, high-performance and customised technology platform with frequent and controlled deployments of new hardware and software.

Our infrastructure has a modular design which allows us to rapidly test and implement improvements in both hardware and software on an ongoing basis. Controlled releases of hardware and software enhancements provide for minimal disruption to our business.

The environment in which our trading software (or updates of our trading software) is being developed is strictly separated from the environment in which such trading software operates in production. Access to the source code is strictly controlled and limited.

Prior to any releases relating to our trading software, or an update into our production environment, any element of our trading software is subjected to a review of its code, testing in a development environment that is separate from our production environment, validation in limited production (processing a strictly limited number of trades) on one trading desk in respect of trading a single financial instrument, followed by more extensive testing across multiple desks and/or

trading multiple financial instruments. Each step must be completed before the next and also appropriately documented.

We have a monitoring system in place to control undisrupted trading activities in real time. Multilayer monitoring is employed to avoid errors. When an error does occur, the relevant teams are immediately notified via multiple different channels. We rely on multiple third party service providers for business and market data, which is a key part of what is monitored.

Our risk management system is fully integrated with our proprietary technology platform, analysing real-time pricing data, and is designed to ensure that our order activity is conducted within strict pre-determined trading and position limits.

For example, our pre-trade [risk] controls are designed to prevent the trading engines from sending quotes that deviate from our pre-defined risk parameters. These include price and volume limits, which are set by our Risk Management department. This keeps our ordering, trading and positions well within our preset tolerance levels. Our post-trade monitoring tools include trade-level reconciliation of prices and positions against those of our exchanges and prime brokers.

Our IT systems are regularly subjected to penetration tests by external experts. We have a comprehensive IT security system that is designed to protect us from attacks both from internally and externally.

Where we have a technical interface with institutions such as our prime brokers and exchanges, the integrity of the connection between the systems and

the data that is being exchanged is subject to prior conformance testing and continuous monitoring.

Unexpected deviations are flagged and investigated. We also have a disaster recovery plan in place which, we continuously review to ensure it adequately captures relevant scenarios. For the lessons that we have learnt from the COVID-19 global pandemic, we have already made substantial changes to our global approach to our site management.

We use risk-based onboarding procedures before we start trading on any new platforms, including platforms designated for trading digital assets. While many of these platforms remain unregulated, many have strongly improved their own onboarding procedures and counterparty identification procedures. While we believe our own procedures are strong, the unregulated status of these platforms and their location in emerging economies makes them inherently less institutionalized and supervised than regulated platforms in developed economies.

Regulatory risk

We only serve institutional counterparties and do not provide investment services or ancillary services to third parties, our markets and nearly all aspects of our business are highly regulated. Where applicable, entities forming part of our Group have obtained the regulatory licenses and approvals needed to operate their regulated businesses.

Flow Traders' trading operations are established in three international jurisdictions with branch offices established in London, Milan, Shanghai and Paris. As a Group, we currently trade on more than 180 venues worldwide as well as operating on numerous other venues through our brokers. Our regulatory

landscape is broad as we have to comply not only with our local regulations, but also the trading rules of all venues on which we trade.

Legislators and regulators worldwide continue to closely supervise the world financial markets in which we operate. This places significant demand on Flow Traders to maintain a professional, well-structured and compliant organisation.

We are awaiting the final approval from the Financial Conduct Authority ("FCA") in the UK to migrate the activities of our branch office in London to a new legal entity.

Our Compliance department supports management and operations at Group and local level by identifying, advising on, reviewing and reporting on regulations. It also seeks to maintain a compliant business environment through staff training and monitoring in order to manage the Group's conformance with its regulatory obligations.

Compliance together with Public Affairs monitors and assesses any forthcoming regulations that may impact us. During 2022 this included amongst others matters:

- The EC review of the European Central Securities Depositories Regulation that was adopted on 16 March 2022. Amendments on the mandatory buy-in regime in the Settled Discipline Regime (SDR) by proposing a "two-step approach". We will continue to monitor the future impact of mandatory buy-ins and to manage the two-way flow of cash penalties for failed transactions.
- The official response from the EP to the MiFID/MiFIR review that was announced by ESMA in 2021 has been published. This review aims to further improve the framework introduced by

MiFID II. One of the key components is the post-trade consolidated tape that should be real-time and not include any deferrals. We are and have engaged with regulators and various stakeholders to continue our push for transparency in all markets we are active in.

- We have implemented IFR/IFD and submitted our first ICLAAP under this new prudential regime to the DNB. We have received minor pointers from the DNB and AFM around a few points that they would like to be set out in a clear way in our next ICLAAP. We will continue to implement best practice in this area where possible. Such conversations with our regulators and our peers are ongoing and will continue as this regulation matures along with any further interpretation by the EBA and DNB.
- Digital Assets and related forthcoming regulations such as the prudential BIS paper, MiCA and DORA remain a topic that garners significant attention. There is still a spread of approaches taken by various governments and regulators from around the globe for this developing asset class. As a world-class liquidity provider we continue to following these developments closely and remain an active contributor to key regulatory consultations. We anticipate the regulatory uncertainty will continue for into 2023 and beyond. We are engaging with regulators on a global and local level to push for a clear and fair regulatory framework as that should lead to a mature ecosystem with sustainable growth for this asset class.

The Compliance, Risk and Operations departments have promulgated and implemented controls, internal rules and processes that have been pragmatically developed following applicable regulatory requirements, guidelines from market

authorities, and industry best practices. Nevertheless, it is worth remembering that laws and regulations are subject to change and will be interpreted differently in practice over time.

Actual or alleged non-compliance with applicable laws or regulatory requirements could adversely affect our reputation and in turn our long-term profitability and future business prospects. This may also be the case to a lesser degree for differences in interpretation or lack of timely or complete implementation of regulatory requirements.

Sanctions could include fines, penalties, disgorgements and censures, suspension or expulsion from trading venues or the revocation or limitation of licenses.

We aim to minimise such risks by focusing considerable management attention to choose the most appropriate strategic approach, employing highly-qualified compliance and risk professionals to allow the deployment of staff training; to efficiently update of our monitoring and reporting systems; and to be able to continuously evaluate the impact of current and upcoming regulations on our operations to find the optimal path to evolve our processes.

Notwithstanding such efforts and given the highly regulated nature of our business, we remain subject to routine (and more targeted) inquiries and audits from our global regulators and our trading venues. The outcome of such inquiries are difficult to predict and manage, however we aim to be as transparent as possible in the spirit of cooperation to facilitate a better understanding of how we manage risk.

Information on the remuneration of the Board members can be found in the chapter "Remuneration".

Environmental risk

While Flow Traders considers its overall impact on the environment to be low due to the office-oriented nature of our business, we have nonetheless identified certain environmental risks:

- Physical environmental risks such as earthquakes, forest fires and floods could negatively impact our physical infrastructure. This is particularly relevant to our server locations, which are distributed globally. Climate change will likely lead an increase in extreme weather events in the future. We have and will mitigate this risk by having a widely distributed server infrastructure with a high degree of system redundancy. In addition, recent forest fires in South East Asia have led to the closure of our Singapore office. This was mitigated by activities transferring to other office locations.
- Future regulation may also affect Flow Traders financially by putting a price on CO2 and other greenhouse gas emissions, In addition, CO2 pricing may have an impact on how seek to offset our carbon footprint in the coming years.

External risk

Given the highly interconnected nature of the financial markets ecosystem we are a part of, we recognise that should any of the risks referenced within this section materialise, there could be a negative impact on various external third parties.

Specifically, market and operational risk events could negatively impact key parties within our value chain; namely our counterparties and our prime brokers. There could limit our counterparties' ability to trade with us or settlement trades effectively on a

timely basis. Moreover, the various prime brokers we work closely with could also be exposed to similar risks.

Compliance and transparency

Focus on anti-bribery, anti-corruption and anti-money laundering

Flow Traders continues to be a strong proponent of effective, efficient and equal regulation and we contribute to the regulatory dialogue in our key jurisdictions to campaign for markets to be fair, transparent and functioning in an orderly fashion.

We commit to complying with all relevant laws and regulations that apply to us, wherever we operate. Especially important are the rules around anti-corruption, anti-bribery and anti-money laundering.

Integrity and transparency is central to the way we run our business regardless of their seniority or role. The company encourages everyone, from our Management Board and Supervisory Board to all our staff, to speak up and participate in our firm's open culture. This inclusive culture supports our employees in complying with the applicable laws, regulations and our internal policies.

We believe that each employee of Flow Traders has an individual as well as collective responsibility for ensuring an honest and ethical conduct of business within the company. Our Code of Conduct, which forms part of our employment documentation, is the formalisation of our behavioural values.

Ensuring adherence with our Code of Conduct is the responsibility of the Executive Committee. Any reported potential breaches are investigated fully by the Executive Committee and other members of our

senior management team in accordance with existing clearly laid out procedures and policies. Our Code of Conduct can be found on our website www.flowtraders.com.

We also have anti-bribery, anti-corruption and anti-money laundering (AML) policies in place that apply to all our staff. We expect our counterparties, business partners, intermediaries, contractors and subcontractors to adhere to the same standards. We believe that the risk of bribery or corruption is very limited as we do not hold or manage client money or assets. We trade financial instruments for our own account and own risk only. We do not maintain production facilities or source raw materials.

Nevertheless, our staff receives training in anti-bribery, anti-corruption and AML practices, as the Management Board would like to reinforce the importance of these policies.

Key to our anti-bribery and anti-corruption policy is that officials or counterparties that we work with may never be placed in an uncomfortable position.

Therefore, no gifts nor favours that may lead (or have the appearance to lead) to obligations or embarrass any recipient, and no gifts nor favours of any substantial value may be given to any authorities or counterparties that we interact with. Any form of facilitation payments are strictly not permitted under any circumstances. We provide clear and recurring guidance on a regular basis in that respect.

As part of our constant monitoring, all expenses and gifts relating to external parties are checked by senior managers and employees must state the purpose and recipient of an expense.

We have zero tolerance approach towards bribery and corruption and we actively ensure that no such behaviour occurs. No cases of bribery or corruption were reported in 2022.

Whistleblowers

In addition to our culture of openness, transparency and participation, we also have a mature and detailed Whistleblower Policy in place for all staff and relevant contractors, approved by the Management Board and Supervisory Board.

Employees are free to raise issues and have the responsibility to report misconduct and incidents, or any reasonable suspicions.

All employees are required to participate in an online course on the Whistleblower Policy, as part of the Flow Academy, to create awareness and guidance on how to deal with misconducts and incidents described in Flow Traders whistleblower policy.

Circumstances may arise that cause an employee to feel insecure or unsafe to the extent that they may not want to use their usual reporting lines. We also provide employees with a safe way of reporting any suspected misconduct within our organisation and offers robust protection to them.

The Whistleblower Policy has wide applications, including in respect of topics such as fraud, market abuse, corruption, anti-money laundering, theft, bribery, dishonouring the organisation, global tax policy and any other structural misconduct that threatens the integrity and proper business conduct.

The Whistleblower Policy also provides any whistleblower with anonymity, confidentiality, and the company will not impose sanctions on disclosure (or affect an employee's legal position) when the

employee reports a suspected misconduct in good faith, unless the employee is involved in the issue that is being reported. We respect a non-retaliation policy when a suspected misconduct is reported. Our Whistleblower Policy can be found on our website www.flowtraders.com.

Internal audit

The Internal Audit (IA) Function seeks to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. An efficient and effective IA contributes to strong internal controls and to a robust governance structure, which can address key structural risks.

The scope of IA's work includes the examination and evaluation of the adequacy and effectiveness of our risk management, control and governance processes. It also includes quality assurance work reviewing our performance in carrying out assigned responsibilities to achieve our stated goals and objectives.

Our Group Internal Audit Charter defines the IA's purpose, authority, responsibility and position within the organisation. This charter is aligned with the Corporate Governance Code and with guidance provided by the Institute of Internal Auditors.

The IA function is an integral part of our reporting cycle. The Internal Audit Function reports to the Audit Committee and to the CEO. It aligns its efforts with our external auditor and reports its audit results to the Management Board, the Audit Committee and informs the external auditor.

The Management Board assesses the way in which the IA function fulfills its responsibility annually and takes the opinion of the Audit Committee into account.

Flow Traders Internal Audit Function conforms to the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA) and was externally certified in 2022.



Governance

As of 13 January 2023, our governance structure is organized as a one-tier board, as at the date of this report consisting of two Executive Directors and five Non-Executive Directors. The Board shall manage the company and the associated business and may exercise all powers of the Company, except those powers that are required by the Companies Act or the Bye-Laws to be exercised by the shareholders. The Executive Directors are responsible for the day-to-day management of the Company and developing, proposing to the Board and implementing the Company's strategy, including ESG priorities. The Non-Executive Directors supervise and advise the Executive Directors. Together they are accountable to the General Meeting for the performance of their duties.

Our governance is reflected in our internal rules and regulations, including our Bye-laws, Board Rules and Committee Charters. These, together with our policies, can be found on our website.

Flow Traders remains focused on long-term value creation, culture and risk management while balancing the interests of our many stakeholders, such as shareholders, senior management executives, counterparties, suppliers, investors, employees, regulators and the community, as defined in the Bye-laws.

Our Board

Throughout 2022, we operated a two-tier board governance structure, consisting of a Management Board and a Supervisory Board. As at 31 December 2022, the composition of our Management Board and Supervisory Board was as follows:

Management Board

- Dennis Dijkstra (Chief Executive Officer)
- Mike Kuehnel (Chief Financial Officer)
- Folkert Joling (Chief Trading Officer)

Supervisory Board

- Rudolf Ferscha (Chairman)
- Jan van Kuijk (Vice-Chairman)
- Olivier Bisserier
- Roger Hodenius
- Ilonka Jankovich
- Linda Hovius

Since the update of the corporate holding structure, which became effective on 13 January 2023 from a corporate perspective and with retrospective effect on 1 January 2023 from an accounting perspective, we are operating a one-tier board governance structure. As at the date of this report, the Board comprises of the following Executive Directors and Non-executive Directors:

Executive Directors

- Mike Kuehnel (Chief Executive Officer)
- Folkert Joling (Chief Trading Officer)

Non-Executive Directors

- Rudolf Ferscha (Chairman)
- Jan van Kuijk
- Olivier Bisserier
- Roger Hodenius
- Linda Hovius

Executive Directors



Mike Kuehnel

Age: 45 (1977)

Gender: male

Mike Kuehnel was appointed Chief Executive Officer (CEO) in February 2023 and serves as Executive Director on the Board. As CEO, Mike is responsible for driving the overall strategic and growth agenda of Flow Traders. Mike joined Flow Traders in August 2021 and was appointed as member of the Management Board and Chief Financial Officer (CFO) of Flow Traders N.V. in September 2021.

Mike has over twenty years of investment banking and strategy consulting experience in the global financial market infrastructure space. Immediately prior to joining Flow Traders, Mike served as a partner at Bain & Company leading the Investment Banking and Financial Markets Infrastructure practice for EMEA. Before that, he worked at Goldman Sachs, where he was responsible for advising on large-scale equity and M&A transactions in the European banking, insurance, asset management, private wealth and exchanges sectors.

Mike holds an MBA in Accounting and Finance from the University of Chicago. Prior to that, he obtained his Bachelor in Business Administration (BBA), majoring in Banking & Finance, from the Frankfurt School of Finance & Management.



Folkert Joling

Age: 43 (1979)

Gender: male

Folkert serves as Chief Trading Officer (CTrO) and Executive Director on the Board. As Chief Trading Officer, Folkert is responsible for the development and realization of Flow Trader's trading strategies, business development, trading processes and daily trading operations. He was appointed to the Management Board of Flow Traders N.V. as Chief Trading Officer in 2018. Folkert joined Flow Traders in 2006 as a Trader, becoming Head of Trading in 2011 and Global Head of Trading in 2016.

Folkert holds a Master's degree in Applied Mathematics from the Twente University.

Non-Executive Directors



Rudolf Ferscha, Chairman

Gender: male
Age: 61 (1961)
Nationality: Austrian
Third term (2021 - 2023)

Rudolf serves as Non-Executive Director and Chairman of the Flow Traders Ltd. Board. He is a member of the Remuneration & Appointment Committee, the Trading & Technology Committee, the Audit Committee and the Risk Committee. Rudolf was first appointed as a member of the Supervisory Board of Flow Traders in July 2015, re-appointed for a second term in 2018 and a third term in 2021. Rudolf was appointed Chairman of the Supervisory Board in March 2021.

Originally a corporate finance and capital markets lawyer, he has over 25 years' board-level experience at international financial institutions, including executive roles on the management boards of Goldman Sachs Bank in Frankfurt and of Deutsche Börse AG. For more than a decade, he held direct oversight responsibility for FSA and BaFin regulated derivatives and securities trading businesses. Between 2000 and 2005, Rudolf served as CEO of Eurex and from 2003 to 2005 Rudolf was Chairman of the Management Board of the Frankfurt Stock Exchange.

Rudolf is currently a partner at Gledhow Capital Partners and Chairman of the Advisory Board at Mainberg Asset Management GmbH.



Jan van Kuijk

Gender: male
Age: 56 (1966)
Nationality: Dutch
Third term (2022 - 2024)

Jan serves as Non-Executive Director on the Flow Traders Ltd. Board and is Chair of the Trading & Technology Committee. He is also member of the Audit Committee, the Risk Committee, and the Remuneration & Appointment Committee. Jan is one of the co-founders of Flow Traders and served as its Co-CEO from its inception in 2004 until 2014. He was appointed Vice-Chairman of the Supervisory Board of Flow Traders in July 2015.

Until 1996, Jan served as a partner at Optiver, a proprietary trading firm and was involved in setting up their first electronic trading activities at Deutsche Börse in 1993. He co-founded Newtrade Financial Group in 1997, which was an options market-making firm before being discontinued after he co-founded Flow Traders.



Olivier Bisserier

Gender: male
Age: 55 (1967)
Nationality: French
Third term (2022 - 2023)

Olivier serves as Non-Executive Director on the Flow Traders Ltd. Board and is Chair of the Risk and Chair of the Audit Committee. He also serves on the Trading & Technology Committee. Olivier was appointed member of the Supervisory Board of Flow Traders in July 2015 and subsequently re-appointed in 2019 for a second term. In 2022, Olivier was re-appointed for a third term of one year expiring in 2023.

Until March 2019, Olivier Bisserier was the CFO of Booking.com. He has over 25 years of experience in international financial roles. He was a senior manager for PwC until 2000, then had finance director roles and served as European CFO of TNS, a LSE-listed market research group.



Roger Hodenius

Gender: male
Age: 50 (1972)
Nationality: Dutch
Second term (2019 - 2023)

Roger serves as Non-Executive Director on the Flow Traders Ltd. Board. He is also member of the Risk Committee, the Trading & Technology Committee and the Remuneration & Appointment Committee. Roger is one of the co-founders of Flow Traders and served as its Co-CEO from its inception in 2004 until 2014. He was responsible for developing Flow Traders' vision and culture, trading strategies and the trading floor. Roger was appointed member of the Supervisory Board of Flow Traders in July 2015. In 2019, he was re-appointed for a second, four year, term.

Roger served on the Supervisory Board of ThinkCapital Holding B.V. between 2010 and 2012.



Linda Hovius

Gender: female
Age: 61 (1961)
Nationality: Dutch
First term (2021 - 2025)

Linda serves as Non-Executive Director on the Flow Traders Ltd. Board and is Chair of the Remuneration & Appointment Committee. She is also member of the Risk Committee and the Trading & Technology Committee. Linda was appointed member of the Supervisory Board of Flow Traders in April 2021.

Linda has more than 30 years of experience in managing professional organizations, setting strategic direction and implementing change. In 2012, Linda founded Aberkyn – Change Leadership Partners, with its head office in the Netherlands, to serve top teams of multinationals in the transformation of their leadership and organizations.

She is currently a Supervisory Board member of Royal Flora Holland, KPMG Netherlands, and of Triple Jump Impact Investment, and serves as an Advisory Board member of Vereniging Rembrandt and Karmijn Capital. She is Vice-Chair of the Board of the Koninklijke Hollandse Maatschappij der Wetenschappen. Linda is currently the owner of Hovius Consultancy, specializing in boardroom consultancy.

Functioning of the Board

The Board is responsible for the continuity of the company and is guided by the interests of the company and its associated business, taking into consideration the company's long-term value creation and the interests of the company's stakeholders, including our employees and our shareholders, as defined in the Bye-laws as stakeholder interests. This ensures decisions are made in a balanced manner.

The Executive Directors are primarily charged with the Company's day-to-day operations, subject to the limitations set out in the Companies Act and the Bye-laws. Two Executive Directors can jointly represent the company, reflecting the four-eyes principle we operate across the company: two persons must sign off on business decisions. The Board may further allocate the duties of the Executive Directors among the Executive Directors. The Executive Directors may submit resolutions that can be adopted on behalf of the Board by one or more Executive Directors, or be delegated by the Board in accordance with the Bye-Laws to the Executive Committee.

The Non-Executive Directors are primarily charged with the supervision of the performance of the duties of the Directors and assist the Executive Directors by providing advice and direction. The Non-Executive Directors' duties specifically include the supervision of how the Executive Directors implement the Company's strategy. The Board Rules include further detail on the implementation of responsibilities and tasks of the Non-Executive Directors, amongst others with respect to decision-making of the Board on several matters, inter alia, nomination of Directors, remuneration of Directors and selection and nomination of the external auditor.

The Board appointed Rudolf Ferscha as Chairman. The Chairman shall act as main contact for the Directors regarding the functioning of the Board. The Chairman is primarily responsible for the functioning of the Board and its committees and is responsible for ensuring the proper conduct of business at meetings of the Board in order to promote a meaningful discussing at meetings. As a general rule, the Chairman presides over the General Meeting.

In case of a conflict of interest, under the N.V.'s governance structure, the Supervisory Board was responsible for the decision-making on how to handle conflicts of interest. In 2022, there have been no cases of conflicts of interest, transactions between the company and members of the Management Board or Supervisory Board, or transactions with shareholders holding at least 10% of the shares of Flow Traders.

At least annually, the Board shall evaluate – without the presence of the Executive Directors – the functioning of the Board, the committees and the functioning of the individual Directors, shall discuss the conclusions of such evaluations, and shall identify aspects where the Directors require further training or education.

At least annually, the Executive Directors shall evaluate their own functioning. The Executive Directors may invite one or more Non-Executive Directors to participate in the evaluation or part thereof.

The composition of the Supervisory Board of Flow Traders N.V. did not undergo any changes throughout the financial year 2022. The composition of the Management Board of Flow Traders N.V. changed twice throughout the financial year 2022, with Thomas Wolff having resigned from his position

as per 29 April 2022 and Britta Achmann having resigned from her position as per 30 November 2022. Following 2022 year-end, the composition of the Supervisory Board of Flow Traders N.V. changed as a result of Ilonka Jankovich having resigned from her position as per 13 January 2023. Finally, following 2022 year-end the composition of the Board changed as a result of Mr. Dennis Dijkstra having decided not to seek reappointment as Chief Executive Officer and Executive Director after having been part of Flow Traders since 2009. Effective 1 February 2023, Mike Kuehnel assumed the role of Chief Executive Officer.

Nomination, Election, Suspension and Removal of Directors

Executive Directors

As set out in more detail in our Bye-Laws and Board Rules, nominations can be made at any meeting of the Shareholders either (i) by the Board or (ii) by shareholders, providing these shareholders hold three per cent (3%) of the Company's outstanding share capital or such lower number as is prescribed by the Companies Act. Following a nomination by the Board, a Director shall be elected by a simple majority of votes cast representing more than one-third (1/3) of the then outstanding shares that are entitled to vote on the matter. If two or more nominees receive the same number of votes in favour, the nominee receiving the highest percentage of votes in favour shall be elected. If equal percentages are cast, no nominee shall be elected. Following a nomination by shareholders, a Director shall be elected by a simple majority of the votes cast, representing at least half (1/2) of the then outstanding shares that are entitled to vote on the matter. The term of a proposed election shall not exceed four years, however, a proposal may provide that the term shall expire at the close of the first annual meeting of shareholders held after the

expiration of the four year term. There is no limitation in the duration of an Executive Director's entire service.

In connection with a proposed (re-)appointment of an Executive Director, he or she will need to be assessed by the Dutch Central Bank on integrity and reputation in view of the qualified interest that Flow Traders Ltd. holds in Flow traders B.V.

The shareholders, on proposal of the Board may remove or suspend a Director from office. An Executive Director may also be suspended by the Board, which suspension shall end if three (3) months in aggregate have lapsed without a decision taken on the termination of the suspension or removal. In case the removal or suspension is resolved on by shareholders but not on a proposal of the Board, such removal or suspension will require a simple majority of the votes cast, representing at least half (1/2) of the then outstanding shares that are entitled to vote on the matter, unless a Reflection Period is invoked. In case the removal or suspension is proposed by shareholders or is included on the agenda of a general meeting by a competent court, the Board may invoke a reflection period as further described in the Bye-Laws.

Non-Executive Directors

The nomination, election, suspension and removal from office of Non-Executive Directors follow the same rules as noted above for Executive Directors, with the exception of the following.

The consecutive term of a Non-Executive Director shall expire at the closing of the first annual general meeting held after twelve (12) years have passed since their election. Following such expiration, a Non-Executive Director shall not be eligible for re-election. Such consecutive term shall not apply to

Non-Executive Directors elected in accordance with the nomination right provided for in the Relationship Agreement.

Non-Executive Directors may not be suspended by the Board without involvement of the shareholders.

Independence of Non-Executive Directors

Best practice in terms of corporate governance prescribes that at most one of the members of the non-executive directors qualifies as a non-independent and that the total number of non-independent Non-Executive Directors should account for less than half of the total number of Non-Executive Directors. Jan van Kuijk and Roger Hodenius, as founders of the company, were attracted to their role as Non-Executive Directors (former Supervisory Board members) because of their specific business-related expertise. They did not qualify as independent under the provisions of the Corporate Governance Code as they are former members of the Management Board of the Company, and because they represent shareholders of the Company owning an interest of over ten percent.

Independence of Committee members

As Jan van Kuijk and Roger Hodenius did not qualify as independent Non-Executive Director as set out above, this also affected two committees of which they were members throughout 2022. Best practice in terms of corporate governance prescribes that more than half of the members of the Audit Committee and the Remuneration & Appointment Committee should be independent. Both Jan van Kuijk and Roger Hodenius are members of the Remuneration & Appointment Committee, implying

that half (and not more than half) of its members were independent throughout 2022.

Board Committees

The Board may from time to time establish permanent or ad-hoc committees. As at the date of this report, the Board has established four committees: the Audit Committee, the Remuneration and Appointment Committee, the Risk Committee and the Trading and Technology Committee. The way that each of the four committees operate is governed by their respective Committee Charters, which are publicly accessible on our website. Each of the committees has a preparatory and/or advisory role to the Board. The Committee Charters provide for the possibility of the Board to delegate decision-making in writing to the Committees on matters that fall within their respective tasks and responsibilities.

Audit Committee

The Audit Committee undertakes preparatory work for the Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems, where applicable together with the Risk Committee and / or the Trading and Technology Committee.

The Audit Committee shall consist of at least two members. All members of the Audit Committee must be Non-Executive Directors. More than half of the members of the Audit Committee should be Independent Directors.

The Audit Committee shall be chaired by an Independent Director. The Audit Committee shall not be chaired by the Chairman or by a former Executive

Director of the Company or former member of the management board of Flow Traders N.V.

Remuneration and Appointment Committee

The Remuneration and Appointment Committee undertakes preparatory work for the Board's decision-making concerning amongst others the following subject matters: the Remuneration Policy for the members of the Board, the Remuneration of the individual Directors, selection criteria and appointment procedures, succession planning and Diversity, Equity & Inclusion.

The Remuneration and Appointment Committee shall consist of at least two members. All members of the Remuneration and Appointment Committee must be Non-Executive Directors. More than half of the members of the Remuneration and Appointment Committee should be Independent Directors.

The Remuneration and Appointment Committee shall be chaired by an Independent Director. The Remuneration and Appointment Committee shall not be chaired by the Chairman or by a former Executive Director of the Company or former member of the management board of Flow Traders N.V.

Risk Committee

The Company should have adequate internal risk management and control systems in place. The Board is responsible for identifying and managing the risks associated with the Company's strategy and activities. The Risk Committee's duties include amongst others the supervision of the Executive Directors with respect to identifying and analysing the risks associated with the strategy and activities of the company and its affiliated enterprise, establishing the risk appetite, and putting in place the measures in order to counter the risks being

taken, designing, implementing and maintaining adequate internal risk management and control systems, monitoring the operation of the internal risk management and control systems and carrying out a systematic assessment of their design and effectiveness at least once a year.

The Risk Committee shall consist of at least two members. All members of the Risk Committee must be Non-Executive Directors. More than half of the members of the Risk Committee should be Independent Directors.

The Board shall appoint one of the members of the Risk Committee as chairman of the Risk Committee.

Trading and Technology Committee

The Trading & Technology Committee's duties include amongst others the review of annual investments and expenses on technology, the preparation of advice to the Board regarding the technology budget, assessing the current state of technology in terms of competitiveness and functionality, the supervision of the Board on the operation of the Company's security systems and related risks, advising the Board on appointment and/or dismissal of the Global Head of Technology and reviewing the Company's trading activities.



Executive Committee

In September 2022 a global Executive Committee was installed, with the purpose of supporting the implementation of our strategic priorities across the organization. The Executive Committee brings operational decision-making and execution closer to the various business areas, increases collaboration and drives operational efficiencies across the organization globally. The Executive Committee comprises of the Executive Directors and certain employees representing key competencies, business focus areas and regions within Flow Traders. As at the date of this report, the members of the Executive Committee are Mike Kuehnel and Folkert Joling as Executive Directors who form part of the Executive Committee, as well as Cam Colella, Matheus Haserick-Lara, Marc Jansen, Philip Kaufmann, Alex Kieft, Quinten Koekenbier, Matt O'Neill, Fabian Rijlaarsdam and Coen van Sevenhoven.



Cam Colella
Head of Technology

Cam Colella joined Flow Traders in 2015. Initially a Trader, he spent a year in Amsterdam before moving to the New York office in 2016. Cam became Head of Trading Performance in 2019 and Head of Technology AMER in 2020. He oversees the Technology function in the US and is responsible for driving technology strategy, innovation, and architecture globally.

Cam holds a bachelor's degree in Economics and Pure Mathematics from the University of Michigan.



Matheus Haserick-Lara
Head of Trading (Fixed Income) & Managing Director of Americas

Matheus joined Flow Traders in 2015 as a Trader on the emerging debt desk and led Flow Traders' expansion into Fixed Income ETFs and bond market making in the US. In 2018, Matheus was promoted to Head of Trading with a focus on Fixed Income for the US and to Managing Director AMER in 2019. In addition to being responsible for the strategic growth of Flow Traders in the US, he is also leading the expansion of operations into Latin America, including Brazil and Mexico.

Matheus holds a bachelor's degree in Economics from The Wharton School of the University of Pennsylvania with dual concentration in Finance and Operations Management.



Marc Jansen
Head of Trading (Currency, Crypto, Commodity)

Marc joined Flow Traders as a Trader in 2013. He initially focused on Commodity products and in 2016 expanded his scope to include FX. Marc was promoted to Head of Trading for EMEA in 2018. Marc also spent 1.5 years in New York to strengthen Equity Index trading, during which time he was also co-head of the AMER region. In 2021, Marc relocated to Amsterdam and became Head of Trading with a focus on Digital Assets.

Marc holds a double master's degree in Econometrics and Management Science specialized in Quantitative Finance and a master's degree in Economics and Business specialized in Entrepreneurship & Strategy Economics both from the Erasmus University Rotterdam.

Executive Committee (cont'd)



Philip Kaufmann

Global Head of HRM and Recruitment

Philip joined Flow Traders in 2022, as the Global Head of HRM & Recruitment. He is responsible for the global HRM & Recruitment strategy and associated implementations. Prior to joining Flow Traders, Philip worked as a strategy consultant at McKinsey & Company and in various roles at bol.com, a Dutch ecommerce platform.

Philip holds a master's degree in Hydraulic Engineering from the TU Delft and an MBA from INSEAD.



Alex Kieft

Global Head of Trading (Equity)

Alex joined Flow Traders as a Trader in 2014, with a focus on trading delta one Equity Index products (ETFs, futures & derivatives), before being promoted to Head of Trading for EMEA in 2019 and to Global Head of Trading in 2022. Alex is responsible for the development and execution of the equities trading strategy globally and oversees the daily trading operations and processes in Europe.

Alex holds a master's degree in Theoretical Physics from the University of Amsterdam.



Quinten Koekenbier

Head of Trading performance

Quinten joined Flow Traders in November 2009. In 2012, Quinten was promoted to technical lead of the R&D desk and subsequently became product owner for proprietary algorithmic trading applications. In 2016, he also became responsible for the speed, networking & infrastructure and the FPGA teams. In 2018, he was promoted to Head of Trading Performance and is responsible for performance, monitoring, R&D and analysis of trading performance.

Quinten holds a master's degree in Finance and Business Administration from VU university Amsterdam.



Matt O'Neill

Global Head of Corporate Strategy

Matt joined Flow Traders in December 2022 as Global Head of Corporate Strategy and is responsible for the firm's strategic growth, partnerships, prime brokerage and bank strategy, M&A activities, investor relations, public affairs and our venture capital unit, Flow Traders Capital.

Prior to joining Flow Traders, Matt was a Managing Director at Goldman Sachs with a focus on Global Markets strategic partnerships and investments. He also worked for Morgan Stanley within the prime brokerage business in Asia.

Matt holds a bachelor's degree from The University of Nottingham.



Fabian Rijlaarsdam

Managing Director APAC

Fabian joined Flow Traders in 2018 as Team Lead for the EMEA Exchanges team and subsequently became the Head of Business Development for the EMEA region. In 2020, he relocated to Hong Kong and was appointed Managing Director APAC. He is responsible for expanding APAC operations, developing the regional strategy and partnerships. Prior to joining Flow Traders, Fabian spent five years at Deutsche Boerse's Eurex group, where he focused on market microstructure research, academic engagement, and trading system design.

Fabian holds a master's degree in Finance from the University of Groningen.



Coen van Sevenhoven

Head of Trading Strategy

Coen joined Flow Traders as a Trader in 2010 and relocated to Singapore. Whilst in Singapore, Coen supported the development of strategies covering equity ETFs, commodity ETPs and structured products in the APAC region. In 2017, Coen relocated to the US and was promoted to Head of Trading and Managing Director AMER. Coen was appointed Head of Trading Strategy in 2019. He works closely with the Executive Directors and is responsible for strengthening the trading business as well as new strategic initiatives to expand Flow Traders' footprint.

Coen holds a master's degree in Finance from the Erasmus University Rotterdam.

Diversity, Equity & Inclusion

On 21 September 2022, the Supervisory Board of Flow Traders N.V. approved and adopted the Company's Diversity, Equity & Inclusion policy (the "DEI Policy"), thereby replacing the Company's Equal Opportunity policy. The DEI Policy describes our culture and the values that we stand for. Additionally, it contains a set of targets and KPIs, some of which are included in our Bye-laws and are based on Dutch law (e.g. the '*wet ingroeiquotum en strefcijfers*'), and some that are discretionary targets and/or KPIs which we feel strongly about. In our view, the policy contributes to good governance, as it reflects our objective to treat everyone equally during the hiring process and throughout their careers at flow Traders. flow Traders is committed to being a truly equal opportunity employer, by recruiting, retaining and promoting people based on merit, and merit alone. The company is a firm believer in the benefits of a diverse workplace and does not make any concessions to quality. The objective is to provide equal employment opportunities to all qualified job applicants and equal career perspectives for all employees, provided they perform highly. When positions become available, Flow Traders actively encourages all candidates to apply and ensure that the selection and retention processes are truly equal for all applicants and employees. This also holds true for the Executive Directors and Non-Executive Directors. When it comes to diversity in the Board, Flow Traders adheres to the same principle of equal opportunity as set out above. When positions become available, we actively encourage all candidates to apply and ensure that the selection and retention processes are truly equal for all applicants and employees. Our DEI Policy is publicly accessible via our website.

General Meeting, shares and shareholders

Flow Traders highly encourages shareholder participation in the decision-making of the General Meeting. It is of great importance to the company that its shareholders have an actual say in the Annual General Meeting (AGM), and the company therefore encourages an open dialogue. Flow Traders ensures that the General Meeting is adequately provided with information.

In accordance with the Bye-laws and subject to the provisions of the Companies Act, the Company's Board shall convene and the Company shall hold General Meetings as Annual General Meetings not later than six months after the end of the financial year. The Board may, whenever it thinks fit, and shall, when requisitioned by shareholders pursuant to the provisions of the Companies Act, convene General Meetings other than Annual General Meetings which shall be called Special General Meetings, at such time and place as the Board may appoint.

Subject to the Companies Act, a resolution may only be moved and put to a vote at a General Meeting if (i) it is proposed by or at the direction of the Board, (ii) it is proposed at the direction of a competent court, (iii) it is proposed on the requisition in writing by eligible shareholders, and (iv) the chairman of the meeting in their absolute discretion decides that the resolution may properly be regarded as within scope of the meeting.

Save as otherwise provided in the Bye-laws, at least two shareholders present in person or by proxy and entitled to vote on the matter representing the holders of at least twenty per cent, or the highest amount required from time to time by any stock-

exchange on which any of the shares are listed, of the issued share entitled to vote on the matter at such meeting shall be a quorum. Increased quorum requirements apply for the passing of certain resolutions requisitioned by shareholders or the resolution to elect, suspend or remove a Director.

Each shareholder present in person at a General Meeting shall be entitled to vote on any question to be decided on a show of hands or by a count of votes received in the form of electronic record (including by proxy), and each shareholder present in person or by proxy shall be entitled on a poll to vote for each share held by them. Each share carries one vote at a General Meeting. The AGM is the perfect place for shareholders and the Board to interact. At an AGM, shareholders can ask questions directly to the Board. Our Board strongly encourage shareholders to interact.

After a virtual AGM in 2021 due to COVID-19 measures, the 2022 AGM was held physically again on 29 April 2022 at the Company's registered address. During this AGM, all but one proposal on the agenda was adopted. The proposals adopted by the General Meeting related to: the adoption of the annual accounts, the determination of dividend, the 2021 Remuneration Report, the discharge of Management Board and Supervisory Board members, the reappointments of Folkert Joling, Jan van Kuijk and Olivier Bisselier, the authority to issue shares, to restrict or exclude pre-emptive rights, to acquire own shares and to cancel own shares, and lastly, the proposal to reappointed the external auditor. Even though a majority of the votes cast were cast in favour of the proposal to introduce a renewed remuneration policy, unfortunately, the proposal was not adopted because of the requirement to reach a 75% supermajority for this specific agenda item.

The Company held an Extraordinary General Meeting on 2 December 2022 in connection with the update of the corporate holding structure. The EGM agenda contained two proposals up for vote, (i) a proposal to amend the articles of association of the Company and (ii) a proposal for Flow Traders N.V. to enter into a cross-border merger with Flow Traders S.A. The former voting item was adopted with 95.75% of the votes cast and the latter proposal was adopted with 95.90% of the votes cast.

The Company's next AGM is scheduled to be held on 26 April 2023. More information will become available on our website in due course.

Alteration of the Bye-laws

The Bye-Laws may be revoked or amended only by the Board, which may from time to time revoke or amend them in any way by a resolution of the Board passed by a majority of the Directors then in office and eligible to vote on that resolution, but no such revocation or amendment shall be operative unless and until it is approved at a subsequent general meeting of the Company by the Shareholders by Resolution passed by a majority of votes cast.

Issue of shares

Subject to the provisions of the Bye-Laws, the Company may only allot or issue shares, or grant rights to subscribe for shares (other than treasury shares) as authorised by a shareholders' resolution and within the limits of such authorisation, which authorisation cannot be withdrawn, unless determined otherwise at the time of the adoption of the resolution.

During the 2022 AGM, our shareholders renewed the authority of the Management Board of Flow Traders N.V., subject to the Supervisory Board of Flow

Traders N.V.'s approval, to issue ordinary shares or to grant rights to subscribe for ordinary shares up to and including 29 October 2023 for up to ten percent of the total number of shares issued at the time of the General Meeting for any purposes. Any issuance exceeding this limit needs approval by the General Meeting.

In addition, the General Meeting renewed the authority of the Management Board, subject to the Supervisory Board's approval, to restrict or exclude applicable pre-emptive rights when issuing ordinary shares or granting rights to subscribe for ordinary shares up to and including 29 October 2023.

At our 2023 AGM, the Board intends to request that the General Meeting renews its authorization to issue shares for up to ten percent of the total number of shares issued at the time of the 2023 AGM for any purposes.

Purchase and cancellation of shares

The Board may, after prior authorisation by shareholders' resolution and within the limits of such authorisation, authorise the purchase by the Company of its own shares upon such terms as the Board may in its discretion determine, provided always that such purchase is effected in accordance with the provisions of the Companies Acts. Subject to the provisions of the Bye-Laws, any shares of the Company held by the Company as treasury shares shall be at the disposal of the Board, which may hold all or any of the shares, dispose of or transfer all or any of the shares for cash or other consideration, or cancel all or any of the shares

During the 2022 AGM, our shareholders renewed the authority of the Management Board of Flow Traders N.V. to, subject to the Supervisory Board of Flow Traders N.V.'s approval, acquire shares in the

capital of the company, either through purchase on a stock exchange or otherwise. The authority applies up to and including 29 October 2023, under the following conditions: the repurchase (i) may constitute up to ten percent of the total number of shares issued at the time of the General Meeting; (ii) provided that the company will not hold more shares in stock than ten percent of the issued share capital; and (iii) at a price (excluding expenses) not less than the nominal value of the shares and not higher than the opening price on Euronext Amsterdam on the day of repurchase plus ten percent.

Flow Traders announced one share repurchase plan in 2022. Several share buy backs were conducted over the course of 2022 in accordance with the share buyback program originally announced on 22 July 2022 and subsequently increased as per the announcement made on 27 October 2022. The total number of shares repurchased in 2022 was 917,999 at an average price of €20.89 for a total consideration of €19.2 million.

During the 2022 AGM, our shareholders voted for the authorization of the Management Board of Flow Traders N.V. to, subject to the Supervisory Board of Flow Traders N.V.'s approval, cancel shares in the share capital of the company. However, following the update of the corporate holding structure, any shares of the Company held by the Company as treasury shares shall be at the disposal of the Board, which may hold all or any of the shares, dispose of or transfer all or any of the shares for cash or other consideration, or cancel all or any of the shares.

At the 2023 AGM the Board intends to propose to the General Meeting to renew its authorization to repurchase shares in the company.

Major shareholders

The following shareholders filed their interests in the capital of the company exceeding 3% to be included in the AFM's register of substantial holdings and gross short positions as published on the website www.afm.nl (data as published on 31 December 2022). A shareholder must file or update its holdings if its interest exceeds, or drops below, 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

Based on the publications in two of the public AFM Registers: the Register on substantial holdings and gross short positions; and the Register on notifications by directors and members of the supervisory board, the table below shows the most accurate information. For further details on individual shareholdings please refer to the AFM's registers.

Information which is relevant to our shareholders and which is required to publish or submit pursuant to the provisions of company law and securities law, is posted in a separate section of our website www.flowtraders.com. Our Bilateral Contacts Policy can also be found on our website.

SHAREHOLDINGS ON 31 DECEMBER 2022

	Filing/notification date	
J.T.A.G. van Kuijk (Javak Investments B.V.)	12.22%	2/5/2018
R. Hodenius (Avalon Holding B.V.)	10.07%	7/12/2018

The shares indirectly held by Roger Hodenius (Avalon Holding B.V.) and Jan van Kuijk (Javak Investments B.V.) are long-term investments.

Relationship agreement

Avalon Holding B.V. and Javak Investments B.V. entered into a relationship agreement with the company.

The relationship agreement currently amongst others grants each of Avalon Holding B.V. and Javak Investments B.V. a specific right to nominate one Non-executive Director for appointment (and replacement). This right expires, in respect of each relevant party, if such party ceases to, directly or indirectly, hold more than five percent of the shares in the company provided that and for as long as, in aggregate, Avalon Holding B.V. and Javak Investments B.V. together continue to, directly or indirectly, hold more than five percent of the company's shares, Avalon Holding B.V. and Javak Investments B.V. shall be entitled to jointly designate one Supervisory Board member for appointment.

The relationship agreement also stipulates that the Board shall procure that for as long as Avalon Holding B.V. and Javak Investments B.V. (independently or together) have the right to nominate a Non-executive Director, each of the Remuneration & Appointment committee as well as the Audit Committee, will include at least the Non-Executive Director nominated by Avalon Holding B.V. and/or Javak Investments B.V. (as the case may be).

The relationship agreement shall cease to bind Avalon Holding B.V. or Javak Investments B.V. if and when Avalon Holding B.V. or Javak Investments B.V., respectively, no longer has the right to nominate (or co-nominate) a Non-executive Director. The relationship agreement shall furthermore terminate on the first day any of the following conditions shall be met: (i) the Company

having become subject to insolvency proceedings, (ii) a resolution of the shareholders of the Company to liquidate the Company having become unconditional (iii) the Company having ceased to exist as a legal entity as a result of a legal merger or spin-off where the Company is the disappearing entity; or (iv) a termination of the listing of the Company's shares on Euronext Amsterdam takes effect, provided that the shares are not listed on any other stock exchange

No dedicated take-over protection structures

Flow Traders does not employ any of the following dedicated take-over protection structures: preference shares, depositary receipts or call options issued to vehicles conducive to protecting the company's interest or independence

Compliance with the Corporate Governance Code

As a listed company with registered seat in the Netherlands, Flow Traders N.V. was subject to the Corporate Governance Code, which defines a company as a long-term form of collaboration between the principal corporate bodies of a company. During the financial year 2022, for Flow Traders in its former two-tier governance structure, these corporate bodies included the Management Board, the Supervisory Board and the General Meeting. The Board values and considers the interests of the various stakeholders involved. Good corporate governance results in effective decision-making in a manner which enhances shareholder value and enables a company to maintain a culture of integrity, transparency, and trust. The company has a long standing focus on a long-term value creation strategy, culture and risk. Following the update of the corporate holdings structure, the

Corporate Governance Code will continue to be one of the guiding resources for Flow Traders Ltd.'s corporate governance related practices. As the Corporate Governance Code is not directly applicable to Flow Traders Ltd., it is not intended that Flow Traders Ltd. will report on any deviations from the Corporate Governance Code.

Corporate governance statements

Dutch decree on the content of the Board report

(besluit inhoud bestuursverslag)

The information required by section 2a of the Decree is included in the chapters Our governance and the Board Report:

- our compliance with the Corporate Governance Code throughout the financial year 2022 can be found in the chapter Our governance;
- the main features of our internal risk management and control systems relating to the financial reporting process can be found in the chapter Our governance;
- the functioning of our General Meeting and the authority and rights of our shareholders can be found in the chapter Our governance;
- the composition and functioning of our Board and its Committees can be found in the chapters Supervisory Board Report and Our governance;
- the diversity policy regarding the composition of the Board including its aims, how it is being effected and the results can be found in the chapters Our governance and the Board Report (section 3a sub d of the Decree); and
- the disclosure of the information required by the Decree on Section 10 EU Takeover Directive can be found in the chapter Our governance (section 3b of the Decree).

Board in control statement

The Executive Directors of Flow Traders are responsible for the design, implementation and functioning of Flow Traders's internal risk management and control systems. Flow Traders' internal risk management and control is a process, effectuated by the Executive Directors, senior management and other personnel. It is designed to mitigate risks and provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial and non-financial information;
- Compliance with laws, regulations and internal policies,
- Safeguarding of assets, identification and management of liabilities; and
- Strategic goals of the Flow Traders group.

The Risk Management section as part of the Report of the Board elaborates on Flow Traders' identified financial and non-financial risks and how these risks are managed. These chapters provide insight into the potential impact on the results of Flow Traders that come forth from these identified risks. The design and functioning of the internal risk management and control systems is based on the Flow Traders Risk Management Framework (RFM). The framework explained in detail in the Risk Management section, combine various financial and non-financial risk disciplines into a single converged approach and provide the businesses with an overview on their risks and the way these are managed. The Risk department assessed the controls in this process and reported its findings to the Board. These findings have been evaluated by the Executive Directors and Non-Executive Directors. This view allows the Executive Directors and senior

management to form an opinion on the adequacy of internal risk management and control systems regarding the risks they face while pursuing the Management Board's strategy.

On the basis of the above and with due observance of the limitations stated below, we confirm that to the best of our knowledge:

- The annual report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems (see chapter Our governance);
- The aforementioned systems provide reasonable assurance that the financial and tax reporting does not contain any material inaccuracies (see chapter Our governance);
- Based on the current state of affairs and initial prognoses, it is justified that the financial reporting is prepared on a going concern basis (see chapters Value creation and strategy, Our performance and Financial statements); and
- The report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report (see chapters Value creation and strategy, Our performance, Our governance and Financial statements).

It should be noted that the above does not imply that these systems and procedures provide absolute assurance to Flow Traders as to the realisation of financial and strategic business objectives, or that internal risk management and control systems can prevent or detect all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

Amsterdam, 23 February 2023

The Executive Directors (former Management Board)

Mike Kuehnel, Chief Executive Officer
Folkert Joling, Chief Trading Officer

Conformity statement

The Executive Directors of Flow Traders are required to prepare the Annual Accounts and the Annual Report of the Company in accordance with Title 9 of Book 2 of the Dutch Civil Code (due to its status as a *formeel buitenlandse vennootschap*) and those International Financial Reporting Standards (IFRS) that were endorsed by the European Union.

Conformity statement pursuant to section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

The Executive Directors of Flow Traders are responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Management Board, so that the timeliness, completeness and correctness of the external financial reporting are assured.

As required by section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act, each of the signatories hereby confirms that to the best of his knowledge:

- The Flow Traders 2022 Annual Accounts give a true and fair view of the assets, liabilities, financial position and profit or loss of Flow Traders N.V. and the enterprises included in the consolidation taken as a whole; and
- the Flow Traders 2022 Annual Report gives a true and fair view of the position at the balance sheet

date, the development and performance of the business during the financial year 2022 of Flow Traders N.V. and the enterprises included in the consolidation taken as a whole, together with a description of the principal risks Flow Traders is being confronted with.

Amsterdam, 23 February 2023

The Executive Directors (former Management Board)

Mike Kuehnel, Chief Executive Officer
Folkert Joling, Chief Trading Officer

Meetings of the Supervisory Board and its Committees throughout 2022

During 2022, the Supervisory Board of Flow Traders N.V. held 25 formal Supervisory Board meetings and met several times without holding a formal meeting. Examples of meetings without holding a formal meeting include a preparation session for the AGM, education and strategy days and the self-assessment day. During these meetings a variety of topics were discussed, including but not limited to the following:

The Company's strategy

The Management Board remained focussed on long-term value creation and involved the Supervisory Board in setting strategic priorities and executing on its strategic agenda. The Supervisory Board regularly discussed strategic matters, including execution, implementation and any associated risks.

Considerable effort was dedicated to assessing and discussing strategic initiatives and the Company's strategic growth agenda. An important example of such strategic initiatives is the Update of the Corporate Holding Structure, which was a regularly recurring topic due to its significance to not only the Company but also to the Company's stakeholders.

Strategy-associated risks

Reviewing the company's risk assessment processes and the monitoring of the company's internal risk management and control systems continued to be a priority and joint responsibility of the Supervisory

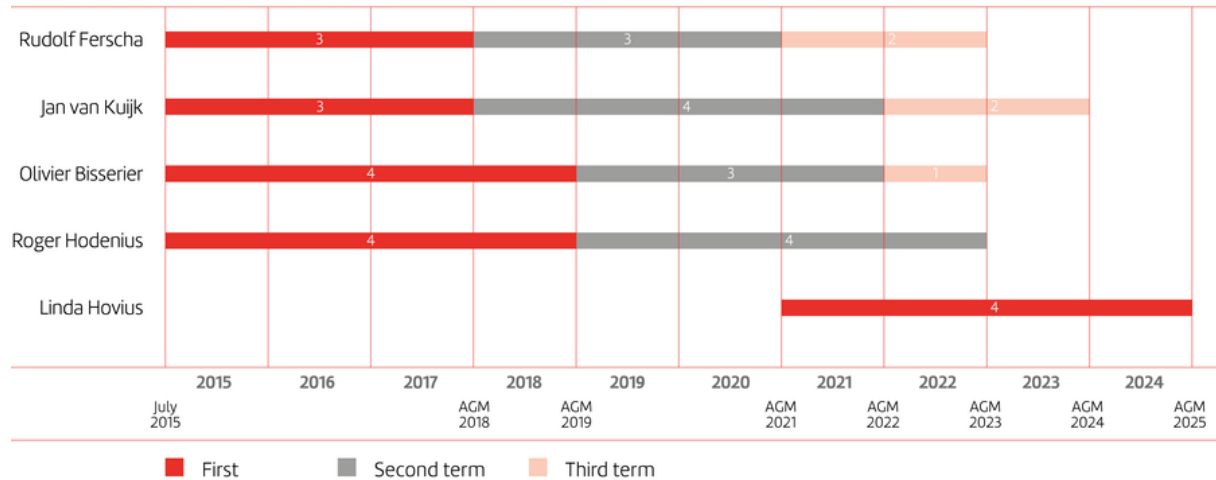
Board and all committees throughout the year 2022. The review amongst others entailed an overview of all relevant risks the company is exposed to, the internal controls in place to address these risks, and the Management Board's views on such risks.

Succession planning and diversity

The term of both Jan van Kuijk and Olivier Bissierier, as Supervisory Board members, and the term of Folkert Joling as Management Board member expired in 2022. At the 2022 AGM, Jan van Kuijk was reappointed for another two year term, Olivier Bissierier was reappointed for another one year term and Folkert Joling was reappointed for another four year term (the chart below shows the terms and upcoming reappointments of the non-executive directors, i.e. the rotation schedule).

On 29 April 2022, Thomas Wolff resigned from his position as member of the Management Board, and on 30 November 2022, Britta Achmann resigned from her position as a member of the Management Board. As such, succession planning of the Management Board has been an important topic. When discussing succession planning, the company's Equal Opportunity Policy and Diversity, Equity & Inclusion Policy was always taken into account.

Non-Executive Director Rotation Schedule



Culture, values, DEI

Company culture continued to be a meaningful item on the Management Board's and Supervisory Board's agenda and as such has been periodically discussed in Remuneration & Appointment Committee meetings and Supervisory Board meetings.

Noteworthy topics that have been discussed within the Supervisory Board in respect of Company culture and core values are e.g. the replacement of the Company's Equal Opportunity Policy with the Company's Diversity, Equity & Inclusion Policy and the in-depth review of the annual employee satisfaction survey.

New legislation and regulation

The Supervisory Board was regularly updated on and discussed upcoming regulation and implementation of regulation. This includes the implementation of the "wet ingroeiquotum en streefcijfers" as per 1

January 2022 and the introduction of the updated Dutch Corporate Governance Code as per 20 December 2022.

Financial results

The Supervisory Board was updated on the company's financial, legal and compliance risks through the Audit Committee and the Risk Committee. Other topics discussed were the annual, half-yearly and quarterly results.

The company's governance structure and related documentation

On 13 January 2023, as part of the Update of the Corporate Holding Structure, all of the company's governance documents and policies have been adopted by the new one-tier Board. During the year 2022, the Supervisory Board regularly discussed these governance documents and policies in

preparation of the Update of the Corporate Holding Structure.

Industry-related updates

Relevant updates and educations sessions were provided by the heads of specific departments and external advisors. This included updates and education sessions on e.g. digital assets & digital asset security as well as on one-tier Board dynamics, specifically in the context of the Bermuda legal regime (in preparation of the Update of the Corporate Holding Structure).

Large investments

The Management Board explained and discussed any large investments with the Supervisory Board.

Remuneration and variable compensation of Management Board and employees

The Remuneration & Appointment Committee updated the Supervisory Board on remuneration and variable compensation plans for both employees and the Management Board.

The Internal Audit Function

The recommendations of the Internal Audit Function, the functioning of the Internal Audit Function and the progress on the Internal Audit Plan 2022 have been discussed and followed up during 2022.

Attendance Supervisory Board and its Committees

The table on the right shows statistics concerning attendance at Supervisory Board and Committee meetings, reflected as number of meetings attended out of the total number of meetings held. The attendance rate during the year 2022 was 97% for Supervisory Board meetings and 96% including committee meetings. The Management Board also attended each meeting in full or in part.

	Supervisory Board	Audit Committee	Remuneration & Appointment Committee	Risk Committee	Trading & Technology Committee
Rudolf Ferscha	25/25	5/5	7/8	4/4	2/2
Olivier Bisselier	25/25	5/5		4/4	2/2
Roger Hodenius	24/25		8/8	3/4	1/2
Jan van Kuijk	23/25	5/5	8/8	4/4	2/2
Linda Hovius	23/25		8/8	4/4	2/2
Ilonka Jankovich	25/25	4/5		4/4	1/2

Evaluation of the Supervisory Board

The Supervisory Board discussed the outcome of the 2021 self-evaluation, and the follow-up on conclusions of that self-assessment. As a result of the conclusions of the 2021 self-assessment, it was agreed within the Supervisory Board to engage more regularly with the Management Board on strategic matters as well as more intensely monitor the Management Board's strategy development initiatives.

In the fourth quarter of 2022, the Supervisory Board evaluated its own functioning and that of its Committees and individual members, this time guided by external consultants who are subject matter experts in respect of Corporate Governance and Boardroom Dynamics. As a result of the conclusions of the 2022 self-assessment, it was agreed within the Supervisory Board to further cultivate productive and efficient board dynamics, including the effective distributions of roles and responsibilities. The 2022 self-assessment also included an independence-assessment which was led by Rudolf Ferscha as Chairman of the Supervisory Board and Linda Hovius as Chairwoman of the Remuneration and Appointment Committee. As a result of this independence-assessment, the Supervisory Board re-confirmed the independence of Olivier Bisselier, Rudolf Ferscha, Linda Hovius and Ilonka Jankovich. Roger Hodenius and Jan van Kuijk were considered non-independent Supervisory Board members.

Evaluation of the Management Board

The performance of all members of the Management board has been discussed among the Supervisory Board and with each member of the Management Board individually, twice throughout the year 2022. During performance discussions, the representatives spoke with the Management Board members individually and with the Management Board as a whole. Guiding structures for these conversations included the Management Board KPI overview, the strategic agenda set for 2022, culture and team performance. Based on these discussions the Remuneration and Appointment Committee provided feedback regarding its view on the Management Board's performance to the Supervisory Board, to guide year-end discussions on variable remuneration.



Committees

During the entire financial year 2022, the Supervisory Board operated four committees: the Audit Committee, the Remuneration & Appointment Committee, the Trading & Technology Committee, and the Risk Committee. For more information on the functioning and on the responsibilities of the committees, please refer to the chapter Governance.

The composition of each committee during the entire financial year 2022 did not change and is reflected in table below.

Audit Committee	Remuneration & Appointment Committee	Risk Committee	Trading & Technology Committee
Olivier Bisselier (Chair)	Linda Hovius (Chair)	Olivier Bisselier (Chair)	Jan van Kuijk (Chair)
Rudolf Ferscha	Rudolf Ferscha	Rudolf Ferscha	Rudolf Ferscha
Jan van Kuijk	Jan van Kuijk	Jan van Kuijk	Olivier Bisselier
Ilonka Jankovich	Roger Hodenius	Roger Hodenius	Roger Hodenius
		Ilonka Jankovich	Ilonka Jankovich
		Linda Hovius	Linda Hovius

The committees reported to the Supervisory Board by sharing their advice and recommendations during the Supervisory Board meetings and by providing an update of the deliberations during the Supervisory Board meeting.

Audit Committee

The Audit Committee met five times in 2022. Other attendees besides the Committee members included the CEO, the CFO, the Global Head of Finance, the Investor Relations Officer, the the Global Head of Internal Audit, the Global Head of Tax, the Global Head of Compliance and the external auditor.

During these meetings, the Audit Committee discussed the annual results, the half-yearly results and the quarterly results and shared the items discussed with the Supervisory Board. Other topics discussed include e.g. significant new and proposed legislative initiatives related to accounting, auditing and financial reporting, tax planning, tax strategy and monitoring, assessing whether there were significant deficiencies and material weaknesses in internal control over financial reporting, the company's financing strategy and capital management policy (including dividend proposals), assessing the company's compliance with rules and regulations (including among others, CRR and IFR/

IFD), the company's Code of Conduct and the methods used to assess the effectiveness of the internal and external audit processes. Topics discussed with the external auditor included the financial statements over the financial year 2021, recommendations on the basis of the annual report, their audit plan for the financial year 2022 and their interim review report. The Audit Committee reviewed the management letter and recommendations included in the auditor's report, as issued by the external auditor and discussed the actions taken by management to address any recommendations and observations. The Audit Committee evaluated the performance of the external auditor and discusses this with the Board

and subsequently with the external auditor. In light of this, the Audit Committee advised the Board about the reappointment of the external auditor, before the Board determined EY's nomination for the appointment of the external auditor to the General Meeting of 2023. Given the nature of our business, the application of information and communication technology by the company, including risks relating to cyber security, are discussed in detail in the Trading & Technology Committee. Subsequently, key items in respect of these items are also discussed in the Audit Committee.

External auditor

The Audit Committee and the Management Board reported to the Supervisory Board on EY's functioning as the external auditor, the company's relationship with the external auditor, on its fees, as well as on other audit and non-audit services it provided to the company. EY performed a review of the company's interim financial statements and issued an unqualified review report. The Audit Committee evaluated the qualifications, performance and independence of EY, taking into account the opinions of the Management Board. The Audit Committee also obtained a report from the external auditor regarding, among other topics, its internal quality control procedures. EY confirmed its independence from Flow Traders in accordance with the professional standards applicable to it. Based on the information provided by the Audit Committee, the Supervisory Board nominated EY as external auditor at the company's General Meeting in 2022. Subsequently, EY was reappointed by the General Meeting as external auditor for the financial year 2022.

Internal audit function

The Internal Audit Function (IAF) executed audits that form part of the internal audit plan, approved by the Supervisory Board. Focus areas in the 2022 audit plan included amongst others trading, risk management, IT systems and adherence to regulatory requirements. The Audit Committee and the Global Head of Internal Audit discussed the audit results from 2022 (findings, observations, recommendations, management feedback and follow-up). The IAF also delivered an updated Internal Audit Charter as well as a risk based audit plan for 2023. The Audit Committee maintains regular dialogue with the IAF, particularly in relation to ongoing audits and outstanding audit items. More information can be found in the chapter Governance.

Remuneration & Appointment Committee

The Remuneration & Appointment Committee met eight times in 2022. Other attendees to the meetings included the CEO and the Global Head of HRM & Recruitment. During the meetings the Remuneration & Appointment Committee discussed the company's culture in general including feedback on the annual employee engagement survey, the General Remuneration Policy, and drafted proposals to the Supervisory Board for the remuneration practices to be pursued for the Management Board and staff of the company. It also discussed and further outlined proposals for the remuneration of the individual members of the Management Board for adoption by the Supervisory Board. The size, composition, functioning and succession planning of the Supervisory Board and Management Board was reviewed and findings reported to the Supervisory Board. Other duties included the monitoring of developments of the Corporate Governance Code and regulations in relation to remuneration policies and the preparation of the Remuneration Report.

Before determining the remuneration of the Management Board members, the Remuneration & Appointment Committee took note of the individual Management Board members' views with regard to the amount and structure of their own remuneration.

Trading & Technology Committee

The Trading & Technology Committee met twice in 2022. As the core business of the company is discussed in this committee, all of the Supervisory Board members formed part of the Trading & Technology Committee. The committee addresses trading topics such as, but not limited to, the general market conditions, the (relative) performance of the trading desks across the various regions Flow Traders operates in, Flow Traders' focus areas and growth strategies and also addresses technology topics, e.g. digital asset security for example and other developments concerning the crypto and broader digital asset space..

Risk Committee

The Risk Committee met four times in 2022. Invitees of the meeting were the Management Board members and the Global Head of Risk or the Head of Risk EMEA. The main focus in the meetings was the Management Board's risk assessment. The attendees discussed in detail the relevant risks the company is exposed to, the internal controls in place to address these risks, the Management Board's views on such risks, as well as the effectiveness of the design and operation of the internal risk management and control system. The committee has discussed the way material risks and uncertainties have been analyzed and discussed, the ICLAAP and the Capital Requirement Regulation as well as the IFR/IFD regulation were also topics of discussion. More information can be found in the chapter Governance.

Financial statements and dividend

The 2022 financial statements were prepared by the Board. They were discussed with the Audit Committee, in attendance of EY. The financial statements were audited by EY, who issued an unqualified auditor's report. Reference is made to the auditor's report of the financial statements. The Board approved the financial statements as audited by EY, including the company's dividend proposal. We invite the General Meeting to adopt the financial statements for 2022.

Information on the remuneration of the Executive Directors can be found in the chapter Remuneration.

Thank you

Finally, the Board would like to thank the Executive Directors and all of the Flow Traders' employees for their considerable efforts and achievements throughout the year 2022.

Amsterdam, 23 February 2023

Rudolf Ferscha

Linda Hovius

Olivier Bisselier

Jan van Kuijk

Roger Hodenius



Michael Lie
Head of Digital Asset Trading



Frans Scholten
Flow Traders Capital Lead

Flow Traders Capital is Flow Traders' venture capital unit and was established in 2022.

What is Flow Traders Capital and why was it created?

Flow Traders Capital is a dedicated venture capital unit launched by Flow Traders to expand its involvement in emerging technologies that accelerate growth and create greater transparency in global financial markets. With an initial committed fund of €50 million, Flow Traders Capital actively invests in the Fintech and Digital Asset space.

The venture capital unit provides us with a unique platform and ability to gain valuable exposure to emerging ecosystems and innovative technologies as well as creating synergies with our core business

What is the investment strategy?

We make early-stage investments that enable market infrastructure development. Our key focus areas are the development of platforms, data, and connectivity. When making an investment, we need to see a clear strategic fit with Flow Traders. Core to our investment strategy is who we work with; we partner with founders who are creative and ambitious, and who share the same values as Flow Traders.

Since formalizing Flow Traders Capital, we have made, for example, investments in equities and tokens in both decentralized finance and infrastructure which we link back to our main business through trading, connectivity, specific-use cases and by providing liquidity

What does Flow Traders Capital offer its investments?

We are proud to have a dedicated team of experts who support our portfolio companies with both financial and intellectual capital. We offer expertise in product design and development, capital market knowledge, go-to-market strategies, and market insights.

When supporting our portfolio companies, we can leverage almost two decades of experience in trading and providing liquidity. Moreover, we have a very strong institutional network of over 2,200 institutional counterparties, which we can activate, along with providing access to our existing broad portfolio companies, founders and projects. We are passionate about working with like minded founders, at Flow Traders we like to work with creative and out of the box thinkers.





Michael Lie
Head of Digital Asset Trading



Frans Scholten
Flow Traders Capital Lead

INTERVIEW (continued)

"The venture capital unit provides us with a unique platform and ability to gain valuable exposure to emerging ecosystems and innovative technologies"

What is next for Flow Traders Capital?

We have made several strategic investments to date that support our core business and have realized a successful exit. In the years ahead, we will continue investing in areas where we can play an active role, that support our core business and that support innovation in financial markets.

Long term, we aim to shape the future of financial markets by actively contributing to greater transparency, by having exposure and alignment, and by providing added value to our portfolio companies.

When supporting our portfolio companies, we can leverage almost two decades of experience in trading and providing liquidity. quote for the design



Remuneration report

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Letter from the Chairman of the Remuneration & Appointment Committee

Dear Shareholder,

On behalf of the Remuneration & Appointment Committee, I am pleased to present our 2022 Remuneration Report. This report includes a summary of our remuneration policy currently in place, as approved at the 2016 AGM, and the remuneration paid out in 2022 in accordance with this policy. The remuneration report reflects the reporting requirements originating from the updated EU Shareholder Rights Directive and the Dutch implementation of this Directive.

Additionally, following the completion of the update to the corporate holding structure, this report has been amended and simplified compared to previous years to align with this new international context. To aid transparency, this report provides additional information on our remuneration philosophy together with retrospective details of the new Management Board corporate scorecard introduced to assess performance more holistically. Historically, we have not disclosed any targets or actual achievement levels for our performance criteria. However, given the importance of this as expressed by our shareholders and the proxy advisors, we are now disclosing these levels for the KPIs identified in our scorecard. We anticipate that the new format and additional disclosures will help investors see the strong link between our remuneration philosophy and policy design.

Furthermore, this report provides the main proposed updates to our executive remuneration policy that we will submit to the 2023 AGM. The proposed remuneration policy contains several important

changes compared with our current policy, while remaining aligned with our company culture and remuneration philosophy. We are proposing to enhance long-term value creation by formally introducing share-based compensation and enhanced deferral and vesting provisions. For an overview of the proposed changes please refer to page 88.

Stakeholder engagement following 2022 AGM

In 2022, we put forward our revised remuneration policy for the Management Board and our 2021 remuneration report (advisory vote) for the AGM's approval. 60% of shareholders voted in favour of the remuneration report. The revised policy for the Management Board was approved by 57% of our shareholders, meaning it did not obtain the required 75% supermajority from the AGM. As a result, we have continued to operate under the Remuneration Policy as approved in 2016.

Following this voting result, the Committee has undertaken consultations with shareholders and proxy advisors. We have summarized the main feedback received together with how we have acted on this feedback below.

In addition, we have enhanced the disclosures around Management Board performance and the vesting schedules for deferred awards in this 2022 remuneration report.

We strongly believe in the proposed remuneration policy and have taken steps to ensure it is reflective of feedback received from our stakeholders. You will have an opportunity to vote on the proposals at the 2023 AGM. If the policy does not receive the 75% support required, we will be obligated to continue

with our existing policy as described in our policy at a glance section on page 90.

"We take our stakeholders views very seriously and welcome an open dialogue on all aspects of remuneration"

Main feedback from stakeholders

Ensuring long-term focus

- Long-term value creation and share ownership are cornerstones of our remuneration philosophy. We propose to further align our remuneration policy with our philosophy and to defer a significant portion of variable remuneration (62.5%) for a multi-year period (up to 4 years). A significant portion (50%) of variable remuneration is paid out in equity and is subject to a holding period of one year post-vesting.
- In addition to operating above market standards clawback provisions, we propose to update our remuneration policy and introduce post-termination vesting restrictions.
- We propose to update our remuneration policy and encourage our executive directors to retain 50% of the shares granted as part of their remuneration (after tax) until cessation of employment.

Formally capping variable compensation

- It is in our corporate DNA to share our profits fairly with our shareholders and employees, and we have done so since we were founded. The total variable remuneration pool available for all employees (including the Management Board) in 2022 was capped at a maximum of 32.5% of operating result. We also propose to retain the hard cap on individual executive director total remuneration award levels (20 times versus average FTE total remuneration levels).
- This translated into a hard cap of €4,718,000 total remuneration for each member of the Management Board in 2022. The total remuneration of each member of the Management Board was well within this limit.
- We have restructured our remuneration report, with the aim to better explain the design of our

remuneration policy and in particular the philosophy behind our policy

Improved transparency and disclosure

- Following shareholder feedback, we introduced a KPI scorecard for the Management Board with both financial and nonfinancial performance measures. The financial measures will allow for any remuneration awarded to consider multiple aspects of financial performance and not just operating profit, while non-financial measures will be selected to encourage sustained long-term performance.
- For each KPI identified, we are now retrospectively disclosing the targets and actual achievement levels.
- We have restructured our remuneration report, with the aim to better explain the operation of our variable remuneration plan. We have included more details on deferred variable remuneration and real value received in comparison to the theoretical value of the yearly Management Board remuneration awards.
- We believe that these changes will increase transparency and certainty for shareholders.

Company performance and remuneration in 2022

Flow Traders delivered an improved financial and trading performance in 2022 compared to 2021 reflecting a more active market environment. We recorded Normalized Total Income in 2022 of €460.6 million and demonstrated a healthy Normalized EBITDA margin of 45% with Normalized EBITDA of €208.2 million. Ultimately, we recorded a Normalized Net Profit of €150.2 million with Normalized Basic EPS of €3.45. This, along with our strong capital position, allowed the company to pay a total dividend of €1.50 per share to shareholders. The Supervisory Board, in close consultation with,

and supported by, the Management Board has decided that the 2022 firm-wide variable remuneration pool will be €86.6 million (2021: €83.3 million), corresponding to 32.5% of operating result in 2022.

The Supervisory Board has also determined the 2022 variable remuneration awards to the members of the Management Board in line with the recommendation from the Remuneration Committee (in accordance with the remuneration policy adopted at the 2016 AGM and being cognizant of the new policy proposed at the 2023 AGM).

The performance of the Management Board has been reviewed against the corporate KPI scorecard, which includes both quantitative and qualitative targets as well as achievement of individual performance objectives. As a result of this review, the Supervisory Board has decided that 6.1% of the variable remuneration pool should be allocated to the Management Board.

Changes for 2023

As a result of a thorough legal and capital structure review and to support our aims in becoming more competitive as a global multi-asset liquidity provider, we completed an update to our corporate holding structure which includes a top holding company in Bermuda. We have retained our existing global footprint with no change to day-to-day operations. This includes a substantial presence in the Netherlands as well as maintaining a listing on Euronext Amsterdam.

Our Board remuneration shareholder approval requirements remain unchanged through the holding structure changes. We continue to uphold the requirement to obtain 75% of shareholder approval for our Board remuneration policy which will be put to a vote at the 2023 AGM.

Following the updates to our holding structure, as required by Bermuda law, the top holding company now has a one-tier Board, comprised of executive and non-executive directors, including an independent Chairman.

On behalf of the Committee, I thank all shareholders for their constructive feedback, and we are looking forward to continuing our dialogue in 2023.

Linda Hovius



Flow Traders' remuneration philosophy

We believe in operating a single & straightforward policy, where we reward all our employees, including the Management Board, based on the same remuneration policy. We do so, based on our remuneration philosophy and according to several defined principles. While we recognize that the corporate governance landscape has evolved in recent years, we believe that the principles that underline our approach remain relevant. The defined principles as described below guide the Remuneration and Nomination Committee when making decisions on the remuneration policy and its implementation.

Profit sharing

It is in our corporate DNA to share our profits fairly with our shareholders and employees, and we have done so since we were founded. Given good performance employees from any role and office are entitled to receive variable remuneration relative to their contribution to the firm as a whole.

We share one singular firm-wide variable remuneration pool. The total profit pool available for all employees and the Management Board is 32.5% of operating profit, the residual portion allocated to our shareholders.

Rewarding for exceptional performance

Our remuneration consists of a relatively modest base salary and a variable remuneration component. Positive company performance enables employees in any role to receive variable compensation relative to their contribution to the firm. The variable remuneration profit share that is paid out is partly in equity that directly reflects company and personal performance.

The pay-mix is skewed towards variable remuneration in good (financial) years. At the same time, if we make no profit, we do not pay-out variable remuneration – and reclaim outstanding deferrals if we sustain a loss.

Guarding long-term interests & stimulating risk awareness

We align employee pay with the interests of shareholders and our financial performance. Where Flow Traders is successful, the profits are shared with all stakeholders, including our employees. As such, variable pay is only possible in a year when a profit is made, and a significant part of any profit sharing (62.5%) is deferred for a multi-year period (up to 4 years) that remains at risk in full during this period. The cash component of the profit share vests on a pro-rata basis over a two-year period, with the first tranche vesting on the date of award. This aligns the interests of the company and its shareholders with those of our employees by building long-term value and creating 'skin in the game' as well as continued loyalty.

Where Flow Traders is less successful, there is a corresponding downwards impact on variable remuneration levels creating a risk aware culture and creating larger alignment with long term growth and reward (as deferred variable remuneration remains at risk until vesting).

Emphasizing share ownership

We see the advantages of employee ownership, ranging from positive effects on employee commitment (attracting and retaining employees), corporate innovation, our business performance (productivity and profitability as well as competitiveness to our peers), through greater work effort of employees and a more cooperative and entrepreneurial corporate culture.

Social responsibility

The company and its management believe in being a socially responsible company. Enabling equal opportunities and fostering ownership is embraced across all areas of how we do business.

Flow Traders' approach to Management Board remuneration

Our Management Board remuneration policy aims to attract, motivate and retain Management Board members to lead Flow Traders and sustainably execute Flow Traders' strategy. We aim to provide total remuneration that is competitive with our predominantly international, and in many cases privately-owned, competitors and design our remuneration structures to encourage our employees to stay with us for the longer term. Our Management Board remuneration policy reflects our mission, corporate identity and values and fosters our unique Flow Traders culture.

We provide our members of the Management Board a remuneration package that consists of fixed remuneration and variable remuneration. The Management Board does not receive material ancillary benefits beyond variable remuneration. As permitted by the remuneration policy, total remuneration of Management Board members is voluntarily capped at a multiple of the average employee total remuneration. We present detailed insights into our Management Board remuneration policy in the next section.

Management Board Remuneration at a glance

In accordance with our Remuneration Philosophy, we provide members of the Management Board with a remuneration package that consists of fixed remuneration, in the form of a relatively modest base salary, and variable remuneration that is aligned with company performance.

While our current policy has been last approved in 2016, we have since then made improvements within that policy. In 2021 and 2022 we have already reduced the policy maximum 40% of Flow Traders' operating profit over the performance year being available for variable remuneration and in 2022 we have introduced a balanced scorecard to assess Management Board members' performance. Within our proposed 2023 policy, we hope to formally implement these and other adjustments.

The table on the right provides further insight into the main elements of our existing remuneration policy, for an overview of our proposed remuneration policy please refer to page 91.

Base Salary	<ul style="list-style-type: none"> ▪ Relatively modest base salary
Variable Pay	<p>Policy</p> <ul style="list-style-type: none"> ▪ Management Board Members are awarded a variable remuneration entitlement in the form of a percentage of the firm-wide variable remuneration pool ▪ No variable remuneration pool will be available where Flow Traders was not profitable in a performance year ▪ Maximum 40% of Flow Traders' operating profit - minus applicable adjustments - over the performance year is available for variable remuneration ▪ The policy maximum of 40% was reduced to 35% for 2021 and to 32.5% for 2022. <p>Operation</p> <ul style="list-style-type: none"> ▪ Performance is measured over a one-year performance period ▪ Variable remuneration awards are predominantly based on Flow Traders' operating profit, which determines the volume of the profit pool ▪ Scores against the company balanced scorecard introduced in 2022 as well as individual performance of the board members are used as input to determine the percentage of the profit pool available for Management Board members. <p>Deferral and Vesting</p> <ul style="list-style-type: none"> ▪ Variable remuneration is paid out fully in cash or share-like instruments ▪ Above a certain threshold, variable remuneration is paid out in two or more tranches

2022 Remuneration for the Management Board

Introduction

The remuneration (and other arrangements) for the members of the Management Board are determined by the Supervisory Board (following proposals from the Remuneration & Appointment Committee). The Supervisory Board has assessed the remuneration of the Management Board members based on their performance - both individual and as a team- and in accordance with company performance in 2022. A detailed explanation of the assessment is included in the "Performance assessment" section on page 93.

Total remuneration

The table below shows the total remuneration awarded to individual members of the Management Board in 2022.

- Flow Traders delivered an improved financial and trading performance in 2022 compared to 2021 reflecting a more active market environment. We recorded Normalized Total Income in 2022 of €460.6 million and demonstrated a healthy Normalized EBITDA margin of 45% with Normalized EBITDA of €208.2 million. Ultimately, we recorded a Normalized Net Profit of €150.2 million with Normalized Basic EPS of €3.45.
- We made significant progress in terms of executing our strategic growth agenda with the further expansion single bond market making activities, broadening and deepening our digital assets footprint and completing 16 strategic investments via Flow Traders Capital.
- The improved financial performance translated into a larger variable remuneration pool in 2022 compared to 2021. The firm-wide variable remuneration pool in 2022 represents 32.5% of the operating result, in line with the existing remuneration policy. The Management Board has been awarded 6.1% of the variable remuneration pool in 2022.
- In line with the proposed cap on total remuneration in the 2022 remuneration policy, the hard cap on total remuneration for each Management Board member in 2022 is €4,718,000. The cap is based on average employee total pay of €235,900, calculated according to the recommendation of the Dutch Monitoring Commission.

TOTAL REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD IN THOUSANDS OF EURO

Name	Fixed remuneration		Variable Remuneration				Extraordinary items		Pension scheme		Total remuneration		Proportional split (%) of remuneration in fixed/variable			
	Base salary		Cash		Company share-like instruments								Variable			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021		
				Upfront	Deferred	Upfront	Deferred									
Dennis Dijkstra, CEO (2014 - 2022)	95	95	425	425	363	363	850	725	—	—	—	—	1,795	1,545	5%/95%	6%/94%
Mike Kuehnel, CFO (2021 - 2022)	95	40	425	425	250	250	850	500	—	—	—	—	1,795	1,040	5%/95%	4%/96%
Folkert Joling, CTrO (2018 -)	95	95	425	425	363	363	850	725	8	8	—	—	1,803	1,553	5%/95%	6%/94%
Thomas Wolff, CTO (2018 - 2022)	32	95	—	—	200	—	—	400	8	8	—	—	40	703	80%/20%	14%/86%
Britta Achmann, CRO (2020 - 2022)	183	200	50	50	94	94	—	47	—	97	—	—	283	532	65%/35%	38%/62%

1. As shareholders have not approved to award actual shares, members of the Management Board receive share-like instruments.

2. Prior to their appointment into the Management Board, Chief Trading Officer Folkert Joling and Chief Technology Officer Thomas Wolff had participated in the Flow Traders Cash Incentive Plan 2017 (FCIP 2017). Under the FCIP plan rules they were offered the opportunity to buy Company shares and receive an annual cash incentive over a five-year period. The right to these incentives would have been forfeited due to ceasing to be an employee and becoming a member of the Management Board in April 2018. However, special permission has been granted to both Management Board members to remain entitled to the incentive rights under the FCIP plan rules in respect of the shares bought under the FCIP at the time they were an employee of Flow Traders rather than a member of the Management Board. As a result, they have both received €8,000 annual cash incentive.

3. Thomas Wolff stepped down as member of the Management Board as of 29 April 2022. The remuneration granted in capacity as CTO is shown in the table above. Given the resignation, the deferred cash award granted in 2021 in the amount of €200,000 has been forfeited. No variable remuneration has been granted in 2022.

4. Britta Achmann stepped down as member of the Management Board as of 30 November 2022. The remuneration granted in capacity as CRO is shown in the table above. Given the resignation the share-like instruments awarded in 2022 were forfeited and only 25% of the unvested share-like instruments of the prior year grants will vest before the vesting date.

Base salary

None of the members of the Management Board received a base salary increase during 2022. The Chief Executive Officer, Chief Financial Officer and Chief Trading Officer continued to receive a modest annual base salary for the size of their role and responsibilities of €94,608, while the Chief Risk Officer received an annual base salary of €200,000.

Variable remuneration

The design of our variable remuneration reflects our remuneration principles. We operate a single incentive plan that drives and rewards both annual and long-term performance with a significant focus on the long-term through the multi-year pay-out mechanism and half of the award being paid in Flow Traders equity.

In line with our guiding principles, the members of the Management Board share in the same firm-wide variable remuneration pool as all other employees. This pool of variable remuneration is primarily a function of operating results. While this structure is uncommon among listed companies, it is in line with the practice in our industry among both listed and non-listed peer companies, and necessary to be able to attract, retain and motivate individuals of the highest calibre.

Management Board performance assessment

To determine the Management Board's variable remuneration awards, the Supervisory Board conducts a holistic assessment of the performance of each Management Board member and the Management Board as a whole in accordance with a defined scorecard. In this holistic performance assessment, the Supervisory Board considers performance against company targets, which includes both financial and non-financial key performance indicators (KPIs). To ensure a balanced assessment, our KPIs do not have pre-determined weightings, allowing the Remuneration Committee to determine the overall outcome and ensure appropriateness in wider circumstances. Objectives for the KPIs included in the scorecard are set prior to the beginning of the year and where appropriate quantitative targets are predefined to ensure the assessment is robust. Individual performance is assessed alongside company performance to determine the final variable compensation outcomes.

Below we present the company KPIs and the explanation on the performance assessment as conducted for 2022.

Performance assessment

Flow Traders introduced in 2022 a scorecard which demonstrates company performance through six specific performance criteria. The criteria were chosen to align with our business, our strategy and include a range of financial and non-financial metrics.

During the course of numerous engagement sessions with stakeholders around executive remuneration, it was indicated that information should be provided in order for executive performance and the resulting remuneration outcomes to be assessed more thoroughly. Accordingly, in addition to providing insights into the specific performance criteria applied, we have also presented the targets and actual results for 2022 on the defined performance criteria.

The criteria were set ahead of the performance period, ensuring that the achievement of targets is challenging, and were as follows:

1. Median daily net trading income (NTI) normalized for volatility:

We believe that the median daily NTI normalized by volatility provides a statistically clean picture of overall business growth. The distribution of daily NTI is not normally distributed but more shaped like a Poisson or Gamma distribution with a few negatives days and more higher profitability days. Due to the fact that the higher profitability days are independent, a simple average of daily NTI is statistically less relevant than the median of the daily NTI. It is Flow Traders' ambition to increase this median NTI for equal volatility scenarios. Therefore, it is necessary to normalize the observed daily NTI by the volatility. Since volatility does not have a linear effect, but a moderately exponential

impact, it has been determined that the most appropriate calculation option is to divide the daily median NTI by the root of the volatility.

This exercise has been performed on the last 56 quarters and the average VIX value has been used to normalize the NTI. It is important to note that for a business with a global footprint which is exposed to multiple different asset classes, VIX is a simplified proxy for overall volatility (VIX is the implied volatility of the S&P500). However, it does provide a measure of general market sentiment. The target value set by the company is to have this metric increase by 10 points every year which equals an increase of approximately €50,000 per trading day for the daily median for a volatility environment like the one seen in Q4 2022.

The target for this metric was set at 227 for 2022 and we achieved an actual result of 277. Moreover, during the course of 2022, this metric was above the target in all four quarters with Q1 experiencing the largest level of outperformance.

2. Normalized EBITDA margin

Normalized EBITDA margin is a profitability ratio that measures how much in earnings a company is generating before interest, taxes, depreciation, and amortization, as a percentage of Net Trading Income. Normalized EBITDA and margin are based on the relevant profit share percentage of operating result for the relevant financial period without any IFRS 2 adjustments for share-based payments.

On the cost side, Normalized fixed operating expenses increased to €161.6 million in 2022 (2021: €122.1 million). The main drivers of the increase in fixed expenses related to USD strengthening, base compensation increases, technology investments to support diversification initiatives as well as new

hires. FTEs increased by 8% percent to 660. Normalized variable employee expenses increased to €90.8 million (2021: €86.5 million) which reflects the improved overall financial performance of the business during the year and the adjusted profit sharing percentage of 32.5% which was implemented to ensure the base compensation increases were income statement neutral.

A target Normalized EBITDA of 40% was set for 2022. This is reflective of prior annual outcomes and is at a level which ensures a sustainable and growing business for all internal and external stakeholders. Flow Traders delivered a Normalized EBITDA margin of 45% (2021:46%) with Normalized EBITDA of €208.2 million (2021: €178.5 million), which was the result of the income and cost dynamics described above. Flow Traders continued to demonstrate strong operational leverage in 2022.

3. Average return on shareholders' equity

The average return on shareholders' equity shows how much money is returned to our shareholders as a percentage of the money that has been invested or retained in Flow Traders. It is calculated by dividing Flow Traders normalized net profit for the year by the average total shareholders' equity for the year (i.e. the average of the opening and closing shareholders equity balances, expressed as a percentage).

In 2022, Flow Traders recorded average return on equity of 27% reflecting normalized net profit of €150.2 million and average shareholders' equity of €557.2 million. This compares to 24% average return on shareholders' equity delivered in 2021. The realization of a 27% average return on equity is the result of a NTI performance during the year as well as the operating expenses dynamics which

reflect both fixed operating expenses as well as variable employee remuneration which is determined by the 32.5% profit share arrangement.

The target for executives has been set at 15% which is an approximation of Flow Traders' cost of equity and steers towards delivering a return on shareholders' equity that is greater than the company's cost of equity.

4. Business development and diversification index

It is an ongoing goal of the company to further grow and diversify our trading activities each year, particularly in the context of the broader market volumes. An important component of our trading is off-exchange with institutional counterparties and these relationships are critically important as we diversify our trading into fixed income and across CCC which are products that are almost exclusively traded off exchange. Value traded, both ETP and non-ETP, indicate how we have grown and diversified our trading activities. Accordingly, we have developed a business development index which seeks to demonstrate how the business has developed and diversified over the relevant performance year.

This business development and diversification index provides a relative score based on an algorithm comprised of several input levers including the number of active counterparties, our own ETP value traded as well as non-ETP value traded and total market ETP value traded. At the end of 2022, Flow Traders had 1,165 active institutional counterparties compared to 1,082 at the end of 2021. In 2022, Flow Traders ETP value traded amounted to €1,775 billion (2021: €1,541 billion) and Flow Traders non-ETP value traded amounted to €4,989 billion (2021:

€4,209 billion). Global ETP market value traded was €51,811 billion in 2022 (2021: €36,835 billion).

Given these inputs and developments, Flow Traders scored 1.52 with regards to this index. This compares to a target of 1.45 (2021 index score).

5. Compliance awareness score

The metric represents incidents that Compliance was made aware of on a timely basis that resulted in further action (e.g., document, escalation, and or remedial measures) and categorized by level of materiality.

Incident management was successful overall; issues were identified and escalated through transparent channels. Opportunities remain for improvement with respect to implementing cross-departmental enhancements and structural solutions rather than ad hoc improvements.

Flow Traders achieved a 100% outcome with respect to its compliance awareness score which is in line with the target set for the executives. All incidents were reported on a timely basis and Flow Traders relies on the procedures and training of the Compliance team to ensure any breach of obligations are sufficiently escalated and acted upon.

6. Engagement score

This is the average score given by our employees in response to the main engagement question in our annual global employee engagement survey. Engagement is a measure of how committed and enthusiastic employees are about their work and the organization. When people are engaged, they feel more comfortable being themselves at work. Different factors contribute to employee engagement, including organizational culture, work

environment, work relationships, and development opportunities.

On the engagement score, a 7.4 was scored, slightly below the target of 7.6. We do see it as our goal to increase the score vs the benchmark next year but also feel comfortable as the score is close to the set target only missing target with a few decimals.

2022 performance summary

Performance metric	Performance 2022		
	Threshold	Target	Maximum
Median daily NTI normalized for volatility		227	277
Normalized EBITDA margin		40%	45%
Average return on shareholders' equity		15%	27%
Business development and diversification index		1.45	1.52
Compliance awareness score		100%	100%
Engagement score		7.4	7.6

Following from the above, the performance on the company scorecard in combination with the Management Board member's individual performance has determined the individual variable compensation outcome. As mentioned, our KPIs do not have pre-determined weightings, allowing the Remuneration and Nomination Committee to determine the overall outcome and ensure appropriateness in overall circumstances. As such we believe the variable compensation determined is set at a justified level. Aligned with our remuneration philosophy and our aim of long-term value creation, the variable compensation is partly paid out in share-like instruments deferred over multiple years.

Management Board performance

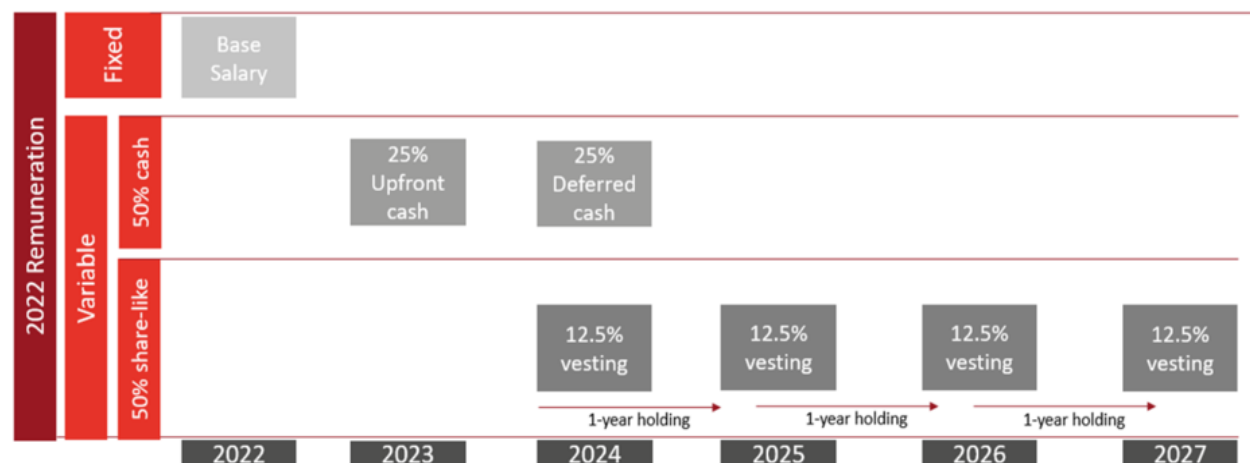
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2023 scorecard

The non-executive directors of the Board have determined that the six KPIs used to assess executive director performance in 2022 will be retained for the 2023 performance year. The specific targets relating to each of these KPIs are commercially sensitive and accordingly the target ranges and actual performance outcomes achieved will be disclosed retrospectively together with appropriate commentary in the next annual report.

Deferral and vesting of variable pay

We believe in creating a culture of ownership, risk awareness and entrepreneurial spirit and we embrace an approach which truly connects our people to the business in sharing profit and risk. To ensure that the variable remuneration award of the Management Board is aligned with our beliefs and contributes to long-term value creation and shareholder experience, 50% of the 2022 award to the Management Board is paid out in share-like instruments deferred over multiple years. This approach allows us to take a longer-term outlook on remuneration. The remaining 50% is settled in cash, paid in equal instalments in 2023 and 2024. As shareholders have not approved granting awards over Flow Traders' equity as part of the Management Board's remuneration, we have utilized share-like instruments for the equity portion, which will be settled in cash at time of vesting. The value of these instruments is directly linked to performance of the Flow Traders' share price from the date of grant to vesting. Further, any outstanding variable remuneration (deferred or unvested) remains at risk in full for future years. All equity-based awards are subject to a holding period of one-year post-vesting. These accord with our culture and remuneration philosophy of encouraging management and employee share ownership, creating alignment with the company's long-term success.



YEARS OF VESTING FOR SHARE-LIKE INSTRUMENTS IN THOUSANDS OF EURO

Member of the Management Board	2022	2023	2024	2025	2026	2027
Dennis Dijkstra, CEO						
2020	963	963	963	963	—	—
2021	—	181	181	181	181	—
2022	—	—	213	213	213	213
Mike Kuehnel, CFO						
2021	—	125	125	125	125	—
2022	—	—	213	213	213	213
Folkert Joling, CTrO						
2020	963	963	963	963	—	—
2021	—	181	181	181	181	—
2022	—	—	213	213	213	213
Thomas Wolf, CTO⁽¹⁾						
2021	481	481	481	481	—	—
2022	—	100	100	100	100	—
Britta Achmann, CRO⁽²⁾						
2020	60	60	60	60	—	—
2021	—	12	12	12	12	—

1. Thomas Wolf stepped down as member of the Management Board as of 29 April 2022. As such, no variable compensation has been granted in 2022.

2. Britta Achmann stepped down as member of the Management Board as of 30 November 2022. As such the share-like instruments awarded in 2022 were forfeited and only 25% of the unvested share-like instruments of the 2020 and 2021 grants will vest. In addition, 2020 unvested sign-on share were forfeited.

Comparative overview of company performance and remuneration

The long-standing foundation of our remuneration policy reflects a relatively modest base salary and variable remuneration that is aligned with company performance – which varies each year depending on successful or less successful (financial) years. This is clearly illustrated in the table below which shows the development of the company performance and the average (full-time) remuneration of executives and employees over the last 5 years. In addition, the table illustrates for the CEO what the actual amounts received were in each given year. As a noteworthy part of the remuneration is deferred over multiple years plus the fact of differences in share prices at vesting vs. originally awarded years, the actual amounts received by our executives differs from the total remuneration awarded significantly.

Internal pay ratios

The 2022 pay ratio (CEO total pay vs average total employee pay) is 7.61 compared to 6.80 in 2021. This is well below the cap of 20 times average total employee pay.

Comparative remuneration table on remuneration and company performance over the last five years

<i>IN THOUSANDS OF EURO</i>	2018	2019	2020	2021	2022
Management Board: Total Remuneration awarded (Actuals)					
Dennis Dijkstra, CEO (2014 - 2022)	3,015	695	7,795	1,545	1,795
Mike Kuehnel, CFO (2021 - 2022)	—	—	—	1,040	1,795
Folkert Joling, CTrO (2018 -)	3,015	695	7,803	1,553	1,803
Thomas Wolff, CTO (2018 - 2022)	2,092	545	3,953	703	40
Britta Achmann, CRO (2020 - 2022)	—	—	2,283	532	283
Comparative Company Performance (Comparative)	2017:2018	2018:2019	2019:2020	2020:2021	2021:2022
Net Trading Income (NTI)	131%	(44%)	331%	(59%)	20%
Normalized EBITDA	103%	(36%)	251%	(86%)	17%
Basic EPS	307%	(67%)	10568%	(98%)	11%
FTE Total Remuneration	2017:2018	2018:2019	2019:2020	2020:2021	2021:2022
Average FTE total remuneration	185%	(50%)	306%	(59%)	4%
Management Board: Total remuneration paid (Actuals) ⁽¹⁾					
CEO	913	1,886	1,368	3,293	3,375

(1) Actuals include base salary for the year together with prior years deferred variable compensation (all SARS paid in cash) due in the current year.

Scenario analyses

The Remuneration Committee conducts an annual scenario analysis when determining the structure and level of Executive Board remuneration, in accordance with the Dutch Corporate Governance Code.

No pensions, loans and other benefits

In 2022, no personal loans, guarantees or related benefits were granted by the company to the members of the Management Board as part of their compensation package. No loans, guarantees or similar instruments to the members of the Management Board were outstanding on 31 December 2022.

We have not reserved nor accrued any amounts to cover pension claims or retirement claims. We do not provide any other ancillary benefits for any member of the Management Board.

Clawback variable remuneration

Malus and clawback provisions are in place that are comprehensive, irreversible and substantially exceed regulatory requirements. No variable remuneration has been clawed back during 2022.

Temporary deviations from the remuneration policies

No temporary deviations took place from the respective policies in 2022.

Shares held by employees and Management Board members

We have a long-standing philosophy of encouraging management and employee share ownership, creating alignment between the company's long-term success and individual personal financial circumstances. Since IPO, we have utilized a number of share schemes. In connection with the IPO, our CEO and a significant number of current and former employees invested in Flow Traders. Subsequently, the Flow Traders Cash Incentive Plan (FCIP) and Flow Traders Loyalty Incentive Plan (FLIP) were introduced. The FCIP was replaced in 2020 by a new share plan which provides for the award up to 50% of variable remuneration in shares (or share-like instruments).

31 December 2022	Total number of shares	% of outstanding total shares
Dennis Dijkstra (CEO)	1,075,000	2.31
Folkert Joling (CTrO)	424,817	0.91
Mike Kuehnel (CFO)	25,000	0.05
Total	1,524,817	3.28

2023 executive remuneration policy

At the 2023 AGM we will be submitting a proposed executive remuneration policy. We believe that our proposed remuneration policy is reflective of the feedback received at our stakeholder consultations while maintaining our core remuneration principles which aim to attract, retain and motivate the right talent from both listed and non-listed companies.

Considering the feedback received, we are proposing to:

- Formally introduce share-based compensation;
- Enhance deferral and vesting provisions;
- Encourage share ownership;
- Formally introduce a cap (max. 20x average employee total compensation) on individual Executive board member remuneration;

The full proposed policy will be published in combination with our 2023 AGM convening notice on our website.

Supervisory Board remuneration

The remuneration policy for the members of the Supervisory Board was adopted by the AGM on 23 April 2021 and applied from that date onwards. The table below shows the total fixed compensation awarded to the individual members of the Supervisory Board.

Supervisory Board remuneration

REMUNERATION OF THE SUPERVISORY BOARD			COMMITTEE FEES, ANNUALIZED (€)						
Chair	Board fee (€)	Audit	Remuneration & Appointment	Risk	Trading & Technology	Total annualized fees (€)	Actual fees paid, 2022 (€)		
Rudolf Ferscha	100,000	7,500	7,500	7,500	7,500	130,000	130,000		
Jan van Kuijk	70,000	7,500	7,500	7,500	10,000	102,500	102,500		
Olivier Bisselier	70,000	15,000		10,000	7,500	102,500	102,500		
Roger Hodenius	70,000		7,500	7,500	7,500	92,500	92,500		
Ilonka Jankovich	70,000	7,500		7,500	7,500	92,500	92,500		
Linda Hovius	70,000		15,000	7,500	7,500	100,000	100,000		
Total 2022	450,000	37,500	37,500	47,500	47,500	620,000	620,000		

No variable remuneration shares, pensions, loans and other benefits

The members of the Supervisory Board did not receive variable remuneration for their work as members of the Supervisory Board or any share-based remuneration, and no personal loans, guarantees or equivalent benefits were granted by the company to the members of the Supervisory Board as part of their compensation package. We have not reserved nor accrued any amounts to cover pension claims or retirement claims. We do not provide any other ancillary benefits for any member of the Supervisory Board.

The co-founders of Flow Traders, Roger Hodenius and Jan van Kuijk, are currently members of the Board. The table below provides an overview of the shares indirectly held by them on 31 December 2022 as also reflected in the relevant AFM register.

SHARES INDIRECTLY HELD BY MEMBERS OF THE SUPERVISORY BOARD

31 December 2022		% of outstanding total shares
R. Hodenius (Avalon Holding B.V.)	4,686,825	10.07
J.T.A.G. van Kuijk (Javak Investments B.V.)	5,686,826	12.22
Total	10,373,651	22.29

Remuneration for other employees

Variable Remuneration

We apply an annual performance cycle. At the beginning of each calendar year, clear objectives are set depending on an employee's role, which are in line with our company objectives for the year and our corporate key competencies: drive, ownership and teamwork. Performance is reviewed twice during an annual cycle.

Individual variable remuneration payable from the collective variable compensation pool is dependent on company and business unit performance, individual performance and the individual's contribution to the long-term success of the company as a whole, discouraging a culture of 'star' behaviour and fostering collaboration and teamwork. Flow Traders does not base variable remuneration directly on financial results achieved individually. The Supervisory Board approves the awarding of variable remuneration.

If awarded, variable remuneration is paid in cash, company shares and company share linked instruments in one, two, three or four annual instalments, depending on the amount of variable remuneration awarded. The deferred variable component acts as a first loss tranche to compensate for any operating loss in the subsequent year, acting as a buffer before such loss would impact shareholder equity. This serves as an important incentive for risk-aware behaviour, focusing on the long-term objectives of the company and alignment with our risk appetite. We deem the deferral period sufficient given the company's risk profile and horizon, see for further details of our remuneration philosophy on page 89.

- Variable remuneration components may become subject to reduction or claw back if it is determined that the relevant employee did not meet adequate norms of competence and appropriate behaviour or was responsible for behaviour that led to a substantial deterioration of the company's position, in accordance with applicable law.
- We do not award guaranteed variable remuneration to employees unless the guaranteed variable component is awarded in relation to hiring new staff, limited to the first year of employment, and only if we have a sound and strong capital base.
- We do not award severance payments if there is a serious imputable act or negligence by the employee in the fulfilment of his or her function or where an employee resigns voluntarily (unless this is the consequence of a serious imputable act or negligence (*ernstig verwijtbaar handelen of nalaten*) by the company).
- The company does not grant its employees any personal loans, guarantees or equivalent benefit as part of their compensation package. We do not provide any other ancillary benefits for any employee. We have not reserved or accrued any amounts to cover pension claims or retirement claims.

Emphasizing share ownership

One of our core values is ownership, both in terms of mindset, behaviour as well as a share in the ownership of the company. We believe that being a shareholder aligns the interests of the company with those of our employees. Ever since the company went public and before, we have a history of offering our employees the opportunity to become shareholders. From 2017 until 2019, we promoted shareholding through the Flow Cash Incentive Plan (FCIP). From performance year 2020 onwards, we

have begun rewarding employees directly in company shares. The higher the variable remuneration an individual receives, the higher the proportion of variable compensation paid out in shares.

We are also maintaining our FLIP (Flow Loyalty Incentive Plan) program, whereby we award company shares to employees marking their two-year anniversary with the company. Shares awarded under the FLIP are subject to a lock-up period and cannot be forfeited by the employee regardless of the termination of his or her employment with Flow Traders. All shares awarded to employees, are fully paid out from the variable compensation pool. The terms and conditions of the employee share plans are subject to review by the Management Board annually. As a part of these plans, shares have been and will be bought in the market.

Pension

We encourage our employees to save for retirement. At our headquarters in Amsterdam, we partner with a pension provider, giving employees the freedom of choice to select the option that best suits their individual needs while incentivizing participation in the company-sponsored program. In our other offices we offer schemes that are driven by country-specific practices and regulations.

Variable compensation granted

In 2022, the total amount of variable remuneration awarded to all employees including members of the Management Board was €86.6 million (2021: €83.3 million).

In 2022, company wide average compensation (includes salary, social security costs and variable remuneration) paid per average FTE was €235,900 (2021: €227,200), while variable remuneration per average FTE amounted to 57.2% of total compensation in 2022. This excludes any Management Board remuneration. In 2022, 18 employees, including the Management Board, were awarded remuneration of €1 million or more (2021:16).

Business Unit	Number of employees to whom an annual total remuneration of €1 million or more was awarded	
	2022	2021
Europe	12	13
Americas	5	3
Asia	1	0
Total	18	16

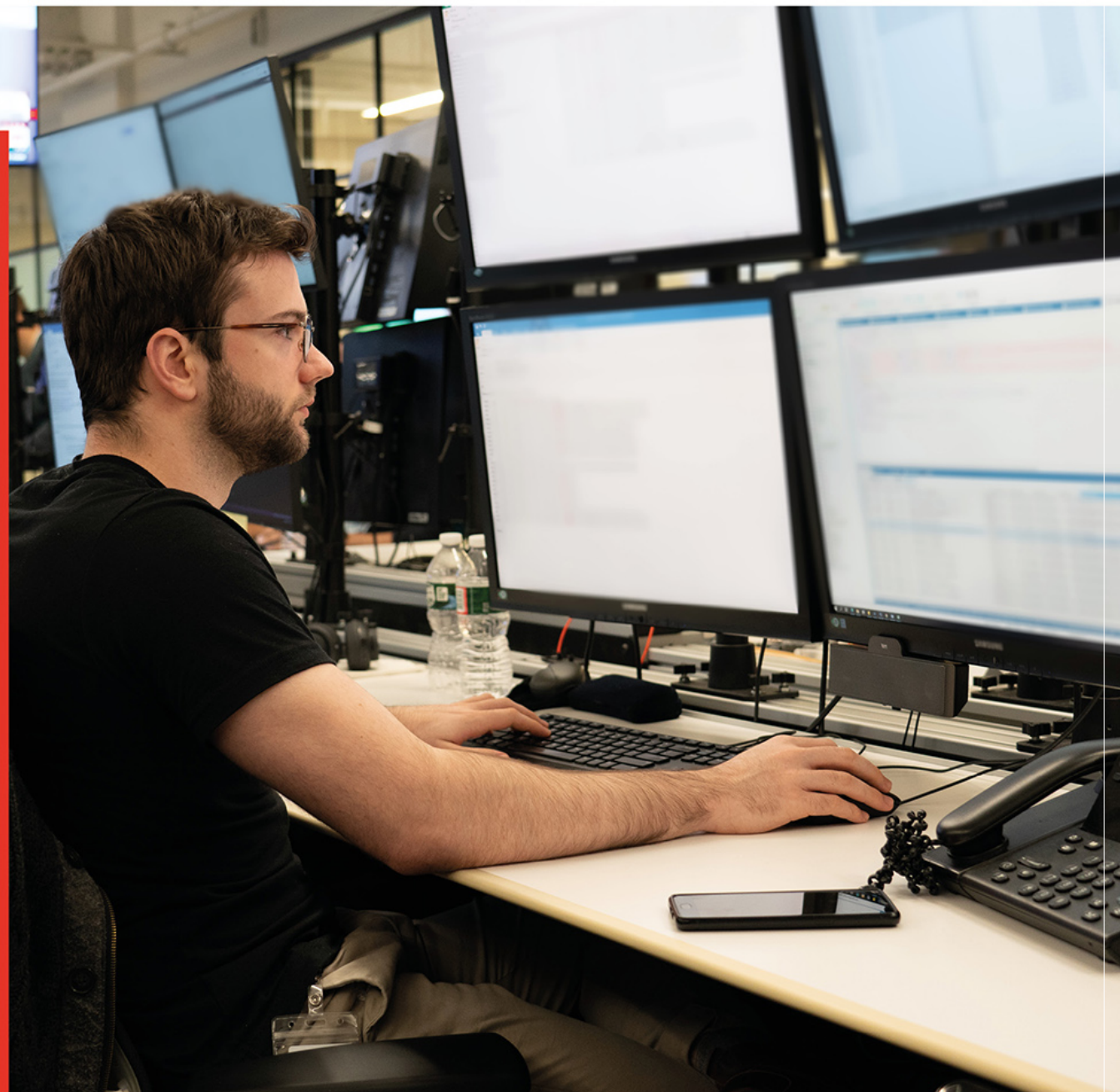
Changes in regulation

Remuneration regulations are naturally subject to change. For example, as of 22 November 2021, the European Banking Authority published a final report, setting out the "Guidelines on sound remuneration policies under Directive (EU) 2019/2034" which became applicable to investment firms, such as ours from 30 April 2022. These guidelines are intended to implement sound and gender neutral remuneration policies for all staff with specific provisions applying to certain identified staff. For such identified staff, the guidelines emphasizes that their variable remuneration must be aligned with the investment firm's risk profile. We have reviewed these guidelines and have already determined that we are largely compliant, and as such, any impact on us will be minor. Nonetheless, we remain continually vigilant to any new changes as they may have a significant impact on the General Remuneration Policy, our global remuneration model and other remuneration practices of the company and its group companies. It may also impact our ability to attract or retain talent given the global and highly competitive nature of our industry.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN THOUSANDS OF EURO
As at 31 December

	Note	2022	2021
Assets			
Cash and cash equivalents	15	8,612	4,949
Financial assets held for trading	16	4,876,590	4,501,097
Trading receivables	17	6,022,355	6,160,238
Other assets held for trading	18	58,347	78,122
Other receivables	19	24,708	14,727
Investments fair value through OCI	20	19,839	9,282
Investments fair value through PL	21	1,928	1,716
Investments in associates	22	4,958	2,670
Property and equipment	23	77,081	39,609
Intangible assets	24	1,967	2,345
Current tax assets	14	2,800	1,340
Deferred tax assets	14	5,503	7,628
Total assets		11,104,688	10,823,723
Liabilities			
Financial liabilities held for trading	25	2,956,640	2,138,072
Trading payables	26	7,326,169	7,969,972
Other liabilities held for trading	27	32,115	25,771
Lease liabilities	28	54,100	16,175
Other liabilities	29	115,730	162,117
Current tax liabilities	14	11,246	1,014
Deferred tax liabilities	14	2,372	2,433
Total liabilities		10,498,372	10,315,554
Equity			
Share capital	30	162,871	4,653
Share premium	30	2,372	161,974
Treasury shares	30	(103,536)	(105,644)
Share based payment reserve	30	56,865	50,523
Retained earnings	30	460,804	379,904
Currency translation reserve	30	24,899	15,510
Fair value reserve	30	2,040	1,249
Total Equity		606,315	508,169
Total equity and liabilities		11,104,687	10,823,723

The section notes to the consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME** *IN THOUSANDS OF EURO*

	Note	For the year ended 31 December	
		2022	2021
Gross trading income		677,205	542,351
Fees related to the trading activities		113,491	95,160
Net financial expenses related to the trading activities		103,523	63,150
Net trading income	10	460,191	384,041
Other Income	11	(1,518)	—
Total Income		458,673	384,041
Employee expenses	12	176,837	157,073
Depreciation of property and equipment	23	16,274	14,738
Amortization of intangible assets	24	542	549
Write off of (in) tangible assets	23/24	161	20
Other expenses	13	102,497	67,519
Operating expenses		296,311	239,899
Operating result		162,362	144,142
Result/(impairment) of equity-accounted investees	22	(631)	585
Profit before tax		161,731	144,727
Tax expense	14	34,904	29,793
Profit for the year attributable to the owners of the Company		126,827	114,934
Other comprehensive income (loss)			
<i>Items that are or may be reclassified to profit or loss</i>			
Foreign currency translation differences - foreign operations	30	9,389	9,434
<i>Items not reclassified to profit or loss</i>			
Changes in fair value through other comprehensive income		791	2,244
Other comprehensive income for the year (net of tax)		10,180	11,678
Net other comprehensive income for the year attributable to the owners of the Company		137,007	126,612
Earnings per share			
Basic earnings per share	9	2.92	2.63
Diluted earnings per share	9	2.76	2.52

The section notes to the consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN THOUSANDS OF EURO
2022

	Share capital	Share premium	Treasury shares	Share based payment reserve	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2022	4,653	161,974	(105,644)	50,523	15,510	1,249	379,904	508,169
Profit							126,827	126,827
Total other comprehensive income					9,389	791		10,180
Total comprehensive income for the period	—	—	—	—	9,389	791	126,827	137,007
Transactions with owners of the Company								
Conversion of share premium to share capital	158,218	(158,218)						—
Dividends							(45,927)	(45,927)
Repurchase of shares		—	(15,046)					(15,046)
Share based payments		(1,384)	17,154	6,342				22,112
Total transactions with owners of the company	158,218	(159,602)	2,108	6,342	—	—	(45,927)	(38,861)
Balance at 31 December 2022	162,871	2,372	(103,536)	56,865	24,899	2,040	460,804	606,315

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN THOUSANDS OF EURO
2021

	Share capital	Share premium	Treasury shares	Share based payment reserve	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2021	4,653	162,234	(45,188)	45,821	6,076	(995)	417,337	589,938
Profit							114,934	114,934
Total other comprehensive income					9,434	2,244		11,678
Total comprehensive income for the period	—	—	—	—	9,434	2,244	114,934	126,612
Transactions with owners of the Company								
Conversion of share premium to share capital								
Dividends							(152,367)	(152,367)
Repurchase of shares		—	(74,100)					(74,100)
Share based payments		(260)	13,644	4,702				18,086
Total transactions with owners of the company	—	(260)	(60,456)	4,702	—	—	(152,367)	(208,381)
Balance at 31 December 2021	4,653	161,974	(105,644)	50,523	15,510	1,249	379,904	508,169

The section notes to the consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS IN THOUSANDS OF EURO
For the year ended 31 December

	Note	2022	2021
Cash flows from operating activities			
Profit for the year		126,827	114,934
Adjusted for:			
Depreciation of property and equipment	23	16,274	14,738
Amortization of intangible assets	24	542	549
Write off of (in) tangible assets	23/24	161	20
Result/(impairment) of equity-accounted investees (net of tax)	22	631	(585)
Share-based payment transactions	12	33,253	23,242
Share donation to Flow Traders Foundation	13	—	2,005
Tax expense	14	34,904	29,793
Changes in working capital			
▪ (increase)/decrease financial assets held for trading	16	(375,493)	(627,953)
▪ (increase)/decrease trading receivables	17	137,883	(1,526,770)
▪ (increase)/decrease other assets held for trading	18	19,775	(59,438)
▪ (increase)/decrease other receivables	19	(9,980)	(537)
▪ increase/(decrease) financial liabilities held for trading	25	818,568	177,841
▪ increase/(decrease) trading payables	26	(643,803)	2,168,970
▪ increase/(decrease) other liabilities held for trading	27	6,344	24,946
▪ increase/(decrease) other liabilities	29	(48,065)	(27,520)
▪ Corporate income tax paid	14	(24,068)	(69,476)
Cash flows from operating activities		93,753	244,759
Cash flows from investing activities			
Investments and acquisitions of financial assets held at FVOCI or FVPL or in associates and joint ventures	20-22	(14,062)	(7,080)
Disposals or sales of financial assets held at FVOCI or FVPL or in associates and joint ventures	20-22	1,941	—
Acquisition of property and equipment	23	(7,444)	(5,503)
Acquisition of intangible assets	24	(156)	(1,252)
Cash flows from investing activities		(19,721)	(13,835)
Cash flows from financing activities			
Dividend paid	30	(45,927)	(152,367)
Payments of lease liabilities	28	(9,613)	(8,152)

Repurchases of shares	30	(15,046)	(74,100)
Cash flows from financing activities		(70,586)	(234,619)
Effect of movements in exchange rates on cash and cash equivalents		217	299
Change in cash and cash equivalents		3,663	(3,396)
Change in cash and cash equivalents			
Cash and cash equivalents at opening	15	4,949	8,345
Cash and cash equivalents at close	15	8,612	4,949
Change in cash and cash equivalents		3,663	(3,396)

The section notes to the consolidated financial statements is an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

All amounts in thousands of euro, unless stated otherwise.

1. Reporting entity

Flow Traders N.V. (referred to as the "Company") is a public limited liability company (naamloze vennootschap) incorporated under the laws of the Netherlands, having its seat (statutaire zetel) in Amsterdam, the Netherlands, having its registered office at Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands and registered with the Trade Register of the Chamber of Commerce (Kamer van Koophandel, afdeling Handelsregister) under number 34294936.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is a leading technology-enabled global multi-asset class liquidity provider with its core business in Exchange Traded Products (ETP) actively expanding in fixed income, FX, commodities and digital assets, while systemically increasing its presence in the global ecosystem through strategic partnerships and investments.

The consolidated financial statements of the Group for the annual period ended 31 December 2022 incorporate financial information of Flow Traders N.V., its subsidiaries and associates. The annual financial statements were authorized for issue by the Company's Board on 23 February 2023 subject to adoption by the General Meeting of shareholders.

As of 13 January 2023 Flow Traders N.V. has been legally merged via a cross border legal merger into Flow Traders S.A., following this merger Flow Traders S.A. converted into a Bermuda Limited company, Flow Traders Limited with Flow Traders Limited as the legal successor as reporting entity of Flow Traders N.V.. Please refer to note 35 on subsequent events for further details.

2. Going concern

These consolidated financial statements have been prepared on the basis of the going concern assumption.

3. Basis of preparation

a) Statement of compliance

The Group applies International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and title 9 book 2 of Dutch Civil Code. IFRS-EU provides several options in accounting principles. The Group's accounting principles IFRS-EU and its decisions regarding the options available are set out in the section 'significant accounting policies' below.

b) Functional and presentation currency

These consolidated financial statements are presented in euros, which is also the functional currency of the parent company: Flow Traders N.V.. All financial information presented in Euros has been rounded to the nearest thousand, except when otherwise indicated.

c) Use of estimates and judgements

The preparation of the financial statements requires management to form opinions and make estimates and assumptions that influence the reported value of assets and liabilities and of income and expenditure. The actual results may differ materially from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised. For more details, we refer you to the chapter on fair values of financial instruments, other assets and liabilities and share based payments. The accounting treatment of all aspects of the digital assets and blockchain industry have not yet been addressed by current IFRS guidance. The Company is required to make significant assumptions and judgments as to its accounting policies and the application thereof, which are disclosed in the note 6 New standards and interpretations, note 7 changes in presentation, note 8 fair values of financial instruments and other assets and liabilities held for trading and note 34 financial risk management to these consolidated financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the company financial position as currently presented.

d) Principles for the preparation of the consolidated statement of cash flows

The cash flow from operating activities of the consolidated statement of cash flows is based on the indirect method, the cash flow from investing and financing of the consolidated statement of cash flows is based on the direct method.

The cash flows are split into cash flows from operations, trading activities, investment activities and financing activities. Receivables from and payables to clearing organizations are included in the cash flow from operating activities. The Group has elected to classify interest received and interest paid (including interest on lease liabilities and interest arising from revenue contracts, if there is any) as cash flows from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments other than in the course of operations, as well as acquisitions and sales of subsidiaries and associates, property and equipment. Financing activities include the payment of dividend to shareholders, the (re)-purchase of shares, the issuance and repayment of financial debt, including financial lease liabilities, and capital contributions.

4. Significant accounting policies

The Group has consistently applied the accounting policies as set out below to all periods presented in these consolidated financial statements.

General

a) Basis of consolidation

The Group accounting policies have been applied consistently by all group entities. Intra-Group balances and transactions, and any unrealized income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

When the Group loses control over a subsidiary it derecognizes the assets and liabilities of the subsidiary, any related non-controlled interest and other components of equity. Any resulting gain or loss is recognized in profit or loss.

Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over its financial and operating activities. Control or significant influence follows from facts and circumstances, but there is a rebuttable presumption that significant influence when the Group holds between 20 percent and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Business combinations

Business combinations are accounted for using the acquisition method as at the date control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Contingent consideration is measured at fair value at the acquisition date. Any gain or loss resulting from the fair value remeasurement of contingent consideration is recognized in profit or loss.

b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the respective entities of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date, with the foreign currency difference is recognized in profit or loss. Differences arising on the translation of investments measured at fair value through other comprehensive income are recognized in other comprehensive income unless the instrument is impaired.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euros at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euros at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) of equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

d) Financial assets and liabilities

Recognition

The Group initially recognizes loans and advances on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification

The Group classifies its financial assets into the following categories:

- trading receivables, measured at fair value through profit and loss;
- investments measured at fair value through other comprehensive income;
- investments measured at fair value through profit and loss;
- financial assets held for trading at fair value through profit and loss; and
- other financial assets at amortized costs.

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, into the following categories:

- trading payables, measured at fair value through profit and loss;
- financial liabilities held for trading at fair value through profit or loss; and
- other financial liabilities measured at amortised costs.

Financial assets and liabilities held for trading

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit.

Trading assets and liabilities are initially recognized and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

Trading receivables and payables

Such assets are recognized initially at fair value with any directly attributable transaction costs recognized in profit or loss.

Equity investments measured at fair value through other comprehensive income ('OCI')

Equity investments measured at fair value through other comprehensive income are non-derivative financial assets that the Group considers long-term investments of strategic relevance for the growth of the company. Equity investments measured at fair value through other comprehensive income are recognized initially at fair value. Transaction costs are recognized in other comprehensive income as part of the change in fair value at the next remeasurement and they are never reclassified into profit or loss.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than foreign currency differences on fair value through other comprehensive income instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is not reclassified to profit or loss.

Equity investments measured at fair value through profit and loss ('PL')

Equity investments measured at fair value through profit and loss are non-derivative financial assets that the group holds for long term trading purposes. Equity investments measured at fair value through profit and loss are recognized initially at fair value. Transaction costs are recognized in the profit and loss as part of the change in fair value, any re-measurement of the investments is classified to profit or loss.

Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized in profit and loss. When an investment is derecognized, the gain or loss is classified to profit or loss.

Other financial liabilities

Non-derivative financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest

method. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Hedge of a net investment in foreign operations

The Group applies hedge accounting to hedge the exposure to foreign exchange risk associated with its capital contributions to the United States and Singapore subsidiaries. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Offsetting

Financial assets and liabilities are presented on a net basis when a legal right of offset is agreed between the parties and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS-EU, for gains and losses arising from a group of similar transactions such as in the Group's trading activities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. The Group prices its daily trading positions based on theoretical prices whereby the price differences are recorded through the profit or loss account. Those theoretical prices can differ from quoted market prices. The Group's Risk and Mid-Office department monitors whether all differences can be substantiated.

Portfolios of financial assets and financial liabilities that are managed by the Group on the basis of the net exposure to either their market or credit risk are measured on the basis of a price that would be received to sell a net long position or paid to transfer a net short position for a particular risk exposure.

Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk exposure of each of the individual instruments in the portfolio.

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

e) Other assets Held for Trading

The Other assets Held for trading comprises the amount of digital assets that the group holds as a broker-trader. The group applies IAS 2 for its digital assets and these are measured at fair value through profit and loss.

As a global market maker in digital assets determining the fair value and pricing of these assets is core to our business model. Providing our bid-ask prices to other market participants is impacting the principal markets. All digital assets positions in our Trading Book relate to very short-term holding periods and are based upon our business model in which trading positions are economically hedged. For the determination of the fair value, the group constantly collects reference prices from multiple crypto exchanges and active markets for the mark-to-market treatment. If assets are not actively traded the valuation is based upon quoted prices or observable inputs from similar assets per crypto exchange. Given the IFRS 13 requirements and our current pricing & fair value models used for the valuation of our other assets-held-for-trading and other liabilities-for-trading these are recognized as Level 2 Fair Values.

f) Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance costs are expensed once incurred.

Items of property and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

- hardware: 5 years;
- office fixtures: 5 years;
- other: 5 years.

The depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease

term. Right-of-use assets are subject to impairment. Right-of-use assets are recorded in property and equipment and intangible assets on the statement of financial position.

g) Intangible assets

Recognition and measurement

Intangible assets are amortized on a straight-line basis in profit or loss over the estimated useful lives of each component. The estimated useful life of significant intangible assets is 5 years.

Goodwill

Goodwill is initially recognized and in subsequent years measured at cost less accumulated impairment losses.

Goodwill in respect of equity-accounted investees is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Goodwill is tested annually for impairment.

h) Impairment

Non-derivative financial assets

The allowance for expected credit losses ("ECL allowance") for all loans and other debt financial assets not held at fair value through profit and loss, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments', is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

For other receivables, the Group applies a simplified approach in calculating ECLs as these receivables relate to operating activities of the Group. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However in certain cases, the Group may reconsider a financial asset to be in default when internal or external information indicated that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount

of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i) **Employee benefits**

Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash variable compensation or (profit-sharing) structures if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

j) **Share based payments**

The fair value of equity-settled transactions granted to employees is determined by the fair value of the shares at the date when the grant is made. When employees render services as consideration for equity instruments, the expense is recognized in employee expenses, together with a corresponding increase in equity (retained earnings), over the period in which the service conditions are fulfilled (the vesting period). The awards vest in tranches on various dates over a total period of three to five years. Graded vesting is applied where needed. Vesting is conditional upon the employee being actively employed by the Group on the vesting date. If the employee is terminated or resigns, any unvested tranches of the award will be forfeited. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions

attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The fair value of share appreciation rights (SARs) granted to employees, which are cash-settled, is recognized in employee expenses, together with a corresponding increase in other liabilities, over the period during which the service conditions are fulfilled (the vesting period). The liability is remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. Estimates used are reassessed at the end of each reporting period.

k) **Other liabilities Held for Trading**

As part of its trading activities, the Company enters into digital asset payables. The borrowed digital assets payables are measured at fair value through profit or loss.

l) **Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

m) **Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities on the statement of financial position measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is

remeasured if there is a change in the lease term or in case of other reassessments or modifications.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

n) **Income recognition**

Net trading income comprises gross trading income less fees and net financial expenses related to the trading activities.

The fees and net financial expenses are directly linked to the trading activity and are therefore directly recognized in the profit and loss account under trading income.

o) **Tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. Current tax payable also includes any withholding tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will be revised in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and management judgement. This assessment relies on estimates and assumptions and may involve judgement about future events. New information may become available that would cause the Group to change its judgement regarding the adequacy of existing tax liabilities or the collectability of tax assets. Such changes will impact tax expense in the period that such a change in estimate is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity which intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date.

p) **Treasury shares**

The Group's own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

q) **Non-current assets held for sale**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

5. Operating segments

The management board examines the group performance from a regional perspective and has identified three reportable segments of its global trading business: Europe, the Americas and Asia.

Europe consists of the activities in the Netherlands with branches for institutional trading in France, UK, Italy, trading activities in Jersey and IT activities in Romania. Americas consists of the subsidiaries in the USA. Asia contains our subsidiaries in Hong Kong and Singapore. Hong Kong has a Chinese representative office in Shanghai. The management board considers this segmentation to be relevant to understand the group financial performance because it allows investors to understand the primary method used by management to evaluate the operating performance and decision making about allocation of resources and trading capital. The group measures results on IFRS basis and reconciles the total segment results on net trading income, profit before tax and net profit. Significant transactions and balances between geographic regions occur primarily as result of group operating companies incurring the operating expenses such as employee compensation, communication, software development and data processing and overhead costs for the purpose of providing services to affiliated operating companies (line items intercompany recharge income and expenses).

The Group's trading assets and liabilities attributable to each segment are reported to management on the basis of net liquidity. Consequently, the reported total assets in each segment are net of the segment's financial liabilities held for trading, trading payables and other liabilities held for trading. The Group's capital expenditures include additions to property, equipment and intangible assets as set out in notes 23 and 24.

SEGMENT REPORTING
For the year ended 31 December 2022

	Europe	Americas	Asia	Total
Gross trading income	427,136	173,711	76,359	677,205
Fees related to the trading activities	65,098	37,397	10,996	113,491
Net financial expenses related to the trading activities	46,534	46,827	10,163	103,524
Net trading income	315,504	89,487	55,200	460,191
Other income	(89)	(1,429)	—	(1,518)
Total Income	315,415	88,058	55,200	458,672
Intercompany recharge	17,183	—	—	17,183
Total revenues	332,598	88,058	55,200	475,856
Employee expenses	112,436	42,829	21,572	176,837
Intercompany recharge	—	7,191	9,992	17,183
Other expenses	66,902	23,998	11,597	102,497
Total operating expenses	179,338	74,018	43,161	296,517
EBITDA	153,260	14,041	12,039	179,339
Depreciation of property and equipment	7,794	4,579	3,900	16,273
Amortization of intangible assets	482	44	16	542
Write off of (in) tangible assets	7	132	23	162
Operating result	144,977	9,286	8,100	162,362
Result/(impairment) of equity-accounted investees	(568)	(63)	—	(631)
Profit before tax	144,409	9,223	8,100	161,731
Tax expense	32,842	1,517	545	34,904
Profit for the year	111,567	7,706	7,555	126,828
FTE	456	119	85	660
Assets	440,603	263,499	83,734	787,836
Capital expenditure	1,982	520	1,154	3,657
Liabilities	87,196	69,231	25,094	181,521

SEGMENT REPORTING

For the year ended 31 December 2021

	Europe	Americas	Asia	Total
Gross trading income	326,305	136,771	79,275	542,351
Fees related to the trading activities	54,534	30,119	10,507	95,160
Net financial expenses related to the trading activities	25,933	32,233	4,984	63,150
Net trading income	245,838	74,419	63,784	384,041
Other income	—	—	—	—
Total Income	245,838	74,419	63,784	384,041
Intercompany recharge	26,967	—	—	26,967
Total revenues	272,805	74,419	63,784	411,008
Personnel expenses	102,289	33,466	21,318	157,073
Intercompany recharge	—	8,986	17,981	26,967
Other expenses	40,798	16,881	9,840	67,519
Total operating expenses	143,087	59,333	49,139	251,559
EBITDA	129,718	15,086	14,645	159,449
Depreciation of property and equipment	7,111	4,705	2,922	14,738
Amortization of intangible assets	493	33	23	549
Write off of (in) tangible assets	19	1	—	20
Operating result	122,095	10,347	11,700	144,142
Result/(impairment) of equity-accounted investees	589	(4)	—	585
Profit before tax	122,684	10,343	11,700	144,727
Tax expense	26,702	1,820	1,271	29,793
Profit for the year	95,982	8,523	10,429	114,934
FTE	422	111	80	613
Assets	431,280	188,230	70,398	689,908
Capital expenditure	2,917	2,015	1,823	6,755
Liabilities	100,596	49,872	31,271	181,739

6. New standards and interpretations

All accounting policies are the same as those applied in the Group's consolidated financial statements for the year ending 31 December 2021 except the presentation of the treasury shares reserve in the balance sheet and in the changes in equity.

Material accounting policy information

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The Group does not anticipate that the application of these amendments will have an effect on the future consolidated financial statements.

7. Changes in presentation

Accounting for treasury shares

IFRS does not mandate a specific method of presenting treasury shares within Shareholders Equity. Until 2021 Flow Traders reported the treasury shares reserve within the Shareholders Premium Account. As from 2022 in order to provide more relevant information about the transactions in treasury shares and the group financial position we adjusted our disclosures by having a separate line item treasury shares reserve in the balance sheet and a separate column in the consolidated statement of change in equity. As a result the comparative numbers for 2021 were restated for presentation purposes.

Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group.

8. Fair values of financial instruments and other assets and liabilities held for trading

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between independent market participants at the measurement date.

The Group measures fair values using the following fair value hierarchy, depending on the inputs used for making the measurements.

- Level 1: fair value of financial instruments based upon inputs that are quoted, unadjusted, market prices in active markets for identical instruments;
- Level 2: inputs other than quoted prices included within Level 1, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not considered active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes unobservable inputs that have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments, for example unlisted equity securities.

The fair values of financial assets and financial liabilities that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Group determines fair values using other valuation techniques.

The Group uses widely recognized valuation techniques and models for determining the fair value of common, simple financial instruments that use only observable market data and require little management judgement and estimation. Observable prices or model inputs used in valuation techniques include risk-free and benchmark interest rates and credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange

rates, equity and equity index prices and expected price volatilities and correlations, which are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and thus reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

When the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, it applies judgement in determining appropriate portfolio-level adjustments such as bid-ask spreads. Such adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio.

Similarly, when the Group measures portfolios of financial assets and financial liabilities on the basis of net exposure to the credit risk of a particular counterparty, it takes into account any existing arrangements that mitigate the credit risk exposure (e.g. master netting agreements with the counterparty).

The Group has an established control framework with respect to the measurement of fair values. This framework involves both the Risk and Operations department which are independent of the Trading department and report directly to the CRO who is a member of the Management Board. The Risk and Operations department have overall responsibility for independently verifying the results of trading and all significant fair value measurements. The daily reconciliation of the positions and prices between the prime brokers and the Trading department is most important.

a. Financial assets and liabilities held for trading

The valuation of trading positions, both the long and the short positions, is determined by reference to last traded prices from identical instruments from the exchanges at the reporting date. Such financial assets and liabilities are classified as Level 1.

A substantial part of the financial assets and liabilities held for trading which are carried at fair value are based on theoretical prices which can differ from quoted market prices. The theoretical prices reflect price adjustments primarily caused by the fact that the Group continuously prices its financial assets and liabilities

based on all available information. This includes prices for identical and near-identical positions, as well as the prices for securities underlying the Group's positions, on other exchanges that are open after the exchange on which the financial asset or liability is primarily traded closes. The Group's Risk and Operations department checks the theoretical price independently. As part of their review, they monitor whether all price adjustments can be substantiated with market inputs. Consequently, such financial assets and liabilities are classified as Level 2.

For offsetting (delta neutral) positions, the Group uses mid-market prices to determine fair value.

b. Trading receivables and payables

Trading receivables and payables are measured on a fair value basis and designated at fair value through profit and loss. In accordance with the Group Accounting Policy of trade-date accounting for regular-way sale and purchase transactions, sales/purchase transactions awaiting settlement represent amounts receivable/payable for securities sold/purchased but not yet settled as at the reporting date. Receivables from and payables to broker-dealers, including cash balances held at the Group's clearing firms and the net amount receivable or payable for securities transactions pending settlement are included in this category. The group maintains portfolio financing facilities with its prime brokers to facilitate its trading activities to finance the purchase and settlement of financial instruments. These Financial liabilities are included at amortized cost. Gains, and losses, including on derecognition, interest expense and foreign exchange gains and losses are recognized in profit or loss.

c. Investments measured at fair value through other comprehensive income ('OCI')

The fair value of Investments measured at fair value through other comprehensive income is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique and are classified as Level 2 or level 3, conditional upon the regular availability of quoted closing bid prices.

d. Investments measured at fair value through profit and loss

The fair value of Investments measured at fair value through profit and loss is determined by reference to their quoted closing bid price at the reporting date,

or if unquoted, determined using a valuation technique and are classified as Level 3.

e. Other assets held for trading

The Other assets Held for trading comprises the amount of digital assets that the group holds as a broker-dealer. The group applies IAS 2 for its digital assets and these are measured at fair value through profit and loss, as the company uses its own fair value models based on quoted prices or observable inputs for the valuation of the digit assets, these assets are classified as Level 2.

f. Other liabilities held for trading

From time to time, the Company borrows digital assets as part of its trading strategy. The borrowed digital assets payables are measured at Fair Value through profit or loss as the company uses its own fair value models based on quoted prices or observable inputs for the valuation of the borrowed digital assets, these liabilities are classified as level 2 and level 3.

g. Fair Value hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities according to their fair value hierarchy.

FAIR VALUE HIERARCHY
At 31 December 2022

	Level 1	Level 2	Level 3	Total
Long positions in equity securities- trading	96,214	4,337,438		4,433,652
Long positions in debt securities- trading	—	434,853		434,853
Mark to market derivatives assets	274	7,811		8,085
Financial assets held for trading	96,488	4,780,102	—	4,876,590
Trading receivables	6,020,511	1,844		6,022,355
Other assets held for trading	—	58,347		58,347
Investments measured at fair value through PL			1,928	1,928
Investments measured at fair value through OCI		1,381	18,458	19,839
Total long positions	6,116,999	4,841,674	20,386	10,979,059
Short positions in equity securities- trading	33,671	2,483,631		2,517,302
Short positions in debt securities- trading	—	431,195		431,195
Mark to market derivatives liabilities	66	8,077		8,143
Financial liabilities held for trading	33,737	2,922,903	—	2,956,640
Trading payables	7,323,970	2,199		7,326,169
Other liabilities held for trading	—	19,889	12,226	32,115
Total short positions	7,357,707	2,944,991	12,226	10,314,924

FAIR VALUE HIERARCHY
At 31 December 2021

	Level 1	Level 2	Level 3	Total
Long positions in equity securities-trading	104,094	4,029,415		4,133,509
Long positions in debt securities- trading	—	357,847		357,847
Mark to market derivatives assets	94	9,647		9,741
Financial assets held for trading	104,188	4,396,909	—	4,501,097
Trading receivables	6,159,201	1,037		6,160,238
Other assets held for trading	—	78,122		78,122
Investments measured at fair value through PL		—	1,716	1,716
Investments measured at fair value through OCI		1,073	8,209	9,282
Total long positions	6,263,389	4,477,141	9,925	10,750,455
Short positions in equity securities-trading	81,982	1,722,311		1,804,293
Short positions in debt securities- trading	—	327,750		327,750
Mark to market derivatives liabilities	6	6,023		6,029
Financial liabilities held for trading	81,988	2,056,084	—	2,138,072
Trading payables	7,968,557	1,415		7,969,972
Other liabilities held for trading	—	25,771		25,771
Total short positions	8,050,545	2,083,270	—	10,133,815

Due to the short holding period between acquisition and sale, there are no transfers between Level 1 and Level 2 during the reporting period.

Level 3: Movement during the year

In 2022, no transfers in or out of level 3 took place (2021: nil). The following table show the movement in level 3 assets, please also refer to note 20 & 21. The fair value of the level 3 investments is determined based on the latest transaction price. The fair value is reassessed based on internal reviews of the investments' milestone performance and runway.

Financial Assets	At 31 December 2022		
	FVPL	FVOCI	Total
Net book amount 1 January	1,716	8,209	9,925
Additions	1,936	9,114	11,050
Disposals	(310)	(1,622)	(1,932)
Price movements	(1,518)	2,283	765
Effect of movement in FX	104	474	578
Net book amount 31 December	1,928	18,458	20,386

Financial Assets	At 31 December 2021		
	FVPL	FVOCI	Total
Net book amount 1 January	—	2,861	2,861
Additions	1,725	2,911	4,636
Disposals	—	—	—
Price movements	(44)	2,214	2,170
Effect of movement in FX	35	223	258
Net book amount 31 December	1,716	8,209	9,925

Hedge of net investments in foreign operations

Included in financial liabilities held for trading at 31 December 2022 was a borrowing of USD 19.9 million (2021: USD 37.0 million) which has been designated as a hedge of the net investments in the United States and Singapore subsidiaries, which have their functional currencies in USD. This borrowing is being used to hedge the Group's exposure to the USD foreign exchange risk on these investments. Gains or losses on the retranslation of this borrowing are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the USD borrowing. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the borrowing. The hedging gain recognized in other comprehensive income before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognized in profit or loss. The impact of the hedging instrument recorded in financial liabilities held for trading on the statement of financial position is as follows:

FOREIGN CURRENCY DENOMINATED BORROWING		
For the year ended 31 December 2022		
Notional amount (US\$000)	Carrying amount (€000)	Change in fair value used for measuring ineffectiveness for the period(€000)
19,900	18,646	7,555

FOREIGN CURRENCY DENOMINATED BORROWING		
For the year ended 31 December 2021		
Notional amount (US\$000)	Carrying amount (€000)	Change in fair value used for measuring ineffectiveness for the period(€000)
37,000	32,536	6,340

NET INVESTMENT IN FOREIGN SUBSIDIARIES

	For the year ended 31 December 2022	
	Change in fair value used for measuring ineffectiveness (€000)	Foreign currency translation reserve (€000)
Investment in Foreign Subsidiaries	7,555	7,555

NET INVESTMENT IN FOREIGN SUBSIDIARIES

	For the year ended 31 December 2021	
	Change in fair value used for measuring ineffectiveness (€000)	Foreign currency translation reserve (€000)
Investment in Foreign Subsidiaries	6,340	6,340

9. Earnings per share

The calculation of the basic earnings per share is based on profit for the year attributable to ordinary shareholders and the number of ordinary shares outstanding.

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

Diluted earnings per share is determined by adjusting the basic earnings per share for the effects of all dilutive share-based payments to employees.

EARNINGS PER SHARE

	For the year ended 31 December	
	2022	2021
Profit for the year	126,827	114,934
Profit attributable to ordinary shareholders	126,827	114,934
Weighted average number of ordinary shares	43,476,991	43,699,300
Dilutive effect of share-based payments	2,435,078	1,921,736
Weighted average number of ordinary shares for diluted net profit	45,912,069	45,621,036
Basic earnings per share	2.92	2.63
Diluted earnings per share	2.76	2.52

10. Net trading income

Gross trading income comprises the realized and unrealized income on financial instruments, digital assets and certain fees which the group receives as a liquidity provider from exchanges and issuers of products.

Fees related to the trading activities consist of expenses such as exchange fees, clearing fees and other trading related fees. Net financial expenses related to the trading activities mainly relate to interest expense on the credit facilities with the prime brokers calculated on the drawn amount during the year.

11. Other income

Other Income includes gains and losses from investments measured at fair value through profit and loss. For further details please refer to note 21.

12. Employee expenses

	For the year ended 31 December	
	2022	2021
Wages and salaries	56,224	41,433
Social security charges	5,834	4,970
Recruitment and other employment costs	11,104	8,201
Variable compensation paid in cash	70,420	79,227
Variable compensation paid in shares	33,253	23,242
Employee expenses	176,837	157,073

The wages and salaries of the Group increased in line with the FTE development from 613 as per 31 December 2021 to 660 as per 31 December 2022. Overall employee expenses increased by 13% as a result of the overall increase in variable compensation and wages and salaries paid to employees. The decrease in variable compensation is also reflected in the decrease in other liabilities. The amount of variable compensation payable is based on the operational profit of the company.

The amounts recognized in profit and loss during 2022 do not fully reconcile with the remuneration report due to the deferred recognition of expenses in future years due to the service condition element of the employee share plans.

Share-based payments

The company awards its employees with shares based on their loyalty, as part of their sign-on package or as part of their variable compensation. The shares awarded under the loyalty and sign-on package share plans are awarded based on a net basis, which entails that the company is liable for the employee income tax due for these plans. Shares awards as part of the variable compensation are gross awards, which entails that the employee income tax obligations are to be paid out of these awards.

In either case the Group is responsible for withholding wage taxes upon vesting in the Netherlands and in most other countries of operations. The estimated amount of wage taxes can be up to 50% in the Netherlands, for which future cash outflows are covered by the selling of part of the Treasury Shares kept in the Share Premium Account.

SHARE BASED PAYMENTS PER PLAN	For the year ended 31 December	
	2022	2021
Variable remuneration share plans	31,169	20,894
Company loyalty and sign-on package share plans	2,085	2,348
Total expenses arising from equity settled share-based payments	33,253	23,242
Expenses arising from cash settled share-based payments	3,554	9,605
Total expenses arising from cash settled share-based payments	3,554	9,605
Total	36,807	32,847

a) Company loyalty and sign-on package share plans - equity settled

Under the company loyalty and sign-on package share plans, shares are granted as a part of variable compensation to certain employees. The shares vest over a period of one to five years, depending on the share plan and agreement with the employee, subject to the condition that the employee remains employed on the vesting date.

The fair value of the share options is estimated at the grant date. Throughout 2022 the company awarded employees shares based on a fixed monetary value of €2.0 million (2021: €0.6 million), reflecting a weighted average fair value of shares granted of €26.80 (2021: €32.51). The exercise price of the share option is equal to the market price of the underlying shares on the date of grant. The expense recognized during the year was €2.1 million (2021: €2.3 million).

Number of shares

	For the year ended 31 December	
	2022	2021
Outstanding at 1 January	162,471	167,080
Granted during the year	74,700	20,100
Changes due to dividend reinvestment	4,559	33,895
Vested during the year	(65,376)	(56,104)
Forfeited during the year	(12,936)	(2,500)
Outstanding at 31 December	163,418	162,471

b) Variable remuneration share plans

Under the variable remuneration share plans, shares are granted to employees as part of their variable compensation. The shares vest in four equal instalments during the first quarter of the subsequent year over a period of four years subject to the condition that the employee remains employed on the vesting date.

The fair value of the shares granted to employees as part of the 2022 variable remuneration is estimated at grant date at €27.4 million. Employees are granted shares based on a fixed monetary value. The final number of shares will be determined based on the volume weighted average price (VWAP) of the first open period of 2023 and is not final. Therefore, the number of shares included in the table below is based on the fixed variable compensation amount awarded, divided by the fair value at grant date of €23.26. The exercise price of the share option is equal to the market price of the underlying shares on the date of grant.

Prior year variable remuneration plans have been adjusted as follows:

Variable remuneration share plan year	2021	2020
Fixed monetary value	20,943	96,318
Fair value share price at grant date	€33.10	€28.58
VWAP share price of first open period	€28.91	€32.20

The following table illustrates the number of shares and movements in share awards during the year. The expense recognized during the year was €31.2 million (2021: €20.9 million).

Number of shares

	For the year ended 31 December	
	2022	2021
Outstanding at 1 January	2,601,716	3,370,127
Granted during the year	1,179,378	633,026
Changes due to dividend reinvestment	78,977	191,681
Vested during the year	(859,556)	(661,762)
Forfeited during the year	(179,347)	(128,967)
Changes in shares recalculated based on final VWAP	114,448	(802,390)
Outstanding at 31 December	2,935,616	2,601,715

Total share awards outstanding per plan

	For the year ended 31 December	
	2022	2021
Company loyalty and sign-on package share plans	163,418	162,471
Variable remuneration share plans	2,935,616	2,601,715
Outstanding at 31 December	3,099,034	2,764,186

c) Share appreciation rights

Certain employees are awarded share appreciation rights (SARs) as part of their variable compensation, settled in cash. The SARs vest in equal instalments over a period of four to five years subject to the condition that the employee remains employed on the vesting date. The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs. The carrying amount of the liability relating to the SARs at 31 December 2022 was €10.4 million (2021: €10.4 million). The expense recognized during the year was €3.6 million (2021: €9.6 million).

13. Other expenses

OTHER EXPENSES	For the year ended 31 December	
	2022	2021
Technology	61,171	49,769
Housing	3,718	3,142
Regulatory costs	3,073	2,607
Advisors and assurance	4,910	3,026
Strategic advisory costs	14,057	—
Fixed exchange costs	8,161	5,338
Travel expenses	2,634	1,078
Various expenses	4,774	2,550
Other expenses	102,497	67,511

Technology expenses increased due to initiatives to optimize our infrastructure. The company incurred significant strategic advisory costs in 2022 in relation to optimization of the Group legal entity and regulatory structure and further balance sheet review efforts. Please refer to note 35 on subsequent events for further details.

14. Taxation

TAX EXPENSES	For the year ended 31 December	
	2022	2021
Tax recognised in profit or loss	34,904	29,793
Current tax expense	33,402	33,615
Movement deferred tax asset	2,125	(2,343)
Movement deferred tax liability	60	(1,296)
Adjustment for prior years	(684)	(183)
Tax expense excluding share of tax of equity-accounted investees	34,904	29,790

Reconciliation of the weighted average statutory income rate to the Group's effective income tax rate is as follows:

RECONCILIATION OF EFFECTIVE TAX RATE	For the year ended 31 December	
	2022	2021
Profit before tax	161,730	144,727
Dutch standard tax rate	25.8%	25.0%
Income tax expected	41,727	36,182
Actual income tax charge	34,904	29,793
In percentage	21.6%	20.6%
Difference in tax expense	(4.2)%	(4.4)%

RECONCILIATION OF EFFECTIVE TAX RATE	For the year ended 31 December			
	2022 (€)	2022	2021 (€)	2021
Dutch standard tax rate	41,727	25.8%	36,182	25.0%
Different weighted average statutory rate of group	(1,749)	(1.1%)	(1,896)	(1.3%)
Income (partly) exempted	(10,401)	(6.4%)	(9,387)	(6.5%)
Other non deductible costs	5,327	3.3%	4,894	3.4%
Subtotal	(6,823)	(4.2%)	(6,389)	(4.4%)
Effective tax rate	34,904	21.6%	29,793	20.6%

The effective tax rate differs from the (nominal) statutory tax rate. This difference is mainly caused by applying the participation exemption and Dutch innovation box regime. In addition the effective tax rate is impacted by non-deductible share plan costs that occur in each region.

Effective tax rate per region

An overview of the effective tax rate per region is presented in the table below.

EFFECTIVE TAX RATE PER REGION	For the year ended 31 December	
	2022	2021
	Statutory tax rate	Effective tax rate
Europe	25.8%	22.7%
Americas	21.0%	16.4%
Asia	16.6%	6.7%
Group	25.8%	21.6%

EFFECTIVE TAX RATE PER COUNTRY	For the year ended 31 December 2021	
	Statutory tax rate	Effective tax rate
Europe	25.0%	21.8%
Americas	21.0%	17.6%
Asia	16.6%	10.9%
Group	25.0%	20.6%

CURRENT TAX ASSETS AND LIABILITIES PER REGION	For the year ended 31 December	
	2022	2021
Assets		
Europe	622	136
Americas	2,036	773
Asia	141	431
Total current tax assets	2,800	1,340
Liabilities		
Europe	10,412	635
Americas	99	108
Asia	735	271
Total current tax liabilities	11,246	1,014

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES	For the year ended 31 December	
	2022	2021
Assets		
Other liabilities	5,503	7,628
Liabilities		
Property and equipment	(500)	(1,177)
Investments fair value through OCI	(1,064)	
Other assets	(808)	
Unrealized taxable FX result on net investment hedge		(1,256)
Tax loss carry-forwards	—	
Net asset/(liability)	3,131	5,195

The deferred tax asset mainly relates to US temporary differences in the deductibility of the variable compensation instalments.

Taxes paid per region

An overview of the taxes paid is presented in the table below.

TAXES PAID PER REGION	For the year ended 31 December 2022				
	Corporate income tax	Value added tax	Payroll tax	Dividend WHT	Total
Europe	23,824	1,464	58,776	5,255	89,319
Americas	62	9	1,940	—	2,011
Asia	181	36	2	—	219
Total	24,067	1,510	60,717	5,255	91,549

TAXES PAID PER REGION	For the year ended 31 December 2021				
	Corporate income tax	Value added tax	Payroll tax	Dividend WHT	Total
Europe	69,249	1,391	53,099	17,410	141,149
Americas	(2,832)	5	1,672	—	(1,155)
Asia	3,059	(1)	405	—	3,463
Total	69,476	1,395	55,176	17,410	143,457

15. Cash and cash equivalents

CASH AND CASH EQUIVALENTS	At 31 December	
	2022	2021
Europe	1,837	1,643
Americas	203	1,379
Asia	6,572	1,927
Total cash and cash equivalents	8,612	4,949

Cash and cash equivalents include a bank guarantee of € 0.3 million for office rent (2021: € 0.3 million). The other cash and cash equivalents are available on demand.

16. Financial assets held for trading

FINANCIAL ASSETS HELD FOR TRADING	At 31 December	
	2022	2021
Long position in equity securities-trading	4,433,651	4,133,510
Long position in debt securities-trading	434,853	357,847
Mark to market derivatives assets	8,085	9,740
Total financial assets held for trading	4,876,590	4,501,097

Financial assets held for trading relate to settled positions and are closely related to financial liabilities held for trading, trading receivables, trading payables, other assets held for trading and other liabilities held for trading. The sum of these positions is our net liquidity position at our prime brokers and together with cash used in the management report as trading capital. The Group enters into derivative contracts such as futures, forwards, swaps and options for trading and economic hedge purposes. Futures contracts are transacted at standardized amounts on regulated exchanges and are subject to cash margin requirements. The table above shows the fair values of derivative financial instruments recorded as assets. Forwards are customised contracts transacted in the over-the-counter market. Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index. The Group's derivative assets and financial liabilities are generally not offset in the statement of financial position unless the IFRS netting criteria are met. The Group's trading capital exposures including derivative contracts is monitored on daily basis as part of its overall risk management framework.

Please also refer to note 17, 25 and 26.

17. Trading receivables

TRADING RECEIVABLES	At 31 December	
	2022	2021
Receivables for securities sold	5,466,900	5,940,512
Due from brokers and exchanges	553,610	218,688
Mark to market derivatives assets	1,844	1,037
Total trading receivables	6,022,354	6,160,238

In accordance with the Group's policy of trade date accounting for regular way sale and purchase transactions, receivables for securities sold represent amounts of receivables for securities that are sold, but not yet settled as at the

reporting date and amounts due from brokers and exchanges. Trading receivables are measured at fair value.

Please also refer to note 16, 25 and 26.

18. Other assets held for trading

OTHER ASSETS HELD FOR TRADING	At 31 December	
	2022	2021
Other assets held for trading	58,347	78,122
Total other assets held for trading	58,347	78,122

Per year end the group held other assets with a total value of €58.3 million (2021 €78.1 million) which comprises of digital assets.

19. Other receivables

OTHER RECEIVABLES	At 31 December	
	2022	2021
Prepayments	9,978	7,692
Dividend withholding tax	1,152	1,042
Security deposits	3,017	1,551
Receivable from employees	977	12
Other receivables	9,583	4,430
Total other receivables	24,708	14,727

For more information, please refer to note 34 for a maturity analysis of other receivables.

20. Investments measured at fair value through other comprehensive income

INVESTMENTS MEASURED AT FAIR VALUE THROUGH OCI

	At 31 December	
	2022	2021
Net book amount 1 January	9,282	3,622
Acquisitions / investments	9,114	2,928
Disposals	(1,622)	
Unrealized gains/(losses)	2,563	2,495
Effect of movements in exchange rate	502	237
Total Investments measured at fair value through OCI	19,839	9,282

The investments of the Group in various exchanges, through participations or “member seats”, and long-term strategic investments in companies active in the digital assets eco-system are classified as investments measured at fair value through other comprehensive income. Member seats provide access to various exchanges. These investments are measured at fair value determined on the last available bid before year end in the foreign currencies which are translated to euros at exchange rates at the reporting date.

In 2022 the Group made 12 new investments measured at fair value through OCI. Investments in Osprey Funds LLC, BloXroute Inc., Membrane, Tonic Exchange, Ondo Finance, Mariana Labs, Defi Alliances, GoGo Pool, Astaris, Elwood Technologies, RFQ Hub Holdings and Thalex.

The disposals in 2022 pertains to the sale of our share interest Eris X to CBOE Global Markets Inc., which was announced on 20 October 2021 and was closed in May 2022. Flow Traders received proceeds of €1.7 million, resulting in a gain on disposal of €1.2 million.

The 2022 unrealized gains/(losses) are largely driven by fair value revaluations for the investment in Blockdaemon LLC and MEMX.

21. Investments measured at fair value through profit and loss

INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

	At 31 December	
	2022	2021
Net book amount 1 January	1,716	—
Acquisitions / investments	1,936	1,725
Disposals	(310)	
Remeasurement recognized in profit or loss	(1,518)	(44)
Effect of movement in foreign exchange differences	104	35
Total Investments measured at fair value through PL	1,928	1,716

In 2022 the Group made 3 new investments at fair value through profit and loss. Investments in Kemet, Primary Portal and Crossover markets. The disposals in 2022 pertain to two equity investments in unlisted digital assets trusts that listed in 2022. Pursuant these disposals the Group holds one investment in an unlisted digital assets trust that is planning to list in 2023. The 2022 unrealized gains/(losses) are largely driven by fair value revaluations for the investment in the unlisted digital assets trusts. The remeasurement recognized in profit or loss is reported in the other income line.

22. Investments in immaterial associates

INVESTMENTS IN IMMATERIAL ASSOCIATES

	At 31 December	
	2022	2021
Net book amount 1 January	2,670	176
Investments	3,012	2,427
Cash distribution	(9)	(19)
Impairment	(354)	—
Result from associates	(298)	40
Effect of movement in foreign exchange differences	(63)	46
Total investments in immaterial associates	4,958	2,670

In 2022 the group made an additional investment in Ledger Edge Inc for €3.0 million, a US incorporated company active in creating an ecosystem for trading corporate bonds using a DeFi strategy. Post this additional investment

the Group holds a 7% share interest in Ledger Edge Inc and retained its board seat.

In 2022 the group booked an impairment of €0.4 million pertaining to its investment in Shape Q B.V., a Dutch company active in the creation of an active market place for energy and environmental commodities. At year end the Group's investment in Shape Q B.V. amounted to €0.1 million. In addition the Group has provided loans in an amount of €0.2 million to Shape Q B.V., which the Group still expects to fully recover.

In 2022 €0.02 million gain is included related to the fair value remeasurement of contingent consideration relating to a disposed associate (2021: €0.6 million gain).

23. Property and equipment

PROPERTY AND EQUIPMENT	Hardware	Office fixtures	Office space right-of-use assets	Hardware right-of-use assets	Total
Cost					
Balance at 1 January 2021	31,174	13,532	17,089	10,133	71,929
Additions	5,393	110	5,250	4,157	14,910
Disposals	(3,519)	(3,858)	—	(1,903)	(9,280)
Exchange rate differences	863	430	1,062	199	2,554
Balance at 31 December 2021	33,911	10,214	23,401	12,586	80,113
Balance at 1 January 2022	33,911	10,214	23,401	12,586	80,113
Additions	3,017	4,426	42,041	3,085	52,570
Disposals	(3,183)	(5,140)	(1,870)	(3,381)	(13,574)
Effect of movements in exchange rates	988	573	1,266	298	3,124
Balance at 31 December 2022	34,734	10,073	64,838	12,588	122,233
Depreciation and impairment losses					
Balance at 1 January 2021	10,071	8,115	8,012	4,985	31,183
Depreciation for the year	4,848	1,908	4,770	3,232	14,758
Disposals	(2,602)	(3,853)	(75)	(312)	(6,842)
Exchange rate differences	460	240	570	135	1,405
Balance at 31 December 2021	12,777	6,410	13,277	8,040	40,504
Balance at 1 January 2022	12,777	6,410	13,277	8,040	40,504
Depreciation for the year	5,617	1,734	5,665	3,419	16,435
Disposals	(3,287)	(3,494)	(1,870)	(4,900)	(13,551)
Exchange rate differences	468	342	619	335	1,764
Balance at 31 December 2022	15,575	4,992	17,691	6,894	45,152
Carrying amounts					
At 1 January 2021	21,103	5,417	9,077	5,148	40,746
At 31 December 2021	21,134	3,804	10,124	4,546	39,609
At 31 December 2022	19,159	5,081	47,147	5,694	77,081

Right-of-use assets are disclosed in more detail in note 28 and must be considered along with software right-of-use assets in note 24. Assets that have been fully depreciated and are considered obsolete are disposed of, the Group does not generate sale proceeds from disposed assets.

24. Intangible assets

INTANGIBLE ASSETS IN THOUSANDS OF EURO	Software	Software right-of-use assets	Goodwill	Total
Cost				
Balance at 1 January 2021	1,212	356	502	2,070
Additions	1,252	407	—	1,659
Disposals	(230)	(126)	—	(356)
Exchange rate differences	23	1	—	24
Balance at 31 December 2021	2,257	638	502	3,397
Balance at 1 January 2022	2,257	638	502	3,397
Additions	156	3	—	159
Disposals	(223)	(172)	—	(395)
Exchange rate differences	22	1	—	23
Balance at 31 December 2022	2,212	470	502	3,184
Depreciation and impairment losses				
Balance at 1 January 2021	666	178	—	844
Depreciation for the year	428	121	—	549
Disposals	(354)	(1)	—	(355)
Exchange rate differences	14	—	—	14
Balance at 31 December 2021	754	298	—	1,052
Balance at 1 January 2022	754	298	—	1,052
Depreciation for the year	432	110	—	542
Disposals	(220)	(172)	—	(392)
Exchange rate differences	15	—	—	15
Balance at 31 December 2022	981	236	—	1,217
Carrying amounts				
At 1 January 2021	546	178	502	1,226
At 31 December 2021	1,503	340	502	2,345
At 31 December 2022	1,231	234	502	1,967

Right-of-use assets are disclosed in more detail in note 28 and must be considered along with office space and hardware right-of-use assets in note 23. Assets that have been fully depreciated and are considered obsolete are disposed of, the Group does not generate sale proceeds from disposed assets.

Goodwill

In December 2010 the Group obtained control of TradeSense Solutions B.V. and its subsidiary Flow Traders Technologies SRL (formerly TradeSense Solutions SRL), a software development company with special focus on trading in electronic markets. The goodwill amounted to € 0.5 million.

There were no additions or impairments to the goodwill in 2022 and 2021.

25. Financial liabilities held for trading

FINANCIAL LIABILITIES HELD FOR TRADING	At 31 December	
	2022	2021
Short positions in equity securities-trading	2,517,302	1,804,293
Short positions in debt securities- trading	431,195	327,750
Mark to market derivatives liabilities	8,143	6,029
Total financial liabilities held for trading	2,956,640	2,138,072

Please also refer to note 16, 17 and 26.

26. Trading payables

TRADING PAYABLES	At 31 December	
	2022	2021
Payables for cash market products	5,694,655	6,113,792
Borrowings	1,629,316	1,854,764
Mark to market derivatives liabilities	2,199	1,415
Total trading payables	7,326,169	7,969,972

Please also refer to note 16, 17 and 25.

Payables for securities bought

In accordance with the Group's policy of trade date accounting for regular way sale and purchase transactions, payables for securities bought represent amounts payables for securities that were purchased, but not yet settled as at the reporting date. The amount payable is based on the net unsettled amount per clearing institution.

Borrowings

The Group maintains portfolio financing facilities with its prime brokers to facilitate the trading activities (i.e. to finance the purchase and settlement of financial instruments). The drawn amounts on these facilities continuously fluctuate based on our trading positions at any given moment.

The Group entered into interest-bearing credit facilities with ABN AMRO Clearing Bank N.V. (AACB), totalling €2,825 million per year end, comprising of a EUR denominated facility of €2,350 million and a USD denominated facility of \$540 million. In addition, the Group entered into interest-bearing credit facilities for portfolio margin financing with Bank of America Merrill Lynch (BA ML), Goldman Sachs, Barclays Bank, Mizrahi-Tefahot Bank. These facilities can be modified or terminated at any time. The facilities are exclusively for the financing of positions of the financial instruments traded in the ordinary course of the trading activities using the various prime brokers.

Our prime brokers require the Group to post cash to cover the haircut or margin requirements (representing a minor portion of our portfolio's size, which is variable and calculated on a daily basis depending on portfolio size and composition) in cash or securities as security for our positions held with the relevant prime broker. The positions are subject to pledge and collateral arrangements.

Covenants

Pursuant to the main covenants included in our facilities, the Group is required to comply with a net liquidation balance that exceeds the haircut calculated by the prime broker. Both the net liquidation balance and haircut are variable and calculated on a daily basis, depending on portfolio size and composition. The main covenants prescribe certain maximum portfolio-to loan size (variable and calculated on a daily basis, depending on portfolio composition). In addition, for our Asian operations they require us to maintain a solvency ratio of at least 4%, calculated by shareholders equity divided by credit limit.

The main covenants also require the Group to supply our prime brokers with financial statements and other information, including information on our trading activities and trading counterparties, and permission to inspect our books and records. Furthermore, they require us to maintain all relevant authorizations and memberships required in order to conduct our business, and comply with all applicable laws, rules and regulations and place restrictions on mergers and disposition of our assets outside the ordinary course of our business.

27. Other liabilities held for trading

OTHER LIABILITIES HELD FOR TRADING	At 31 December	
	2022	2021
Other liabilities held for trading	32,115	25,771
Total other liabilities held for trading	32,115	25,771

Per year end the group had other liabilities held for trading with a total value of €32.1 (2021: €25.8 million) comprising of loans denominated in digital currencies or held with digital asset brokers.

28. Leases

The Group has lease contracts for office space, software and hardware with lease terms between one and five years. The Group also has certain leases with lease terms of 12 months or less, for which the 'short-term lease' recognition exemption is applied.

Set out below are the carrying amounts of the Group's right-of-use assets (included under property and equipment and intangible assets) and lease liabilities and the movements during the period:

LEASES	At 31 December 2022	
	Right-of-use assets	Lease liabilities
As at 1 January 2022	15,010	16,175
Additions	45,129	43,403
Depreciation expense	(9,194)	—
Disposals	1,518	—
Interest expense	—	589
Payments	—	(9,613)
Exchange rate differences	612	3,546
As of 31 December 2022	53,075	54,100

LEASES	At 31 December 2021	
	Right-of-use assets	Lease liabilities
As at 1 January 2021	14,403	14,657
Additions	9,814	8,700
Depreciation expense	(8,123)	—
Disposals	(1,639)	—
Interest expense	—	390
Payments	—	(8,152)
Exchange rate differences	555	580
As of 31 December 2021	15,010	16,175

In relation to the Lease Liabilities for an amount of €5.9 million (2021 €4.9 million) there are liens on the Property Plant & Equipment, mainly related to Hardware Assets. For more information, please refer to notes 23 and 24 for further details of the right-of-use assets.

29. Other liabilities

	At 31 December	
	2022	2021
Long-term variable compensation payable	27,782	30,344
Subtotal non-current liabilities	27,782	30,344
Wages and variable compensation payable	62,096	111,051
Wages tax payable	1,400	2,438
Dividend payable	—	—
Creditors and accruals	24,452	18,284
Subtotal current liabilities	87,948	131,773
Total other liabilities	115,730	162,117

The long-term and current variable compensation payables relate to payables to the company's employees in respect of the variable cash remuneration and the payables for the recognized shares appreciation rights cash settled (see note 12 - Employee expenses, note 31 Other Contingent Liabilities). As set out in the chapter Remuneration Chapter the cash variable compensation and the SARs programs are deferred in multiple instalments. If the group faces operational losses these variable compensation elements are reduced or forfeited entirely to cover for such loss.

30. Equity

Share capital and share premium

All ordinary shares rank equally with regard to the Company's residual assets. There are no preferred shareholders.

ORDINARY SHARES	At 31 December	
	2022	2021
In issue 1 January	46,534,500	46,534,500
Treasury shares	(3,699,872)	(3,498,134)
Total	42,834,628	43,036,366

Ordinary shares

Holders of the Company's ordinary shares are entitled to dividends and are entitled to one vote per share at general meetings of the Company.

On December 2, 2022 the Company increased the issued and paid up share capital from €4.653.450 to €162.870.750 with 46,534,500 shares with a nominal value of €3.50 each instead of €0.10 each. The share capital increase was carried out against the Company share premium account. During the year the authorized capital of the Company was increased from €10 million to €350 million consisting of 100 million common shares of which 46,534,500 shares are issued.

Treasury Shares

As at 31 December 2022 Flow Traders Ltd and its subsidiaries hold 3,699,872 (2021: 3,498,134) of ordinary shares (treasury shares). Treasury shares held by the group are not cancelled and are recognized at cost and deducted from Equity. No gain or loss is recognized in the P&L on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any differences between the carrying amount and the consideration, if reissued, is recognized in equity. The purchases of treasury shares on the market are intended for hedging of our employee share plan obligations or for capital management purposes.

We refer to note 7 on the Changes in Presentation for Treasury Shares as per 31 December 2022 as separate category in Shareholders Equity

Share Based Payment Reserve

The Share Based Payment Reserve is used to recognize the grant date fair value of shares issued to employees, the grant date fair value of deferred shares granted to employees but not yet vested as well as the reinvested dividends for the unvested shares for employees. At the delivery of the shares to the employees the shares will be reclassified reducing the Share Based Payment Reserve and increasing the Share Premium Account. Please also refer to note 12.

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. This also includes the hedge results.

Fair value reserve

The fair value reserve comprises the fair value movements on all Investments measured at fair value through other comprehensive income of the Group.

General distributions

Pursuant to Article 24.1 of the company's Articles of Association, the Management Board, with the approval of the Supervisory Board, has decided that of the profit for 2022 (totalling €126.8 million), an amount of € 64.9 million shall be added to the reserves. The remaining amount of € 61.9 million is at the disposal of the General Meeting of Shareholders (General Meeting).

Dividends

It is proposed to the General Meeting that a total cash dividend of €1.50 per share will be paid out to shareholders for the financial year 2022, subject to a 15% dividend withholding tax. An interim cash dividend of € 0.70 per share was paid out on 19 August 2022. This means that the final cash dividend proposal to the General Meeting of 29 April 2023 is € 0.80 per share.

31. Other contingent liabilities

Claims

The group is not involved in any significant and material legal other procedures and/or claims.

Fiscal unity

The Group constitutes a fiscal unity with most of its fully owned Dutch resident subsidiaries for Dutch corporate income tax purposes. Moreover, Flow Traders B.V. forms part of a fiscal unity for VAT purposes, covering most of the Dutch Group. All companies in the fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

Cash incentive provided to employees

Up until and including 2019, employees had the possibility to participate in an employee incentive plan and are eligible to a cash incentive depending on their share position in the company. One of the conditions for this cash incentive is that the employee needs to be employed at the company at time of the payment of the cash incentive. Payments will be made in the first, second, third, fourth and fifth year of the plan. Based on IAS 19, costs related to the cash incentive may not be recognized until the employee fulfils the service obligation. Therefore these costs will be recognized in future years in profit and loss. In 2022 the company recognized €1.8 million of costs relating to this plan (2021: €2.3 million).

As from 2020 certain employees receive part of their variable compensation in share appreciation rights (SARs). The SARs vest in equal instalments over a period of four to five years subject to the condition that the employee remains employed on the vesting date. The SARs are expenses and recognized in the financial statements in line with the IFRS 2 Share based payment - cash settled accounting rules (refer also to note 12 - Employee Expenses).

The contingent liability from these plans are as follows:

	2023	2024	2025	2026	2027	Total
Cash incentive plan 2019	17					17
SARs 2020		375	348	—	—	724
SARs 2021		224	305	153	—	682
SARs 2022		461	597	651	251	1,960
Total	17	1,061	1,250	803	251	3,383

Guarantees

Flow Traders B.V. and Flow Traders US Holding LLC have provided several guarantees for the obligations of Flow Traders US Institutional Trading LLC to external counterparties in relation to trading relationships. Obligation under the guarantees require Flow Traders B.V. and Flow Traders US Holding LLC to fulfil claims of Flow Traders Institutional Trading LLC once it has not fulfilled one of its obligations directly related to the trading relationships. These guarantees are in effect for periods ranging from 1 year to an indefinite term as of the signing date of the agreement, which can be withdrawn with 1 week notice.

Flow Traders B.V. provided guarantees for the obligations of Flow Traders Asia (Singapore) for a 1 year period for two prime brokers in relation to trading relationships.

32. Related parties

General

The members of the Group's Supervisory Board and the Management Board are considered the persons responsible for managing, controlling the Group and supervising the group for the Supervisory Board. In 2022 the Group made a prepayment of €0.9 million to one of its board members. This prepayment will be offset against future variable compensation paid to this board member.

Key management employee and Supervisory Board compensation

Key management employee compensation comprised the Management Board compensation over 2022 and 2021. Base salaries and variable compensation paid in cash is short-term in nature.

REMUNERATION MANAGEMENT BOARD AND SUPERVISORY BOARD	2022			
	Base salary	Cash	Share-based payments	Total
Management Board	499	2,650	2,650	5,815
Supervisory Board	620			620

REMUNERATION MANAGEMENT BOARD AND SUPERVISORY BOARD **2021**

	Base salary	Variable compensation			Total
		Cash	Share-based payments	Extra-ordinary	
Management Board	524	2,538	2,538	113	5,713
Supervisory Board	620				620

Flow Traders Foundation

As some of Flow Traders' Supervisory Board members sit on the board of the Flow Traders Foundation ("Foundation"), the foundation is considered a related party.

In 2020 Flow Traders established the Flow Traders Foundation, a Charity or Foundation ("Stichting") to better structure its historic engagement in giving to others in society who need (financial) help. During 2020 Flow Traders has put in place the funding to make sure that a significant financial basis has been laid so that the Foundation has the financial means to make not only an annual but also a structural impact and meets its purpose.

In 2022 Flow Traders contributed a total value of €0.5 million (2021: €0.6 million) related to the Multiyear right to appoint charities the Foundation supports as the main shirt sponsor of a Dutch professional football club and donated €0.4 million of the 2021 cash bonus reserved for employees to the Foundation. For 2022, €0.5 million of the 2022 variable remuneration pool for employees was reserved for donation in 2023 (2021: €0.4 million).

In addition, as part of donation agreements between some of the Supervisory Board members with the Foundation, the Foundation is obligated to invest the donations received from these members into shares of the Group. In 2022 the Foundation received a donation of €0.5 million from certain Supervisory Board members, which it used to purchase 16,626 shares in Flow Traders N.V. against a share price of €30.07.

In 2021 60,000 shares in Flow Traders N.V. with a total value of €2.0 million and a cash donation of €0.5 million were transferred to the Foundation. These transfers were already accrued for in 2020.

Associates

The Group has entered into transactions with associates, reference is made to note 22.

33. Group companies

SUBSIDIARIES

	Country of incorporation	Ownership interest	
		2022	2021
Flow Traders B.V.	Netherlands	100%	100%
Flow Traders Technologies B.V.	Netherlands	100%	100%
INIT Capital B.V.	Netherlands	100%	100%
Flow Traders Investment B.V.	Netherlands	100%	100%
Flow Traders Holding B.V.	Netherlands	-	100%
Flow Traders Holding LLC	USA	100%	-
Flow Traders U.S. Holding LLC	USA	100%	100%
Flow Traders U.S. LLC	USA	100%	100%
Flow Traders U.S. Institutional Trading LLC	USA	100%	100%
Flow Traders Asia Pte. Ltd.	Singapore	100%	100%
Flow Traders Hong Kong Ltd	Hong Kong	100%	100%
Flow Traders Hong Kong Services Ltd	Hong Kong	100%	100%
Flow Traders UK Services Ltd.	United Kingdom	100%	-
Flow Traders London Ltd.	United Kingdom	100%	-
Flow Traders Technologies SRL	Romania	100%	100%
Flow Traders Investment Ltd.	Jersey	100%	-
Flow Traders S.A.	Luxembourg	100%	-

Other branches

The Group has the following branches:

	Country	Trading Name
London	United Kingdom	Flow Traders B.V. (London Branch)
Paris	France	Flow Traders B.V. (Paris Branch)
Milan	Italy	Flow Traders B.V. (Milan Branch)
Shanghai representative office	China	Flow Traders Hong Kong Ltd (Shanghai)

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which its subsidiaries operate. Please refer to the Capital Management section of this report for more information.

34. Financial risk management

Overview

The Group is exposed to the following risks arising from financial instruments:

- Operational risk
- Credit risk;
- Market risk;
- Foreign Exchange risk;
- Interest Rate risk;
- Liquidity risk;
- Concentration risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of our liquidity and capital.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Our Group Operational Risk framework contributes to raise awareness of these risks to all our employees and promotes a risk mitigation culture in all our processes. This includes documenting of procedures and periodically updating of this documentation.

The risk governance and independence of the Risk team ensures that our risk appetite is appropriately implemented, monitored and reported to Management on a regular basis. We maintain an internal operational risk event database that captures any incident that may have occurred (irrespective if it led to a financial loss/profit or not). We routinely perform an in-depth analysis of these incidents in order to avoid a reoccurrence.

Every year, we conduct Risk Control Self Assessments (RCSA) across the organisation to update what our main inherent risks are and which could be the most impactful in order to manage them to be within our risk appetite.

Any breach of risk appetite is escalated to Management. A decision is then made as to whether we should mitigate, defer or accept the breach. If mitigation is considered to be the appropriate action, a Taskforce is put in place to bring back the residual risk scoring within our risk appetite. This ongoing vigilance ensures we dedicate the appropriate amount of time and resources to improve our control environment in a consistent and risk-based manner.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and can also arise from the settlement of off-exchange transactions.

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. These amounts significantly exceed expected loss in the event of counterparty default, as expected loss takes into account the likelihood of such an event and collateral or security. The likelihood of counterparty default is deemed to be remote due to the creditworthiness of the counterparties and the central counterparties. The maximum exposure to credit risk at the reporting date was as follows:

CARRYING AMOUNT**At 31 December**

	2022	2021
Cash and cash equivalents	8,612	4,949
Trading receivables	6,022,354	6,160,238
Other receivables	24,708	14,727

Credit risk related to transactions on exchanges is limited since these are guaranteed by the central counterparty or clearing house related to that exchange. Members of these clearing houses are required to deposit substantial amounts of cash, bonds or equities as collateral for any failure to settlement of trading. While still a limited part of our business, there is an inherent risk related to transactions on digital assets exchanges as they are generally unregulated. This risk is mitigated by strict onboarding procedures and limiting the value traded on exchange to minimize the maximum risk.

The Group manages credit risk through its Risk department that provide specific guidelines, rules and procedures for identifying, measuring and reporting credit risk.

Policies include amongst others:

- limits for individual product types;
- limits per counterparty;
- limits on the duration of the exposure;
- limits for settlement types;
- strict monitoring procedures for late settlements.
- limits to exchanges

Creditworthiness of counterparties is continuously assessed and counterparty exposures are monitored on an intra-day basis.

Offsetting financial assets and financial liabilities

The disclosures set out in this paragraph include financial assets and financial liabilities that:

- are offset in the Group's statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, securities borrowing and securities lending agreements. Financial instruments, such as loans and deposits, are not disclosed in this paragraph unless they are offset in the statement of financial position.

The ISDA and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right to offset recognized amounts for the parties to the agreement that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events.

In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group has outsourced collateral management to its prime brokers. It can receive and grant collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives;
- sale and repurchase, and reverse sale and repurchase agreements; and
- securities lending and borrowing.

The Group receives and grants collateral in the form of cash and marketable securities as set out in notes 17 and 26 in respect of derivatives (including swaps). Such collateral is subject to standard industry terms including, where appropriate, an ISDA Credit Support Annex. This means that securities received/granted as collateral can be pledged or sold during the term of the transaction, but have to be returned on maturity of the transaction. The terms

also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

Offsetting

The Group has various netting agreements in place with counterparties to manage the associated credit risks. Such arrangements primarily include: securities borrowing and lending arrangements, and over-the-counter and exchange traded derivatives. These netting agreements and similar arrangements generally enable the counterparties to set-off liabilities against available assets received in the ordinary course of business and/or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it, thus, reducing credit exposure. However, the offsetting criteria in IFRS 9 are not met in all cases.

At 31 December 2022

	Offsetting recognized on the balance sheet		Netting potential not recognized on the balance sheet		Assets not subject to netting arrangements	Maximum exposure to risk		
	Gross assets/liabilities before offset	offsetting with gross liabilities (IAS 32)	Net positions recognized on the statement of financial position	Netting Potential	Positions after consideration of netting potential	Positions not subject to netting arrangements	Positions recognized in the statement of financial position	After consideration of netting potential
Financial assets								
Long positions, cash market products and amounts receivable from clearing agent	12,001,814	(1,102,869)	10,898,945	(10,282,809)	616,136		10,898,945	616,136
Other assets held for trading						58,347	58,347	58,347
Total financial assets	12,001,814	(1,102,869)	10,898,945	(10,282,809)	616,136	58,347	10,957,292	674,483
Financial liabilities								
Short positions, cash market products amounts payable to clearing agents, and borrowings	11,385,678	(1,102,869)	10,282,809	(10,282,809)	—		10,282,809	—
Other liabilities held for trading						32,115	32,115	32,115
Total financial liabilities	11,385,678	(1,102,869)	10,282,809	(10,282,809)	—	32,115	10,314,924	32,115

At 31 December 2021

	Offsetting recognized on the balance sheet		Netting potential not recognized on the balance sheet		Assets not subject to netting arrangements	Maximum exposure to risk		
	Gross assets/ liabilities before offset	offsetting with gross liabilities (IAS 32)	Net positions recognized on the statement of financial position	Netting Potential	Positions after consideration of netting potential	Positions not subject to netting arrangements	Positions recognized in the statement of financial position	After consideration of netting potential
Financial assets								
Long positions, cash market products and amounts receivable from clearing agent	11,158,860	(497,525)	10,661,335	(10,108,044)	553,291		10,661,335	553,291
Other assets held for trading						78,122	78,122	78,122
Total financial assets	11,158,860	(497,525)	10,661,335	(10,108,044)	553,291	78,122	10,739,457	631,413
Financial liabilities								
Short positions, cash market products amounts payable to clearing agents, and borrowings	10,605,569	(497,525)	10,108,044	(10,108,044)	—		10,108,044	—
Other liabilities held for trading						25,771	25,771	25,771
Total financial liabilities	10,605,569	(497,525)	10,108,044	(10,108,044)	—	25,771	10,133,815	25,771

Market risk

The market risk for the Group relates to the risk of the value of a financial instrument fluctuating because of changes in factors including, but not limited to, interest rates, volatilities, currency rates, future dividend expectations and equity prices. The Risk department monitors market risk exposure on a continuous intraday basis. Based on the limits set per product or the aggregated risk for the Group, limit breaches will trigger action from the Risk department in order to reduce the risk back to within our preset limits.

In addition to the Group's Risk department, the trading positions are also monitored daily by Operations. The applicable haircut and margins are computed by the Group's prime brokers. The Risk department computes the haircut using internal models enabling intraday monitoring. Limits are set on both capital- and credit usage. Long and short trading positions include securities and derivatives such as: shares, American depository receipts (ADRs), options, warrants, futures, forward rate agreements (FRAs), exchange-traded products (ETPs) and digital assets. All traded financial instruments are liquid instruments. Therefore, our portfolio can always be liquidated within a short time frame and with a limited cost impact.

The Group seeks to hedge its trading positions to minimise its risk for adverse price movements and does not engage in long or short only positions. The direction of market movements, i.e. what the Group considers directional market risk taking, is not relevant for the Group because of our market-making trading strategy. Due to the manner in which the Group hedges foreign currency, interest rate risk and other price risk, the directional market risk is close to zero. Therefore, no sensitivity analysis has been disclosed.

The overall market risk (including interest rate risk, credit risk, foreign currency risk and settlement risk) of the financial assets and liabilities held for trading are captured in the risk and margin requirements which the Group is required to post at its prime brokers and clearing firms. The consolidated margin and haircut requirements over 2022 are shown in the Capital management paragraph. Although the positions are fully hedged, a minimum risk close to zero remains as a result of inefficiencies in the models of the prime brokers.

Market risk factors relating to digital assets and liabilities

In a similar matter to traditional assets, the price of a digital asset or liability fluctuates according to its supply and demand. We manage this risk by holding digital assets in the same proportion as liabilities (long/short delta neutral

book). Per year end we had a total exposure to digital assets of € 0.1 million (2021 € 0.4 million).

Foreign currency risk

The Group is exposed to currency risk arising from trading positions denominated in a currency other than the respective functional currencies of the Group entities, primarily the Euro, as well as United States dollars and Singapore dollars.

Foreign currency risk also arises on net investments in foreign operations, as well as net results of these foreign operations during the year. The Group manages foreign currency risk through daily monitoring of the positions by currency. Generally, the Group seeks to hedge foreign currency exposures in currencies other than the functional currency. The Group does use financial instruments to hedge the translation risk related to net investments in foreign operations or net results of foreign operations.

Interest rate risk

Interest rates will affect future profitability of the fair value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches of arranged interest rates of assets and liabilities. The Group has limits in place on interest rate gaps for stipulated periods. These limits ensure that interest rate risks are hedged. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits. All financial instruments are held for trading purposes and are accounted for at fair value on the balance sheet. All positions carried on the balance sheet are short term and listed on exchanges and therefore liquid and tradable.

As mentioned in the paragraph trading payables, the Group has a credit facility available to facilitate the trading positions accounted for on the balance sheet. In order to match the liquidity and short holding period of these trading positions, the facility has an interest rate payable, which is floating. The Group runs a limited risk on the floating interest due to the fact that the interest is also embedded in the funding and financing of the long/short positions and in the EFP of the future.

Other price risk

Equity price risk and commodity price risk arises from trading positions as well as the Group's investments in investments measured at fair value through other

comprehensive income or through profit and loss. In addition, for its option positions, the implied volatility of the underlying contract is an additional risk factor. Other factors to consider are time and dividend expectations.

The Group manages other price risks by defined limits in terms of individual positions per product and aggregate position per trading desk relating to the size of the exposure, concentrations, pricing and valuation parameters and natural hedging between these long and short positions. As the Group is active in liquidity provision and does not speculate on directional moves in underlying values, the net delta positions of the portfolios should be close to zero.

In addition to daily internal monitoring measures, applicable haircut and margins are computed by the Group's prime brokers. The haircut analysis measures all positions, individual and correlated, and reflects the different risk components. The third-party haircut calculation confirms the internal assessment that completes the Group's overview of the risks that it is exposed to on a daily and overnight basis. An overview of the overall market risk is presented under the earlier "Market risk" section.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's cash position, as well as the other available credit lines with prime brokers, is monitored on a daily basis.

Maturity based on contractual undiscounted cash flows is as follows:

	At 31 December 2022		
	Carrying amount	Contractual cash flow	3 months or less
Payable for securities bought	5,694,655	5,694,655	5,694,655
Borrowings	1,629,316	1,629,316	1,629,316
Mark to market derivatives liabilities	2,199	2,199	2,199
Total trading payables	7,326,169	7,326,169	7,326,169

	At 31 December 2021		
	Carrying amount	Contractual cash flow	3 months or less
Payable for securities bought	6,113,792	6,113,792	6,113,792
Borrowings	1,854,764	1,854,764	1,854,764
Mark to market derivatives liabilities	1,415	1,415	1,415
Total trading payables	7,969,972	7,969,972	7,969,972

Concentration Risk

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The Group's policies and procedures and the broad geographic and industry spread of its activities limit its exposure to any concentration risk. Additionally management has established credit limits for geographic and counterparty exposures, which are monitored on a daily basis. We monitor the distribution of assets and off-balance sheet items by geographic region and industry sector on an ongoing basis.

Maturity analysis of financial assets and liabilities

The following table shows an analysis of the assets and liabilities according to when they are expected to be recovered or settled.

	At 31 December 2022				
	Total	Receivable/ payable on demand	Within 3 months	3 months to 1 year	>1 year
Assets					
Cash and cash equivalents	8,612	8,612			
Financial assets held for trading	4,876,590	4,876,590		—	
Trading receivables	6,022,355	6,022,355			
Digital assets held for trading	58,347	58,347			
Other receivables	24,707		21,366	1,153	3,392
Investments fair value through OCI	19,839				19,839
Investments fair value through PL	1,928				1,928
Investments in associates	4,958				4,958
Property and equipment	77,081				
Intangible assets	1,967				
Current tax assets	2,800			2,800	
Deferred tax assets	5,503				5,503
Total assets	11,104,687	10,965,904	21,366	3,953	35,620
Liabilities					
Financial liabilities held for trading	2,956,640	2,956,640		—	
Trading payables	7,326,169	7,326,169			
Digital liabilities held for trading	32,115		32,115		
Variable compensation payable	84,611		53,584		31,027
Lease liabilities	54,100		1,212	4,085	48,803
Other liabilities	31,119			31,119	
Current tax liabilities	11,246			11,246	
Deferred tax liabilities	2,372				2,372
Total liabilities	10,498,372	10,282,809	86,911	46,450	82,202

Maturity Analysis

At 31 December 2021

	Total	Receivable/ payable on demand	Within 3 months	3 months to 1 year	>1 year
Assets					
Cash and cash equivalents	4,949	4,949			
Financial assets held for trading	4,501,097	4,501,097			
Trading receivables	6,160,238	6,160,238			
Other assets held for trading	78,122	78,122			
Other receivables	14,727		12,134	1,042	1,551
Investments measured at fair value through OCI	9,282				9,282
Investments measured at fair value through PL	1,716				1,716
Investments in associates	2,670				2,670
Property and equipment	39,609				
Intangible assets	2,345				
Current tax assets	1,340			1,340	
Deferred tax assets	7,628				7,628
Total assets	10,823,723	10,744,406	12,134	2,382	22,847
Liabilities					
Financial liabilities held for trading	2,138,072	2,138,072			
Trading payables	7,969,972	7,969,972			
Other liabilities held for trading	25,771		25,771		
Lease liabilities	137,476		103,342		34,134
Variable compensation payable	16,175		1,919	5,281	8,975
Other payables	24,641			24,641	
Current tax liabilities	1,014			1,014	
Deferred tax liabilities	2,433				2,433
Total liabilities	10,315,554	10,108,044	131,032	30,936	45,542

Liquidity and capital resources

Besides equity, the principal source of funds has been liquidity provided by the prime brokers through uncommitted credit lines and margin financing, as well as cash generated from our operating activities. As of 31 December 2022, the Group held €8.6 million in cash and cash equivalents compared to €4.9 million as of 31 December 2021. These balances are maintained primarily to support operating activities, including ensuring that the Group has sufficient short-term access to liquidity, and capital expenditures.

The Group maintains a highly liquid balance sheet, with a large portion of its total assets consisting of cash, highly liquid marketable securities and short-term trading receivables (arising from securities transactions).

The Group actively manages its liquidity on an intra-day basis and maintains significant portfolio financing facilities with the prime brokers in order to facilitate trading. These facilities are secured by cash and cash equivalents, as well as all financial assets in accounts held at the respective prime brokers. The Group has no outstanding borrowings other than the portfolio financing facilities with prime brokers.

Capital management

Objectives and processes of managing capital

The Company's policy is to maintain a strong capital base well above the required margin in order to maintain investor, creditor and market confidence and to sustain future development of the business. The management board monitors the regulatory capital and prime broker margin requirements ratio's consolidated and for its key regions, the return on its capital as well as the level of dividend to its shareholders. The process of allocation capital to different regions and activities is subject to review to the Risk Committee.

Regulatory Capital

Capital adequacy and the use of required regulatory capital are based on the guidelines developed by Investment Firm Regulation and Investment Firm EU Directives (IFR/IFD). The Group's lead regulator, the Dutch Central Bank (DNB), sets and monitors capital requirements for the group as a whole and for the operating company Flow Traders B.V.. In addition, the activities of our subsidiaries in the USA and APAC are supervised by their local regulators.

The DNB adopted the IFR/IFD capital requirements as from June 26, 2021. As part of the IFR/IFD Capital Requirements Flow Traders N.V. is categorized as Category II Investment Firm and applying K-factor risk model, fixed overhead costs and minimum capital requirements as the Pillar I requirements. The DNB on top of Pillar I has set additional Pillar II capital requirements.

The group and its individually regulated subsidiaries have complied with all externally imposed capital requirements.

	CAPITAL POSITION ACCORDING TO IFR/IFD	
	2022	At 31 December 2021
Shareholders Equity EU-IFRS	606,315	508,169
Proposed Dividend	(34,266)	(15,442)
Share buy backs proposed and executed after year end	(20,826)	—
Deduction for intangible assets and investments	(13,059)	(10,125)
Available Common Equity Tier 1 Capital	538,164	482,602
Required regulatory capital	274,040	242,640
Excess regulatory capital	264,124	239,962

35. Subsequent events

On 13 January 2023, the group completed the update to its corporate holding structure. This followed receipt of shareholder approval at an Extraordinary General Meeting held on 2 December 2022 and fulfilment of all regulatory and other customary closing conditions. As a result of the update, the group's top holding company is now Flow Traders Ltd, The update of the corporate holding structure enables Flow Traders to become more competitive as a global liquidity provider, particularly in relation to regulatory capital management. Different capital requirements will apply following the update of the holding structure which are expected to expand Flow Traders' strategic growth options. Furthermore, it will create a more level playing field with global peers with respect to the regulatory capital framework. Flow Traders' regulated entities will continue to be subject to supervision by their respective regulators, however Flow Traders will no longer be subject to consolidated supervision. Flow Traders has obtained an unconditional declaration of no objection from the Dutch Central Bank (DNB) in connection with the update of the corporate holding structure.

As part of the change of its corporate holding structure Flow Traders N.V. entered into a cross-border legal merger in which (i) all Flow Traders N.V.'s assets, liabilities, rights, obligations and other legal relationships were acquired by Flow Traders S.A. incorporated under the laws of Luxembourg, (ii) Flow Traders N.V. ceased to exist and (iii) each Shareholder received one Flow Traders S.A. share for each Flow Traders N.V. Share. Following this merger Flow Traders S.A. converted into a Bermuda Limited company and changed its registered address to Bermuda.

As Flow Traders N.V. and Flow Traders S.A. are under common control at the time they entered into the cross-border legal merger, IFRS 3 Business Combinations is not applicable. A predecessor value method is instead used to determine the carrying value of all assets and liabilities that transfer as part of the merger. As at the 13th of January 2023 the assets and liabilities of Flow Traders N.V. are consolidated in the financial statements of Flow Traders S.A. at their carrying amount on this date, in accordance with the predecessor value method.

Following the completion of the update our corporate holding structure on 13 January 2023, group consolidated capital requirements are no longer applicable. Accordingly, CET1 and the Own Funds Requirement will no longer exist at the group level. Our regulated subsidiaries will continue to hold regulatory capital as required by their respective individual regulators. This will be reflected in the regulatory capital reporting going forward.

Flow Traders Limited (referred to as the "Company") is an exempted company limited by shares registered under the Company Act 1981 of Bermuda, as amended (the "Companies Act"). Flow Traders Ltd was incorporated on 13 January 2023 with its registered office at Canon's Court, 22 Victoria Street, PO Box HM 179, Hamilton HM EX Bermuda. The principal place of business for the Company is located at Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands. Flow Traders Ltd is registered with the Dutch Trade Register of the Chamber of Commerce under number 88926257 as a company formally registered abroad ("*formeel buitenlandse kapitaalvennootschap*") as this term is referred to in the Dutch Companies Formally Registered Abroad Act ("*Wet op de formeel buitenlandse vennootschappen*"), which means we are deemed a Dutch resident company for corporate reporting purposes in accordance with applicable Dutch laws.

36. **Authorization of consolidated financial statements**

Amsterdam, 23 February 2023

Executive Directors

- Mike Kuehnel (Chief Executive Officer)
- Folkert Joling (Chief Trading Officer)

Non-Executive Directors

- Rudolf Ferscha (Chairman)
- Jan van Kuijk
- Olivier Bissierier
- Roger Hodenius
- Linda Hovius

PARENT COMPANY BALANCE SHEET (BEFORE RESULT APPROPRIATION) IN THOUSANDS OF EURO

As at 31 December

	Note	2022	2021
Assets			
Investments in group companies	1	574,564	549,979
Total non-current assets		574,564	549,979
Receivables to related parties	2	54,663	47,826
Other receivables		880	939
Current tax assets		—	36
Cash and cash equivalents		591	15
Total current assets		56,134	48,816
Total assets		630,698	598,795
Liabilities			
Liabilities to related parties	3	881	74,120
Other liabilities	5	12,485	16,239
Current tax liabilities	4	10,288	267
Total current liabilities		23,654	90,626
Deferred tax liabilities		729	—
Total non-current liabilities		729	—
Total liabilities		24,383	90,626
Equity			
Share capital	6	162,871	4,653
Share premium	6	2,372	161,974
Fair value reserve	6	2,040	1,249
Currency translation reserve	6	24,899	15,510
Retained earnings	6	364,598	308,520
Treasury shares	6	(103,536)	(105,644)
Share based payment reserve	6	56,865	50,523
Results for the year	6	96,206	71,384
Total Equity before result appropriation		606,315	508,169
Total equity and liabilities		630,698	598,795

PARENT COMPANY INCOME STATEMENT *IN THOUSANDS OF EURO*

For the year ended 31 December

	Note	2022	2021
Personnel expenses	7	6,331	6,494
Other expenses	8	14,977	756
Operating expenses		21,308	7,250
Operating result		(21,308)	(7,250)
Result/(impairment) of equity-accounted investees	9	21	559
Profit before tax		(21,287)	(6,691)
Tax expense	10	(3,708)	(726)
Share in result from participating interests, after taxation		144,406	120,899
Profit for the year		126,827	114,934

Notes to the parent company financial statements

All amounts in thousands of euro, unless stated otherwise.

Principles for the measurement of assets and liabilities and the determination of the result

In setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its parent Company financial statements, the Group applies the option provided in section 2:362 (8) of the Netherlands Civil Code. The principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the parent company financial statements are the same as those applied for the consolidated IFRS -EU financial statements. Participating interests over which the Company has significant influence, are measured at equity value. Please see notes to consolidated statements chapter 1 to 4 for a description of the Group's IFRS -EU principles.

The profit from participating interests consists of the Company's share in the results of these participating interests. Results on transactions, comparing the transfer of assets and liabilities between (i) the Group and its participating interests on (ii) between participating interests themselves, are not recognized.

Restatement of prior period error

For the 31 December 2021 company balance sheet we presented an amount of €33.8 million in relation to the the intercompany receivable of the treasury shares towards group entities as both a receivable from group companies as well as company shareholders equity of Flow Traders N.V.. In addition a gain on the intercompany receivable of €0.7 million was reported in the profit and loss. For the consolidated financial statements the amount of treasury shares are deducted from shareholders equity. Transactions and/or balance sheet positions between the parent company and its consolidated participation in which there is a 100% interest do not lead to differences between the equity according to the separate financial statements and the equity according to the consolidated financial statements. The effects of intragroup transactions and/or balance sheet positions are eliminated, with the eliminations applied in the consolidated financial statements being the starting point for the eliminations in the separate financial statements. Considering this €33.8 million was eliminated in the company balance sheet from both the receivables from group companies and the equity share premium account as per 31 December 2021. In addition the gain of €0.7 million on the intercompany receivable was eliminated.

1. Investments in group companies

	At 31 December	
	2022	2021
Investments in group companies	574,564	549,979
Total investments in group companies	574,564	549,979

The movements of the investments in Group companies is as follows:

	At 31 December	
	2022	2021
Balance at 1 January	549,979	617,402
Changes:		
▪ exchange rate differences	9,389	9,434
▪ revaluation reserve	791	2,244
▪ share in result of investments	144,406	120,899
▪ dividend declared	(130,000)	(200,000)
Balance at 31 December	574,564	549,979

2. Receivables to related parties

	At 31 December	
	2022	2021
Share based payment receivable subsidiaries	53,995	47,826
Receivables from employees	668	
Balance at 31 December	54,663	47,826

Per 31 December 2022, the parent Company had mainly share based payment receivables towards Flow Traders B.V. for € 32.9 million (2021: € 29.0 million), Flow Traders US LLC € 12.7 million (2021: € 11.4 million) and Flow Traders Hong Kong Services Ltd for € 5.5 million (2021: € 5.1 million).

3. Liabilities to related parties

	At 31 December	
	2022	2021
Intercompany loans from group companies	881	74,120
Balance at 31 December	881	74,120

The liabilities to group companies pertain mainly to an intercompany loan from Flow Traders Holding LLC of € 0.9 million (2021: € 74.1 million).

4. Current tax liabilities

	At 31 December	
	2022	2021
Corporate income tax	10,288	267
Total current tax liabilities	10,288	267

5. Other liabilities

	At 31 December	
	2022	2021
Long term bonus payable	6,947	6,429
Subtotal non-current liabilities	6,947	6,429
Wages and bonuses payables	4,474	9,547
Wages tax payable	33	63
Other current liabilities	1,031	200
Subtotal current liabilities	5,538	9,810
Total other liabilities	12,485	16,239

6. Equity

STATEMENT OF CHANGES IN EQUITY IN THOUSANDS OF EURO

2022

	Share capital	Share premium	Treasury Shares	Share based payment reserve	Currency translation reserve	Fair value reserve	Retained earnings	Net Profit / (loss)	Total
Balance at 1 January 2022	4,653	161,974	(105,644)	50,523	15,510	1,249	308,520	71,384	508,169
Profit								126,827	126,827
Total other comprehensive income					9,389	791			10,180
Total comprehensive income for the period	—	—	—	—	9,389	791	—	126,827	137,007
Transactions with owners of the Company									
Conversion of share premium to share capital	158,218	(158,218)							—
Transfer to retained earnings							71,384	(71,384)	—
Dividends							(15,306)	(30,621)	(45,927)
Repurchase of shares		—	(15,046)						(15,046)
Share based payments		(1,384)	17,154	6,342					22,112
Total transactions with owners of the company	158,218	(159,602)	2,108	6,342	—	—	56,078	(102,005)	(38,861)
Balance at 31 December 2022	162,871	2,372	(103,536)	56,865	24,899	2,040	364,598	96,206	606,315

It is proposed to the General Meeting that a total cash dividend of €1.50 per share will be paid out to shareholders for the financial year 2022, subject to a 15% dividend withholding tax. An interim cash dividend of € 0.70 per share was paid out on 19 August 2022. This means that the final cash dividend proposal to the General Meeting of 29 April 2023 is € 0.80 per share.

STATEMENT OF CHANGES IN EQUITY IN THOUSANDS OF EURO

2021

	Share capital	Share premium	Treasury Shares	Share based payment reserve	Currency translation reserve	Fair value reserve	Retained earnings	Net Profit / (loss)	Total
Balance at 1 January 2021	4,653	162,234	(45,188)	45,821	6,076	(995)	(47,176)	464,513	589,938
Profit								114,934	114,934
Total other comprehensive income					9,434	2,244			11,678
Total comprehensive income for the period	—	—	—	—	9,434	2,244	—	114,934	126,612
Conversion of share premium to share capital									—
Transfer to retained earnings							464,513	(464,513)	—
Dividends							(108,817)	(43,550)	(152,367)
Repurchase of shares		—	(74,100)						(74,100)
Share based payments		(260)	13,644	4,702					18,086
Total transactions with owners of the company	—	(260)	(60,456)	4,702	—	—	355,696	(508,063)	(208,381)
Balance at 31 December 2021	4,653	161,974	(105,644)	50,523	15,510	1,249	308,520	71,384	508,169

7. Employee expenses

	For the year ended 31 December	
	2022	2021
Wages and salaries	1,119	1,015
Social security charges	58	51
Recruitment and other employment costs	58	29
Variable compensation paid in cash and shares	5,096	5,399
Total employee expenses	6,331	6,494

8. Other expenses

	For the year ended 31 December	
	2022	2021
Advisors and assurance	14,494	266
Regulatory costs	56	81
Shareholder meeting costs	178	114
Various expenses	249	295
Other expenses	14,977	756

9. Result of equity-accounted investments

For more information, refer to note 22 investments in associates in the consolidated financial statements.

10. Taxation

TAX EXPENSES	For the year ended 31 December	
	2022	2021
Tax recognised in profit or loss	(3,708)	(726)
Current tax expense	(4,437)	(842)
Movement deferred tax asset	—	—
Movement deferred tax liability	729	—
Adjustment for prior years	—	116
Tax expense	(3,708)	(726)

RECONCILIATION OF EFFECTIVE TAX RATE	For the year ended 31 December	
	2022	2021
Profit before tax	(21,287)	(6,691)
Dutch standard tax rate	25.8%	25.0%
Income tax expected	(5,492)	(1,673)
Actual income tax charge	(3,708)	(726)
In percentage	17%	11%
Difference in tax expense	(8%)	(14%)

The effective tax rate differs from the (nominal) statutory tax rate. This difference is mainly caused by applying the Dutch innovation box regime and by non-deductible share plan costs.

11. Other contingent liabilities

Fiscal unity

The parent Company forms part of the Group fiscal unity for corporate income tax purposes. All companies in the fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity. The parent Company's tax assets or liabilities face the tax authorities on behalf of the fiscal unity.

Cash incentive provided to employees

As from 2020 certain employees receive part of their variable compensation in share appreciation rights (SARs). The SARs vest in equal instalments over a period of four to five years subject to the condition that the employee remains employed on the vesting date. The SARs are expenses and recognized in the financial statements in line with the IFRS 2 Share based payment - cash settled accounting rules (refer also to note 12 - Employee Expenses).

The contingent liability from these plans are as follows:

	2023	2024	2025	2026	2027	Total
SARs 2020		236	348	—	—	584
SARs 2021		90	129	153	—	372
SARs 2022		123	194	230	251	798
Total	—	449	672	382	251	1,753

Claims

The Company is not involved in any significant legal procedures and/or claims.

There are no other contingent liabilities.

12. Related parties

For more information, refer to note 32 Related parties in the consolidated financial statements.

13. Profit appropriation

For more information, refer to note 9 Earnings per share and note 30 Equity in the consolidated financial statements.

14. Auditor fees

With reference to Section 2:382a (1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by Ernst & Young Accountants LLP and its member firms and affiliates to the Group, its subsidiaries and other consolidated entities, which did not include tax advice:

FEES OF THE AUDITOR 2022

	Ernst & Young Accountants LLP	Other EY member firms and affiliates	Total EY
Statutory audit of annual accounts	382	78	459
Other assurance services	28	16	43
Other non audit services	49		49
Total auditor fees	458	94	552

FEES OF THE AUDITOR 2021

	Ernst & Young Accountants LLP	Other EY member firms and affiliates	Total EY
Statutory audit of annual accounts	302	76	378
Other assurance services	156	6	162
Total auditor fees	458	82	539

15. Subsequent events

For more information, refer to note 35 subsequent events in the consolidated financial statements.

16. **Authorization of company financial statements**

Amsterdam, 23 February 2023

Executive Directors

- Mike Kuehnel (Chief Executive Officer)
- Folkert Joling (Chief Trading Officer)

Non-Executive Directors

- Rudolf Ferscha (Chairman)
- Jan van Kuijk
- Olivier Bisselier
- Roger Hodenius
- Linda Hovius

Other information



Provisions in the Articles of Association governing the appropriation of profit:

The provisions in the Byelaws governing the appropriation of profit read as follows:

Dividends and other payments

1. Dividends and Distributions. Subject to these Bye-laws, the Board may from time to time declare dividends or distributions out of contributed surplus to be paid to the Shareholders according to their rights and interests, including such interim dividends as appear to the Board to be justified by the position of the Company. The Board, in its discretion, may determine that any dividend shall be paid in cash or shall be satisfied, subject to Bye -Laws 5.2, 35.1 and 35.2, in paying up in full shares in the Company to be issued to the Shareholders credited as fully paid or partly paid or partly in one way and partly the other. The Board may also pay any fixed cash dividend which is payable on any shares of the Company half yearly or on such other dates, whenever the position of the Company, in the opinion of the Board, justifies such payment. In making any determination regarding the declaration of a dividend or distribution out of contributed surplus, the Board must, in addition to any other obligations or duties under the Companies Acts or these Bye-Laws, consider the Stakeholder Interests.

2. Implementation. Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide: (a) all dividends or distributions out of contributed surplus may be declared and paid according to the amounts paid up on the shares in respect of which the dividend or distribution is paid, and an amount paid up on a share in advance of calls may be treated for the purpose of this Bye-Law as paid-up on the share; (b) dividends or distributions out of contributed surplus may be apportioned and paid pro rata according to the amounts paid-up on the shares during any portion or portions of the period in respect of which the dividend or distribution is paid.
3. Deductions. The Board may deduct from any dividend, distribution or other monies payable to a Shareholder by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.
4. No Interest. No dividend, distribution or other monies payable by the Company on or in respect of any share shall bear interest against the Company.
5. Method of Payment. (a) Subject to Bye-Law 33.5(b), any dividend, distribution or interest, or part thereof payable in cash, or any other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post or by courier addressed to the holder at their

address in the Register or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at their registered address as appearing in the Register or addressed to such person at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register in respect of such shares, and shall be sent at their or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two (2) or more joint holders may give effectual receipts for any dividends, distributions or other monies payable or property distributable in respect of the shares held by such joint holders. (b) All dividends, distributions or interests in respect of shares held by a securities depository, including Euroclear Nederland, shall be paid by placing those dividends, distributions or interest at the disposal of such securities depository, subject to and in accordance with the regulations of such securities depository.

6. Unclaimed Amounts. Any dividend or distribution out of contributed surplus unclaimed for a period of five (5) years from the date of declaration of such dividend or distribution shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend, distribution, interest or other sum

payable on or in respect of the share into a separate account shall not constitute the Company a trustee in respect thereof.

7. In-Kind Satisfaction. The Board may also, in addition to its other powers, direct payment or satisfaction of any dividend or distribution out of contributed surplus wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and where any difficulty arises in regard to such distribution or dividend, the Board may settle it as it thinks expedient, and in particular, may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution or dividend purposes of any such specific assets and may determine that cash payments shall be made to any Shareholders upon the footing of the values so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Board, provided that such dividend or distribution may not be satisfied by the distribution of any partly paid shares or debentures of any company without the sanction of a Resolution.

Reserves

8. Reserves. The Board may before declaring any dividend or distribution out of contributed surplus, set aside such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, also at such discretion, either be employed in the

business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any sums which it may think it prudent not to distribute.

Capitalisation of profits

9. Capitalisation. The Board may from time to time resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account and accordingly that such amount be set free for distribution amongst the Shareholders or any class of Shareholders who would be entitled thereto if distributed by way of dividend and in the same proportions, on the footing that the same be not paid in cash but be applied either in or towards paying up amounts for the time being unpaid on any shares in the Company held by such Shareholders respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid amongst such Shareholders, or partly in one way and partly in the other, provided that for the purpose of this ByeLaw, a share premium account may be applied only in paying up of unissued shares to be issued to such Shareholders credited as fully paid.

Independent auditor's report

To: the shareholders and the board of Flow Traders Ltd, as successor of Flow Traders N.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Flow Traders N.V. (hereinafter also referred to as the company of Flow Traders). The financial statements comprise the consolidated and parent company financial statements. Flow Traders N.V. ceased to exist on 13 January 2023 with Flow Traders Ltd., registered in Bermuda, being the legal successor of Flow Traders N.V.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Flow Traders N.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying parent company financial statements give a true and fair view of the financial position of Flow Traders N.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022
- the following statements for 2022: the consolidated statement of profit or loss and other comprehensive income, the consolidated statements of changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The parent company financial statements comprise:

- the parent company balance sheet as at 31 December 2022
- the parent company income statement for 2022
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Flow Traders Ltd as successor of Flow Traders N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Flow Traders is a global financial technology-enabled multi-asset class liquidity provider with its core business in Exchange Traded Products, which includes fixed income, currencies, digital assets and commodities. Flow Traders N.V. is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the nature of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 8 million (2021: €7.3 million)
Benchmark applied	5% of profit before tax (rounded)
Explanation	We applied profit before tax as this benchmark is an important metric for the users of the consolidated financial statements. We determined materiality consistently with the previous financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee of the Board (hereinafter: the Audit Committee) that misstatements in excess of € 0,4 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Flow Traders is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities, Flow Traders N.V. (parent company), Flow Traders B.V. and Flow Traders U.S. LLC, based on the relative financial size of and risks related to these components. We have:

- Performed audit procedures ourselves at group entities Flow Traders N.V., and Flow Traders B.V.
- Used the work of another (non-EY) auditor when auditing the group entity Flow Traders U.S. LLC

- Used the work of other EY member firms and another (non-EY) auditor to perform specific audit procedures at other group entities and account balances.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the business of providing liquidity to financial markets. We included specialists in the areas of IT audit, forensics, sustainability, tax, transfer pricing, and have made use of our own actuaries and experts in the area of auditing digital assets.

Our focus on climate-related risks and the energy transition

The Board summarized Flow Traders' ESG (environmental, social and governance) focus areas, and reported in the section 'Our performance' of the management report how the company is addressing climate-related and environmental risks also taking into account related regulatory and supervisory guidance and recommendations.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition are taken into account in estimates and significant assumptions. We read the management report and considered whether there is any material inconsistency between the non-financial information in section 'Our performance' and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting estimates or significant assumptions as at 31 December 2022.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the Board's process for responding to the risks of fraud and monitoring the system of internal control and how the Risk Committee exercises oversight, as well as the outcomes. We refer to section 'Enterprise risk management' of the Board report for management's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates, in particular relating to fair

value measurement as disclosed in Note 8 to the financial statements. We describe the audit procedures responsive to this risk in the description of our audit approach for the key audit matter 'Fair value measurement of financial assets and liabilities held for trading'. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions. These risks did however not require significant auditor's attention.

We considered available information and made enquiries of relevant directors, officers, internal audit, legal, compliance, human resources, risk management and regional directors and the Audit Committee.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

Given that the company operated in a regulated environment, there is an increased risk of non-compliance with laws and regulations that may result in fines, litigation or other consequences for the company that could have a material effect on the financial statements, as discussed in the 'Our risk management' section of the Board report.

We inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section '2. Going concern' in the notes to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the Board made a specific assessment of the ability of (the successor of) the company to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the Board exercising professional judgment and maintaining professional scepticism. We considered whether the Board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the ability of (the successor of) the company to continue as a going concern, and considered whether the update in corporate holding structure impacted the continuation of the company's operations. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

Following the update in the corporate structure of Flow Traders, a new key audit matter has been defined.

Risk	Our audit approach	Key observations
<p>Update in corporate holding structure</p> <p>On 13 January 2023, Flow Traders N.V. changed its corporate holding structure after shareholders' approval. Following this updated structure, Flow Traders N.V. merged with Flow Traders S.A. where all of Flow Traders N.V.'s assets, liabilities, rights, obligations and other legal relationships were acquired by Flow Traders S.A. incorporated under the laws of Luxembourg. Subsequently, Flow Traders N.V. ceased to exist and each shareholder received one Flow Traders S.A. Share for each Flow Traders N.V. Share. Flow Traders S.A. was subsequently redomiciled and converted to Flow Traders Ltd., an exempted company limited by shares registered in Bermuda. For legal and tax purposes, Flow Traders Ltd inherited all rights and obligations of Flow Traders N.V. This is disclosed on note 35 of the financial statements.</p> <p>This event took place subsequent to the reporting date, but has a significant impact on subsequent events and other disclosures given both the impact on the company's governance and regulatory regime and the non-routine character of this transaction. An adequate disclosure on the consequences of the updated corporate holding structure is considered significant to the 2022 financial statements of the company. Due to the matters described, we considered the update in the corporate holding structure and required disclosures to be a key audit matter.</p>	<p>We periodically met with the Board members (executive and non-executive) to understand the planning and progress of the updated corporate structure. We obtained an understanding of the organizational controls and the legal and regulatory framework. On a periodic basis, we inquired with the Compliance and Legal department of Flow Traders to understand and discuss impact on laws and regulations, governance and financial reporting.</p> <p>We examined the relevant internal reports, minutes of management and board meetings, as well as regulatory and legal correspondence to assess developments and we performed follow-up procedures to examine the company's assessment of the impact on the financial statements and the adequacy of related disclosures. We obtained legal letters from external counsel and, where appropriate, involved our own legal and compliance specialists.</p> <p>Finally, we evaluated the completeness and accuracy of the disclosures related to the update in the corporate structure and whether these disclosures comply with EU-IFRS requirements.</p>	<p>Based on our procedures performed, we deem the disclosures on the updated corporate structure to be reasonable and in compliance with EU-IFRS.</p>

Risk**Our audit approach****Key observations**

Fair value measurement of financial assets and liabilities held for trading		
<p>As disclosed in note 8 of the financial statements, Flow Traders' fair value measurement of financial assets and liabilities held for trading is based on internally determined theoretical prices, which are also used for quoting purposes. As such, valuation can differ from closing prices at various stock exchanges or prices from clearers, due to market illiquidity, variety in opening hours of the stock exchanges and the use of hedging instruments. The fair values recorded could include estimates which are subjective by nature and directly impact the gross trading income. We considered the risk of fraudulent adjustments in fair valuation. Therefore, we identified the valuation of financial assets and liabilities held for trading as a key audit matter.</p>	<p>Our audit procedures included, amongst others, assessing the appropriateness of Flow Traders' accounting policies related to valuation of financial assets and liabilities according to IFRS 9 "Financial Instruments" and IFRS 13 "Fair Value Measurement". In addition, we obtained an understanding of the valuation process, including verifications done by the Risk and Operations department. We evaluated the design and implementation of internal controls relevant to fair value measurement, involving our own experts in the area of valuation of trading positions. We performed risk-based sample testing on the valuation of individual positions by evaluating the internally developed prices against market prices from independent sources. Furthermore, we evaluated the presentation and disclosure in the financial statements for compliance and consistency with IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 on disclosure requirements for financial assets and liabilities held for trading, including the fair value hierarchy.</p>	<p>Based on our procedures performed, we consider the fair value of the financial assets and liabilities held for trading to be reasonable and we consider the related disclosures to be adequate and appropriate in accordance with the requirements under EU-IFRS.</p>

Risk**Our audit approach****Key observations**

Digital asset and liabilities balances and related income/expenses		
<p>Risk Flow Traders trades in cryptographically secured digital assets ('cryptocurrencies') as disclosed in note 18 to the financial statements. The digital assets positions are presented as other assets held for trading and results are presented as part of the gross trading income. Flow Traders also obtains loans in digital assets from digital asset exchanges and other loan providers as disclosed in note 27 to the financial statements, which are presented as other liabilities held for trading.</p> <p>Digital assets are exchangeable directly between two parties through decentralized ('blockchain') networks that record anonymous transaction data. Alternatively, direct trades are executed between members of non-regulated digital asset exchanges. Reference is made to the information on digital assets in note 34 Financial risk management. For entities that use third parties to store the private keys that provides access to the digital assets, ownership has to be established based on legal terms. This determines whether an entity should recognize the assets or a right to the assets.</p> <p>We recognized a risk in the existence of the digital asset positions. In addition, we recognized a risk of incorrect valuation of digital assets, given the high volatility and large number of different exchanges. We, therefore, considered the existence and valuation of digital asset and liability positions and the related income or expenses as a key audit matter.</p>	<p>Our audit procedures included, amongst others, assessing the appropriateness of Flow Traders' accounting policies related to the classification and measurement of the digital assets and liabilities under EU-IFRS.</p> <p>We evaluated the design and implementation of controls related to digital asset assets and liabilities by Flow Traders, including reviews performed by the Risk and Operations and the Compliance departments in onboarding exchanges as well as trading in certain digital assets, involving our own experts in the area of digital assets. Furthermore, we evaluated the design and implementation of the daily trades reconciliation controls and procedures for deposits and withdrawals with cryptocurrency exchanges. Last, by observing the positions at each of the exchanges at year-end and subsequently testing on the valuation of individual positions by comparing the internally developed prices to independent sources, we independently tested the valuation and existence of the cryptocurrencies position of Flow Traders at 31 December 2022.</p> <p>In relation to the digital liabilities, we have obtained executed loan documentation and tested interest payments and redemption payments.</p>	<p>Based on the procedures performed, we did not identify any material audit findings in relation to the existence or carrying values of the digital assets and liabilities.</p>

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The Board is responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Board as auditor of Flow Traders N.V. on 19 May 2016, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Flow Traders N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by the company, complies in all material respects with the RTS on ESEF.

The Board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF examining the information related to the consolidated financial

statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities for the financial statements

Responsibilities of the management board and the supervisory board for the financial statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board is responsible for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board is responsible for assessing the ability of (the successor) of the company to continue as a going concern. Based on the financial reporting framework mentioned, the Board should prepare the financial statements using the going concern basis of accounting unless the Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board should disclose events and circumstances that may cast significant doubt on the ability of (the successor of) the company to continue as a going concern in the financial statements.

The Audit Committee undertakes preparatory work for the Board's decision-making regarding the supervision of the integrity and quality of the company's financial reporting. Working within the Board, the Audit Committee is charged in particular with the supervision with respect to the provision of financial information by the company.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 23 February 2023

Ernst & Young Accountants LLP

R. Koekkoek

Glossary

AGM	Annual General Meeting of shareholders	FIA EPTA	FIA European Principal Traders Association
AML	Anti-Money Laundering	FIA PTG	FIA Principal Traders Group
AMX	Amsterdam Midcap Index	FICC	Fixed income, currency and commodities
AP	Authorized Participant	FLIP	Flow Loyalty Incentive Plan
APM	Alternative Performance Metrics	FSI Schemes	Fast Semi-Iterative schemes
APT	Dutch Association of Proprietary Traders	FWD	Forward
AuM	Asset Under Management	FX	Forex (Currency trading)
AuM CAGR	Asset Under Management Compound Annual Growth Rate	IA	Internal audit function
CEO	Chief Executive Officer	IFD	Directive (EU) 2019/2034 on the prudential supervision of investment firms
CFO	Chief Finance Officer	IFR	Regulation (EU) 2019/2033 on the prudential requirements of investment firms
CID procedure	Counterparty Identification Procedures	IR	Investor Relations
CRD IV	EU Capital Requirements Directive (2013/36/EU)	KPI	Key Performance Index
CRR	EU Capital Requirements Regulation (575/2013)	MiFID II	Markets in Financial Instruments Directive (Directive 2014/65/EU; as amended)
CSDR	Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories	NDF	Non-Deliverable Forward
CTO	Chief Technology Officer	NFRD	Non-Financial Reporting Directive EU
CTrO	Chief Trading Officer	NTI	Net Trading Income
DNB	Dutch Central Bank	NTI CAGR	Net Trading Income Compound Annual Growth Rate
EBITDA	Earnings before interest tax depreciation & amortization	OECD	Organization for Economic Cooperation and Development
EPS	Earnings per share	OTC	Over the counter
ERM	Enterprise Risk Management	QFII	Qualified Foreign Institutional Investor China
ESG	Environmental, social and governance	RMF	Risk Management Framework
ETC	Exchange-Traded Commodities	ROE	Return on Equity, net normalized profit divided by average equity
ETF	Exchange-Traded Funds	RSA	Risk (self-) assessments
ETN	Exchange-Traded Notes	SDG	Sustainable Development Goals
ETP	Exchange traded product	UN	United Nations
EY	Ernst & Young Accountants LLP, the company's external auditor	VWAP	Volume weighted average price
General Meeting	Annual General Meeting of Shareholders		
FCIP	Flow Cash Incentive Plan		

EU Non-Financial Reporting Directive

Requirements EU Directive (NFRD)	Subtopic	Chapter/section reference
<i>A brief description of the business model</i>	Business model Business environment Organization and structure Our market Strategy and objectives Long-term market drivers	Our profile: What we do Value creation and strategy: Markets and trends Governance Our profile: Products, Value creation and strategy, Markets and trends. Value creation and strategy: Our ambition and strategy Value creation and strategy: Markets and trends
<i>Relevant social and personnel topics</i>	A description of the policies pursued The outcome of these policies Principle risks in own operations and within the value chain How risks are managed Non-financial key performance indicators	Our performance: Sustainable employment Our performance: Sustainable employment Our risk management: Operational risk Our risk management: Enterprise risk management Our performance: Sustainable employment
<i>Relevant environmental topics</i>	A description of the policies pursued The outcome of these policies Principle risks in own operations and within the value chain How risks are managed Non-financial key performance indicators	Our performance: Carbon emissions, material and waste Our performance: Carbon emissions, material and waste Our risk management: Environmental risk Our risk management: Environmental risk Our performance: Carbon emissions, material and waste
<i>Relevant human rights topics</i>	A description of the policies pursued The outcome of these policies Principle risks in own operations and within the value chain How risks are managed Non-financial key performance indicators	Due to the nature of our business as well as our geographical presence, Flow Traders is not materially exposed to human rights violations. For our employees we are compliant to all applicable laws and regulations, please refer to the section on our way of working. As part of the development of an ESG strategy in the course of 2023 we will again evaluate the exposure of Flow Traders to human rights violations.

Requirements EU Directive (NFRD)	Subtopic	Chapter/section reference
Addressing anti-corruption and bribery	A description of the policies pursued	Our risk management: Compliance and transparency
	The outcome of these policies	Our risk management: Compliance and transparency
	Principle risks in own operations and within the value chain	Our risk management: Compliance and transparency
	How risks are managed	Our risk management: Compliance and transparency
	Non-financial key performance indicators	Our risk management: Compliance and transparency
Addressing board diversity	A description of the policies pursued	Our governance: Diversity
	Diversity objectives	Our governance: Diversity
	Implementation of policy	Our governance: Diversity
	Results of the diversity policy	Our governance: Diversity

Colophon

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