

**MINUTES OF THE 2023 ANNUAL GENERAL MEETING  
OF SHAREHOLDERS OF FLOW TRADERS LTD.<sup>1</sup>**

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## Agenda item 1: Opening and announcements

**Eric Pan (Investor Relations Manager):** Good afternoon everyone, my name is Eric Pan and I'm the Investor Relations Manager at Flow Traders. Thank you for joining us for our 2023 AGM. We very much appreciate you making the effort to be here with us today. As with recent AGMs, this meeting will be held in English, and also as with previous AGMs, recording and/ or filming proceedings is not permitted. I would also like to kindly ask you to switch off your mobile phones, laptops and tablets. We will be delighted to take questions from shareholders during the course of this meeting. We propose to take questions at the end of each major agenda item. To ensure the orderly progress of this AGM, we request to limit the number of questions to a maximum of two questions per person. With the housekeeping now out of the way, let me now hand it over to the Chairman of the Board of Flow Traders Ltd. Rudolf Ferscha who will chair this AGM.

**Rudolf Ferscha (Chairman of the Board):** Good afternoon. On behalf of Flow Traders, I would like to welcome everyone joining the 2023 Annual General Meeting of shareholders. The Board is delighted for the opportunity to interact in person with our shareholders as well as being able to present our company directly to you and to exchange ideas. To get us started, I would like to give you a brief introduction to the Board. As of the start of this meeting, the Board currently consists of seven members: two executives and five non-executives. The Executive Directors are CEO Mike Kuehnel and Chief Trading Officer Folkert Joling. There are currently five Non-Executive Directors. In addition to myself, we have Jan van Kuijk, our vice- chairman who also serves as chair of the Trading and Technology committee. Jan is one of the co-founders of Flow Traders. We also have Linda Hovius with us today. Linda chairs the Remuneration and Appointment Committee and you will hear from her later regarding the remuneration-related agenda items. As was announced in March, Olivier Bisserier, chair of the Audit Committee and Risk Committee, and Roger Hodenius, the other co-founder of Flow Traders, have decided to not seek re-election to the Board and accordingly their terms are ending today. We would like to express our gratitude to both of them. On behalf of the entire Board, I would like to express our sincere thanks to Olivier for his significant contributions to the Board over the past eight years and for his overall contribution to Flow Traders since joining the Board in 2015. We wish Olivier all the best in his future endeavors.

I would also like to express our sincere thanks to Roger, who founded Flow Traders in 2004 with Jan and served as Co-CEO for ten years from 2004 to 2014. He was responsible for developing Flow Traders' vision and culture, its trading strategies and the trading floor. Roger joined the Supervisory Board of Flow Traders in July 2015 and was reappointed for a second, four year term in 2019. As such, he had a total service on Flow Traders' Boards of more than 20 years now. Roger remains a strong supporter of Flow Traders and will remain on the Board of the Flow Traders Foundation. I would now like to appoint Frank Hulsmans, acting Company Secretary of Flow Traders, as secretary of this general meeting, who will also take the minutes of the meeting. As you would be aware, as of January 2023, Flow Traders Ltd. has been governed under Bermuda law, following the 95% voting support at the EGM of December and we would like to thank all the shareholder that supported us and thereby helped us achieve a level playing field with our international competitors, particularly in the area of financing and trading activities. We also are very grateful for feedback received from dissenting shareholders, as it helps us improve the company, for example with regard to bye-laws, for instance regarding the shortening of the reflection period to 90 days. Except during the meeting, votes could be cast electronically from the record date up to and including 20 April 2023 at 17:00 CEST. I refer to the convocation documentation for the legal details. In accordance with bye-law 18.2 (a) of Flow Traders Ltd.'s Bye-Laws, all resolutions put to the vote of the meeting today shall be decided upon by means of a poll. The exact percentage of shares represented here as well as the number of votes validly represented will now be announced by the secretary.

**Frank Hulsmans (Corporate Secretary a.i.):** There are 22,096,614 votes validly represented at this meeting. For your information, this is 51.05% percent of the total issued share capital of the company which can be voted on. These totals include the votes cast electronically. This means that resolutions can be validly taken in this general meeting of shareholders with respect to the agenda items that are voted on. This marks the opening of this meeting, and we will now proceed with the next agenda item.

**Rudolf Ferscha:** Before we move to agenda item 2, we will first vote on a test question. This is to make sure that everything works properly when voting. Once it is clear that everything is working properly during the voting process, we can then proceed to agenda item 2 and vote to adopt the Alteration of the Bye- Laws. The test question is as usual: Will Ajax beat PSV on Sunday? You can now insert your chip card on the side of the voting box, with the chip facing up. The operator will now arm the system. If you vote "for" or in this case "YES", press the number one, if you vote "against", or in this case "NO", press the number two and if you want to abstain or in this case you have no idea about this, press the number three. You can change your choice until the last 10 seconds tick away by pressing the letter "C" and re-entering the number of your choice. If you encounter any problems, please raise your hand, so that someone can assist you. The voting is now open, so please feel free to enter your vote. Once there are enough votes, that will activate the 10 seconds. Let's close the voting. 97.92% for and 2% against, that is a pretty overwhelming result. That worked beautifully and we can now proceed to voting on the alteration of the bye-laws.

## Agenda item 2: Alteration of the Bye-Laws (*voting item*)

Rudolf Ferscha: Before we can continue with the rest of the items on the agenda, we ask shareholders to approve the proposed alterations to the Bye-Laws, which shall become effective immediately upon passing of the resolution. In Section 20.4, we propose to shorten the reflection period to ninety days. In Section 21.1 and 21.5 (e), we propose a textual enhancement of director's term in office. In Section 28.6, we propose the election of the vice chairman from among all of the Non-Executive Directors. In Section 33.1, we propose an introduction of a non-binding advisory vote on the dividend. In Section 36.1, we propose rectifying a drafting omission regarding declaration of the dividend. We can now proceed to the vote, voting is open. Voting is now closed. We can now announce the voting results. We have 99.62% for and 0.38% against. There is a majority of votes in favor of this resolution, which means that the proposal has been adopted. We now move on to agenda item 3 Corporate Reports.

## Agenda item 3: Report of the Board ; annual accounts; dividend policy; dividend; remuneration report

**Rudolf Ferscha:** As you can see, this agenda item has a number of sub-items. The first of these agenda items is 3.a, where the Executive Directors, Non- Executive Directors and the auditor - EY - will give their reports for the past financial year. After the presentation from the Executive Directors, I will go through the Non-Executive Director part. Following this, René Koekkoek of EY will report on the audit of financial year 2022. Following these reports there will be a Q&A session. First, I would like to give the floor to Mike Kuehnel, CEO of Flow Traders, who together with the Chief Trading Officer Folkert Joling will give their report for 2022.

### Agenda item 3a: Report of the Board for the financial year 2022 (*discussion item*)

**Mike Kuehnel (Chief Executive Officer):** Thank you Rudolf and good afternoon. I'd like to add my own warm welcome to those shareholders joining this meeting, it is a pleasure to have you with us today. From a personal standpoint, I am delighted to be participating in my first AGM as the CEO of Flow Traders. Let's dive into the full year 2022 snapshot. Before reviewing 2022, I wanted to take the opportunity to once again pay tribute to the professionalism, resilience, and loyalty of all our colleagues globally. Everyone has contributed to the considerable operational and strategic achievements and successes over the past year. 2022 as a whole saw a significant increase in the levels of market activity when compared to 2021 as markets absorbed various geopolitical and macroeconomic events with market ETP value traded increasing 41% year-on-year as a result. ETP AuM declined year-on-year as markets experienced a significant pullback from the post COVID run-up. However, the structural growth in passive investments continues unabated with strong inflows into equity and fixed income ETPs. For Flow Traders itself, 2022 saw record ETP value traded versus last year, which in itself was a record for our business. This was the fourth consecutive year when our ETP value traded surpassed the €1 trillion mark. This is once again testament to our market presence and leading global footprint. The market environment I just described

along with Flow Traders' own pricing and hedging capabilities translated into Total Income of €461m, which includes Net Trading Income of €460 million and Other Income of €1m. This was Flow Traders' second most successful year ever from a top line standpoint. We demonstrated yet again healthy margins with a Normalized EBITDA of €208.2 million in 2022 with a margin of 45%. Normalized Net Profit for 2022 was €150.2 million with an EPS of €3.45. Taking all of this into account, Flow Traders proposed a final dividend for FY22 of €0.80, implying a €1.50 total dividend for FY22 and a 51% pay-out ratio. This will be paid shortly after this AGM. This payout ratio is in-line with our stated goal of paying out at least 50% of our profits and on par with last year. We once again retained a strong focus on implementing our strategic growth agenda during 2022, which saw further confirmation of the attractiveness of our long-term structural growth path. Accordingly, we have systematically worked with our global leadership team to enlarge our ETP footprint and have further taken steps in enhancing our coverage of fixed income, crypto, FX and commodity markets via dedicated initiatives and investments. These initiatives and investments are positively contributing to the topline and we expect even greater contributions going forward. I will now hand over to Folkert to review Flow Traders, regional performance in greater detail on the next slide.

**Folkert Joling (Chief Trading Officer):** Thank you Mike and good afternoon. This is my 17<sup>th</sup> year at Flow Traders. On this slide, we present an overview of some of the key performance indicators for the full year 2022 on a regional basis. As Mike mentioned earlier, we have seen another strong performance in the year. Heightened market activity and disciplined execution resulted in strong growth in NTI for the year. In Europe, we maintained our position as the leading liquidity provider in ETPs and delivered a robust overall trading performance in 2022. Encouragingly, our fixed income and corporate credit trading business continues to increase its presence across the market. Flow Traders retained our Top 5 Bloomberg dealer rankings for executed tickets and volume within our Euro Investment Grade universe. From a crypto perspective, as a regulated and listed firm, Flow Traders continues to be well-positioned, supporting partners and the overall ecosystem. It is also important to note that regarding FTX, Flow Traders has merely an immaterial exposure and more broadly we continue to manage risk effectively. Moving to the Americas, it was a solid trading performance for the year and this was partially driven by fixed income. As in Europe, we continued to build out the fixed income business in the Americas and saw improved rankings across the various RfQ platforms. There was also continued focus on international equity pricing capabilities, including ADR trading. Flow Traders has also opened a new office in Chicago this year as we seek to further benefit from the city's unique talent pool and academic diversity. We have also created closer proximity to the many innovative players in the US digital assets space to ensure Flow Traders remains well positioned to be part of this defining moment in the future of finance and technology. Lastly with respect to Asia, we saw a solid year-on-year trading performance. In line with our strategy to expand geographically in Asia, we have further built out activities in China, following receipt of Flow Traders' QFII license and the opening of the Shanghai office, with the purpose of helping to develop the local ETF market in making domestic and international indices efficiently available to investors. Flow Traders has also started to leverage the US and European fixed income business with our coverage in Asian trading hours for global coverage of both index products and selected single bonds. From a digital assets standpoint, we acted as a market maker in the Hong Kong Exchange's first virtual asset ETF and this reflects our ongoing support for crypto and digital asset ETPs globally. I will now hand over to Mike for the next slide where we will cover the cost base in greater detail.

**Mike Kuehnel:** Thank you very much, Folkert. As you can see, we have seen a 32% year-on-year increase in

fixed operating expenses. A major impact was the US Dollar strengthening against the Euro. This has affected all the fixed operating cost categories. In addition, new hires, base compensation increases implemented in H1 and technology investments have also been contributing factors. I will discuss these developments in greater detail on the next slide. We have also seen further growth in headcount with a 3% quarter-on-quarter increase to 660 FTEs as we drive strategic growth. The business overall continues to demonstrate healthy Normalized EBITDA margins year-on-year, with a margin of 43% for Q123, compared to 42% in Q422. While we remain committed to bringing onboard additional talent in growth business areas, FTEs are expected to remain broadly flat during 2023 as communicated before given expected efficiency gains throughout the firm globally. Given our objective to structurally increase the firm's efficiency, there is a strong commitment from the entire business 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. €175m - €185m. Now I will discuss the development of our fixed operating expenses in 2022 on the next slide. On this slide, we have presented a bridge to provide additional detail and explanation around the development of Normalized fixed operating expenses in 2022. As you can see here, there has been a 19% increase in normalized fixed operating expense development when adjusted for the strengthening of the US dollar as well as the targeted base compensation increases implemented in the first half of 2022. The impact of a strengthening US dollar versus the Euro amounted to €6.6m across all expense categories. In terms of the base compensation increases, this had a €7.1m impact. It is important to note, however, that this was offset by the change of the profit-sharing percentage to 32.5% of operating result from 35% previously. This ensures an income statement neutral impact overall. Now I will take a closer look at Flow Traders' capital position on the next slide. We show our required CET1 capital levels on the top left hand part of the slide. After accounting for the final dividend, Flow Traders' capital buffers have remained strong and remain comfortably above our requirements under IFR/IFD. Our own funds requirement reduced to €274m at the end of December from €323m at the end of September. This reflects the nature of the trading book at that point in time. We had total CET1 of €539m at the end of December 2022 with €265m excess capital. As you all have seen, we successfully completed the update to our corporate holding structure on 13 January 2023. With this new holding structure, group consolidated supervision and associated capital requirements no longer apply. On a proforma basis, this would have reduced our capital requirements by 15% if the new holding structure would have been in place at the end of 2022. From a disclosure standpoint, the concept of CET1 and other associated capital metrics at the group level no longer exist and accordingly will not be reported on going forward. Having said this, however, we will focus on our normalized return on equity going forward, as a metric for capturing the capitalization of the firm and the evolving capital efficiency of our business. On the top right hand of the slide, you can see our trading capital position. Trading capital really is the lifeblood of our business and has the ability to generate attractive returns as shown on the chart. Our trading capital increased to €651m at the end of the year and includes the proposed dividend as well as deferred variable remuneration. It is also worth noting how consistently accretive trading capital has been over recent periods with levels in excess of 60%. Considering all these developments and the growth opportunities we very much see ahead, Flow Traders has set the FY22 final dividend at €0.80 per share, implying a €1.50 total dividend for FY22. Turning to the next slide we take a look at the Q123 trading update. The first quarter of 2023 saw solid trading performance amidst a less active market environment with Market ETP Value Traded having decline by 2% quarter-on-quarter. This contributed to Flow Traders recording NTI of €110m in the first

quarter. This compares to €114m in the fourth quarter of 2022. EMEA contributed the most NTI in the quarter once again reflecting the fact that it is our strongest market, where our counterparty coverage and flow visibility is the highest. It is also where for Flow Traders most of the flows and activity was centered. We saw improved trading performance in the US with contribution from all ETF segments with an increase in on- and off-exchange rebalancing activity evident in the first half of the quarter. APAC had a solid quarter once again with higher market volatility across the board, specifically in January and March, resulting in an improved spread environment. On the cost side, we saw a slight decrease in the fixed operating expense base as we continue to focus on structurally increasing the underlying efficiency of our business while we increase our efficiency focus and leverage our investments made in prior years. Our Q123 Normalized EBITDA reached €48m with a margin of 43%. Overall, Q123 Normalized net profit amounted to €34m with Normalized basic EPS of €0.80. Trading capital stood at €647m at the end of the first quarter, generating a 65% return on trading capital. Let me now turn to Risk and Compliance. As you can see from this slide, there are various key initiatives and related milestones for the firm's Risk and Compliance functions to highlight for 2022. I will not cover the numerous initiatives in detail, but touch upon a few highlights from a Risk perspective. A resilient risk management of an increasingly volatile market environment driven by geopolitical and macro-economic factors enabled us to maintain our strong and conservative capital base. To ensure close business alignment and continuity, we structurally enhanced our business capacity across our prime broker universe in line with our global diversification strategy. In addition, we further enhanced our internal review process and existing operational policies on Operational Risk Management with expanded capacity from a global perspective, further helping us to systematically reduce the overall operational risks of the firm. Now turning to Compliance. We obtained all regulatory approvals for relocation of the group holding company and obtained our license to bring our UK activities under FCA supervision post-Brexit. We also successfully rolled out additional market surveillance capabilities to keep pace with the evolution of the business. From a day-to-day perspective, we also further strengthened our existing global AML framework with the objective to further enhance all underlying control functions relating to our digital asset activities. Now turning to the next slide on ESG. ESG has become an increasingly prominent topic over the past few years and we believe we have a strong ESG story to tell. Accordingly, we have worked to improve our disclosure around the topic which can be found in our latest annual report. 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 to a sustainable agenda in the countries in which we operate. 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. We will pursue this ESG ambition 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; operating with high ethical standards at all times; and promoting sustainable tangible practices within our company and towards our communities, by respecting and developing our people and by supporting our ecosystem. Given the nature of our business, our overall impact on the environment is low. Indeed, we have once again calculated our CO<sub>2</sub> footprint, which supports our contention that we have a relatively light carbon footprint.

Moreover, in 2022 we applied improved measurement models as part of our approach for continuous improvement. Nevertheless, Flow Traders became carbon neutral in 2020 committing to offset our entire carbon footprint and remained so in 2022. Lastly, I wanted to highlight some of our ESG ratings provided by external agencies. Sustainalytics have awarded Flow Traders a 'Medium Risk' rating and MSCI's rating is A. We believe our ratings will continue to improve as we further enhance our ESG disclosure and integrate ESG more fully into our strategy and governance. Turning the page now, I want to focus on our ESG materiality factors. For us ESG is about creating shared value and to better help manage this as well as our impact, we have divided our ESG focus across nine main focus areas. We have also connected these nine ESG focus areas with three corresponding United Nations Sustainable Development Goals (SDGs) that we believe are particularly relevant for Flow Traders. We performed 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 received feedback from a wide selection of stakeholders, including shareholders, counterparties, issuers and employees. These stakeholders were selected because Flow Traders directly influences their interests. 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. An internal 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 shown on the right hand side of the slide which was validated by both the Management Board and Supervisory Board and helped us determine our ESG priorities. On the basis of the materiality matrix Flow Traders has identified nine key issues, of which five are considered highly material including business integrity, liquidity in financial markets, good corporate governance, diversity & inclusion and sustainable employment. Moving to the next slides I will discuss market trends, our strategy and recent achievements. On this slide, you can see the supportive mega trends which we outlined at the Capital Markets Update in July last year remain very much intact. These four key megatrends trends continue to shape our market environment, are acting as tailwinds to our business and offer and increased opportunity set from our point of view. Crucially, these trends all feed into, and reinforce, each other. Particularly relevant to our core business, is the ever-increasing acceptance of ETPs and growth in passive investing. According to BlackRock's study, ETP AuM is expected to double by 2025 which underscores the strength and importance of the ecosystem we are a key part of. Furthermore, electronification of trading and its impact of volume increases over time is critical for all of our activities but in particular it is within our credit business where this is a key structural trend in corporate credit and emerging market sovereign bonds. Increasing adoption of electronic trading ties into our core technology-enabled competency set. Despite the recent market events, there has still been considerable average daily volumes across cryptocurrencies seen globally in 2022. In addition, digital assets remain a long-term growth opportunity with the underlying technology expected drive significant transformation across global financial markets in the coming years. Lastly, regulation continues to support our business in terms of creating a level playing field in terms of execution transparency. In addition, increased regulatory adoption of digital assets will also create more growth opportunities for our firm and we are an active participant in fostering these discussions with local regulators across all major financial markets. Now I will handover to

Folkert to review our strategic objectives and progress in 2022 and focus items for 2023 and beyond.

**Folkert Joling:** Thank you, Mike. With those key market trends in mind, our strategic goals and objectives across our three asset class pillars are fully aligned with the ambition outlined at the Capital Markets Update. We made significant achievements in 2022 and have clear focus areas for 2023 and beyond. Again, these are all entirely consistent with our long-term strategic outlook. From an Equity standpoint, we are seeking to deepen product coverage and geographic footprint to align with structural industry growth. In 2022, we achieved record value traded across Equity as we grew our large counterparty base even further and traded on a large array of venues. We also commenced onshore trading in China which is a significant component of our broader Asia expansion plan. In 2023, we will increase our focus on in the US on index products with international underlying. In Asia we will expand our set-up in the major markets of China and Korea. We have further expanded and diversified our fixed income trading during the course of 2022. There was a material increase in fixed income value traded versus 2021 and the single bond market making proposition has grown globally in the past year. 2023 will see further growth globally in our single bond market making proposition. In line with this, we will also be onboarding additional fixed income institutional counterparties. In terms of CCC, the focus is on growing our presence and participation in digital assets, FX and commodities. We retain our long-term conviction around digital assets and accordingly have continued to grow our presence in the global crypto financial ecosystem. We expanded our coverage of crypto ETPs and have acted as a market maker on numerous crypto ETP launches. Work will continue in 2023 on accelerating our footprint in ETP, spot and derivative products as well expanding OTC bilateral counterparty business across CCC as a whole. To complete the picture, we have expanded our strategic ecosystem approach which is channeled through our corporate venture capital unit – Flow Traders Capital, which is covered in more detail on the next slide to be covered by Mike.

**Mike Kuehnel:** Thank you very much, Folkert. In 2022, we announced the establishment of Flow Traders Capital which formalized and refined our overall strategic ecosystem approach. It is clear that there is a tremendous amount of change and innovation happening in the financial markets. Given our position within the ecosystem, we believe we can play a critical role in driving this innovation and change. Yet at the same time, we believe that single firms acting alone cannot accomplish this. We therefore want to make sure we partner with other organizations to leverage this change as well to accelerate our overall strategy by driving themes of electronification and transparency. In 2022, we made 16 strategic investments in total which have a current portfolio value of €27m and this slide illustrates selective investments we have made recently. I do not propose to run through each initiative shown on this slide in turn but as you can see, our current portfolio is split across our three asset class pillars of equity, fixed income and CCC. Interest in strategically partnering with Flow Traders remains high and whilst new investment activity has reduced, focus has intensified on our strategic planning with existing portfolio companies. The pipeline for new investment in both digital assets and traditional finance ecosystems remains strong. This now concludes the Executive Directors' report and I will now hand back to Rudolf for the Board report. We look forward to answering any questions you may have at the end of this agenda section.

**Rudolf Ferscha:** Great, many thanks, Mike and Folkert, for the Executive Directors' Report. I will now go through the Board report for 2022. Flow Traders is built on pricing and hedging excellence, advanced

technology and a robust risk management framework, combined with a strong team-driven culture. Accordingly, all Board committees focus on these cornerstones. The Trading and Technology Committee oversees the process regarding the implementation of trading strategies, our IT systems, IT investments and costs, and cyber security. The Risk Committee looks at topics such as capital allocations, the relationships with our clearing banks and risk management in general. The relatively newly implemented EU Investment Firm Regulation and Investment Firm Directive has also been discussed frequently by the Risk Committee. The Remuneration and Appointment Committee Looks at topics such as culture, remuneration policy, recruiting initiatives and succession planning in relation to the Executive Directors as well as Non-Executive Directors. The Audit Committee discusses the company financials, the reporting process, risk and control systems, regulations and compliance. In addition, it has close contact both with the external auditor as well as with our Internal Audit Function. The External Auditor focuses, among other things, on the control and audit of the financial statements. The Internal Audit Function focuses on identifying potential areas for improvement in the organization. Finally, I would like to highlight a particularly important aspect regarding our reporting lines. Formally, the business reports to the Executive Directors on the Board. In addition, we have arranged it in such a way that the Executive Directors and other relevant members of management regularly join the relevant Board committee meetings to provide the committees with information and opportunities for Q&A. The committees then report back to the full Board. In this way, we ensure that we, as Non-Executive Directors of Board, are fully kept abreast of what is going on in the business. I would like to continue with a summary of the activities of the Board during 2022. You find detailed information in our 2022 annual report, so I will only highlight a few points here. Regarding strategy and strategy related risks, the Board regularly discusses strategy, the implementation of strategy, as well as any associated risks. We review competitive dynamics and investments in people and technology as well as broader industry developments and growth opportunities. We are involved in the succession planning of all the directors on the Board, both Executive and Non-Executive. In a growing company like Flow Traders we also review on a regular basis whether we have the right composition and the right talent and skills on the Board. One outcome of these discussions was the proposed election of three new Non-Executive Directors on the agenda today. Culture and core values, and in particular how we should preserve and nurture these important aspects, like every year, was a high focus topic within the Board. Our culture is one of the core success factors at Flow Traders and is described in detail in the annual report. We have a strong team-driven culture, focusing on taking initiative, ownership, innovation, entrepreneurship and collaboration in the interest of the overall company. Regarding new legislation and regulations, these were periodically discussed at our meetings. This included rules regarding our current capital requirements as well as potential future requirements that are expected to come in. This concerns in particular the EU Investment Firm Regulation and Directive known as IFR/IFD which came into effect in June 2021. Regarding financial results and investments, we discussed general market developments and the financial results of the Company against that background. Based on the agreed strategy we discussed the investments needed. Regarding the corporate governance structure, the functioning of the Executive Directors' performance, their remuneration and their targets were discussed by the Remuneration Committee. Linda will cover this in greater detail later in a moment. The Non-Executive Directors also evaluated the then Supervisory Board's own functioning and performance. Other positions of the Non-Executive Directors outside of Flow Traders and their independence status are also routinely reviewed on a periodic basis. The industry related updates were provided by the heads of specific departments as well as external advisors to keep

the Board fully updated. Regarding remuneration, we also had extensive deliberations and debate around the remuneration policy for the Executive Directors given the implementation of the Shareholder Rights Directive II. We will cover this in more detail later on. 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 on during 2022. As every year, the Supervisory Board also carried out a self-assessment in 2022, this time conducted and facilitated by an external governance expert. As a result of the conclusions of this 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 resulted in re-confirming the independence of Olivier Bisselier, Linda Hovius and myself. Roger Hodenius and Jan van Kuijk were considered non-independent Supervisory Board members. This concludes the formal Board report. We are now happy to take any questions relating to this section of the agenda.

**Mr. Rogmans:** Thank you, Chairman. I am Mr. Rogmans. First of all, I want to thank the management team for the nice performance last year in a really challenging environment where you were expanding the crypto trading there was the FTX collapse. You managed to get through that without any big incidents, so that is a nice performance. A question on the presentation. You showed that one of the goals is to expand the counterparty base for fixed income trading / single bond trading. How big is this space still for you to expand the counterparty base? In relation to that, from the outside it sometimes looks easy to scale up: you start fixed income trading, you turn on the systems and you start trading basically. It is not like that, it takes time to build it up. Could you maybe provide a bit more insight in how that works, e.g. how long that takes and the investments you make?

**Rudolf Ferscha:** May I suggest you take this question, Folkert?

**Folkert Joling:** To answer the first question on the counterparty base: the coverage of flows that you can see on open platforms is obviously a good indicator for us. In fixed income there is still a lot of activity going on bilaterally between traditional parties, so the adoption of electronification is not as quick as it was on the equity side. We see gradual improvements. To give a percentage of the flow we already see is difficult because in Europe there is no consolidated tape to fully get the exact insight in all trading. In the US it's easier to see. We still have a significant upside there, so that means both counterparties that are not trading with us yet and sometimes they are trading with us in equity, but not a fixed income. You also need to have a track record. You need to have a proper offering. So we're definitely not there yet. There's still a long way to go and a lot of upside. Regarding the time it will take to build it up: the build-up of a single bond market making franchise, which we want to create synergies with the index business. This also creates a bit of time to get it. If you trade an index product with a couple hundred components, to be able to fully take that benefit, you need to cover all those couple hundred instruments fully. So, there we are going to make good steps this year in that coverage so to create that synergy from those two initially separate stacks that's going to materialize this year and it will be built out next year. So we're pretty far there, and it's looking good.

**Rudolf Ferscha:** Great, Folkert. Maybe I can also ask Mike to give a little bit of his perspective, maybe on the general growth aspect.

**Mike Kuehnel:** Yes, just to make it very tangible: we have seen a majority of our counterparties in the last year to also understand where they stand. One of the key points that we felt strongly about is the fact that the entire way fixed income credit is traded, changes. And this even relates to our largest counterparties, which brought us to the realization that our technological footprint and the capabilities we bring when it comes to portfolio trading, the instantaneous pricing capability is a real competitive action in the market. So one of the key priorities for the firm is also to be very systematic with our sales force in bringing these advantages to the stage and to be vocal about it. Ideally, over the next few years to structurally build more penetration into the existing counterparty base. Given the trends we discussed, we very much believe that the electrification curve will be exponential. There is a growing conviction. We very much built into that. What we want to maintain is that out of the technological competence we built over the last few years, that our competitive edge remains quite undefeated in a way. And this relates to the underlying operations, the operating model, and the ability to be faster than others. I think that's a key component. I give you another example. We traveled to Asia the last few months and also had an understanding on the trading habits there. It's still a reality that larger counter parties pay five, six, seven, eight bps for trading fixed income exposure, whereas our business is commission free. That needs to be explained because from their mindset, they want to understand what the difference is. Is there a trick or anything like that? We need to really be vocal why we are able to apply a different business proposition in order to be more competitive when it comes to our pricing. Ideally, and that's a reflection on the quality of our counterparty base - we have cultivated these relationships over many, many years - there's already a high degree of recognition, a high degree of understanding who we are: a regulated, publicly listed entity. This is a great starting point for even further building into this. I think the fact that we have started investing into fixed income over the last few years, means we are now at a point where the sales focus needs to be a key priority for us for the next few years.

**Rudolf Ferscha:** Great, Mike. Many thanks. You had a follow up question, Mr Rogmans?

**Mr. Rogmans:** Thank you. Yes, maybe a small follow up. I was just wondering as well, is there any difference between geography in the US? Do you trade relatively more fixed income? Because you started both more or less at the same time in the US as in the EU.

**Rudolf Ferscha:** Folkert you want to take that?

**Folkert Joling:** The US debt is more liquid so that there's more activity going on in terms of trades per instrument. Europe is a bit more scattered so there's definitely a difference in trading profile.

**Mr. Rogmans:** And if you compare that to the overall business, like your overall business? If you look at

NTI, it's still EMEA focus, but if you just look at fixed income, is that more equally spread?

**Folkert Joling:** The profit pool in US debt is bigger than in European debt, but in Europe there are also US denominated products traded, so it's not per se split per region for the underlying. But in general, the US is a larger market.

**Mr. Rogmans:** OK, thank you.

**Mike Kuehnel:** If I can add one point: I think one of the key premises of our business is that we anticipate significant structural trends. Coming back to your question, US versus EMEA, I think we also need to embrace APAC, because APAC, as it stands today, is very much equity-heavy. There's a growing recognition that ETP penetration will come, but also fixed income as a product, is expected to thrive over the next five to ten years. If we build onto that and are able to deploy the right, front end and the right technological capability in order to be present when this trend materializes even further, that's a very attractive opportunity for us, even from a global perspective. So it's not just US and EMEA for us. We have more mid to long-term ambitions from a global perspective.

**Rudolf Ferscha:** Great. Many thanks, Mike. Thanks Folkert. Any further questions on this?

**Mr Fierlings:** I am Mr Fierlings. I have a question related to what you said earlier in the presentation that your focus going forward will be on return on equity. If you combined that focus with possibly taking on a little bit of debt on the balance sheet going forward, one with a skeptical nature could say that you are moving your focus from return on capital to return on equity because the revenue capture on the total capital base will be a bit lower. But on the equity base will be equal because you're taking on a little bit of debt on the balance sheet. Is that a right assessment and if not, so if you do not expect your revenue capture to be lower going forward, do you expect your return on equity to be higher going forward?

**Mike Kuehnel:** I think a couple of points need to be highlighted as part of our thought process. At the outset of the discussion we felt that we want to be recognized from a global perspective, global investor perspective even, as a company that is able to deploy capital in a highly accretive manner. It's just a matter of fact that the trading capital return is less prominent, or less prominently understood, than a return on equity. We felt that there has not yet been a full recognition of our capital accretion when it comes to return on equity. You can translate that into the evolution of our P/E multiple as an example. We feel we need to be much more vocal about the fact that we have always earned a significant premium to our cost of capital. That's one point. The second point is what we are building. We started sharing that narrative in our capital markets update. We are building a significantly more resilient business and this is a function of the diversification across asset classes and geographies. In a way, the way we feel one needs to capture the underlying economic value of the business, is that going forward we will be much better equipped to create a base load in terms of NTI because we have a higher degree, relatively spoken, of

trading opportunities around us. We will be less limited. Also the fact that we have a higher degree of capital flexibility and the point we shared before on a higher degree of capital velocity gives us a chance to deploy capital for the right opportunities even better and faster. That in itself from an aggregate perspective should help us to at least remain where we are, but the incentive is to even further build it out. This is the step into the organic buildup of the more predictive trading capabilities where we feel there is a chance for us to further increase trading capital return. All the statements I just made are from a dynamic perspective. So to be very specific: if we start building a new business such as the credit trading, that takes a bit of time until you really penetrate the right accounts, the right counter parties, and have the operating model in place. It's dilutive at the beginning by default, but the intention is and the strategic plan is to build into it. I think the combination of the higher degree of diversification across the trading opportunities and the ability to put more capital into it, plus the ability to also move very fast, in itself should give us a very strong edge in being equally attractive going forward.

**Mr Fierlings:** OK, that I get. On the point of increased velocity, am I correct in understanding that your trading capital in fixed income is locked up longer than in equities?

**Mike Kuehnel:** What I referred to is the question we have to ask ourselves every day how we allocate the capital across the different regions and asset classes. When I refer to velocity, it's actually a very sophisticated treasury function we have in place. This is not just giving the returns we see today, but also predictive elements and how we anticipate the ongoing optimization of our trading capital position. The velocity is very much a process-related point. So if there are arising opportunities, we want to make sure that the capital can be moved fast. That, in a first step, required a higher degree of internal clarity on the incremental return patterns we foresee for the next few days, but also from a mid to long-term perspective. Our risk profile has not changed. I can bring it down to a realization that the operating model, including the capital allocation needs to be best in class in order to be able to remain competitive on that level.

**Mr Fierlings:** Ok, thanks

**Rudolf Ferscha:** Great. A further question here in the front.

**Mr Visscher:** The Dutch organization for retail shareholders this morning announced that they would not send a member to this meeting here. And it had to do with a former disagreement about governance and your decision to go to Bermuda. Can you give us a little bit of insight what's the reason from your point of view? My name is Mr Visscher by the way, from Amsterdam.

**Rudolf Ferscha:** Mike, maybe you want to give some background to why the redomiciliation made sense?

**Mike Kuehnel:** I think there are three key reasons why we looked into it. It started with our global

ambition. In a way, we looked into the global competitive landscape and we felt that from a capital perspective, there needs to be an opportunity for us to also embrace at a certain point in time whenever we feel we can further double down in terms of our growth, the debt side of our balance sheet. It's a reality that the most liquid debt pool is in the US. So we felt we needed to find a way to build more proximity to the US. The second point is the ability to also serve on a much more globalized basis to penetrate the US as the biggest liquidity pool on the planet. And we felt that the redomiciliation gives us more capital flexibility in order to really organically build our businesses. So the IFR/IFD framework in itself on a relative basis was putting certain limitations onto our business. I'm not here to argue whether these limitations are right or wrong, but compared to our specifically US peers, we felt that's a limitation that gives us a competitive disadvantage. Now in the new setting, we are equally prudent, nothing has changed, but we have an ability to allocate capital more flexibly in that way. The third point is that we wanted to be perceived as a truly global player, and there are many prominent examples in Bermuda of players who have scaled their businesses, and we felt that's a unique opportunity for us to step in. What we felt is equally important, and we made that quite vocal when we announced it, that there was never any intention to change our tax domiciliation. Bermuda gives us the flexibility to be fully tax domiciled in the Netherlands without any change, but to benefit from the higher degree of capital flexibility. If I bring that back to our strategic ambition, by default, we already operate a global business, but the reality we face is that it needs to be even more global. That goes back to the underlying economic fundamentals of how to run and scale a trading business and to the points I mentioned before on how we want to be omnipresent in a way, because we can't foresee how markets will develop but we very much believe that the capabilities we built are so truly unique that we need to make sure that our capital can be in the most optimal place. The Bermuda setting, as we have it now, gives us that increased flexibility. So there is a very strong long term strategic incentive behind it.

**Mr Visscher:** OK, I can understand that. But why the disagreement with VEB on the governance part?

Mike Kuehnel: I think there is, and I give you my personal touch to it, I think there is an understanding on their side that the Bermuda setting leads to less stakeholder friendly governance points, which we do not share. We have been very vocal on all the elements we carried over as a testament to the high quality of governance we have employed before. We have not changed that. On top, it was never our narrative that in any decision-making moment that was of any relevance for us. If you look into the companies also domiciled in Bermuda, these are high-quality, high-governance, well-respected companies. So in a way, it's unfortunate from our standpoint that there is that kind of disagreement. But I hope that further communication will help us to clarify that point.

**Rudolf Ferscha:** Thank you. Any further questions?

**Mr Jansen:** My name is Mr Jansen. I would like to ask a very basic question. This question is with respect to risk. So, Flow Traders has a pretty large balance sheet because it has a large amount of unsettled trades, at least as I understand it. My question basically is, and this is a very basic question because I do not

understand that much about financial plumbing, is: what happens if one of your prime brokers goes bankrupt? Will these trades still be settled and will you still have access to your money?

**Rudolf Ferscha:** Folkert, can I suggest you take that question, please?

**Folkert Joling:** On the unsettled trades: there's a settlement cycle of two or three days so all the activities that we do now are unsettled but it's not that we have a complete balance sheet with unsettled trades, because most of the trades settle but only not the trades that have been done in the last two days. We have a diversified prime broker landscape. We tend to have a backup for all the trading activities. In case there is an issue with one of the prime brokers, we can switch all the activities to another to continue the business. The legal implications of, if some of the prime brokers get stuck, that is a complex situation, obviously. So I don't have all the details. Mike can probably comment on that point. From a trading perspective, for us, it's important to have the continuity to be able to continue to trade. Therefore, we have that whole backup system in place. For us, from a business continuity perspective that is important. So we are not dependent on one per se. We do have a large exposure to ABN AMRO, one of the biggest European prime brokers. So that is the highest risk in our landscape at the moment. But in the US we have a triple backup and in APAC we have backups.

**Mike Kuehnel:** There's also a very important structural component to it because across different scenarios which we conduct on a recurring basis, the diversification effort Folkert referred to, is actually a very serious effort on our side. We are looking into each market and try to understand how we can reduce the dependency, and on top, define processes in order to have a clear policy, a clear roadmap if any issue would arise, that we are coordinated on a global basis on how to then mitigate these points. I think the diversification strategy in itself is a multi-year strategy so it does not have a natural end, but we started many years back. I think a reality is that as we grew, there is more appetite in the market and more opportunities for us to also team up with other banks. I think that's a significant plus. And last but not least, I also would like to add one point on internal transparency. Anything on our side is real-time monitored, and we have global risk teams being in full coordination across the current state of the company. So if anything comes up, there are two realities in my mind. First, we immediately are able to grasp the problem, and second, we have battle-proven procedures in place in order to be able to act very fast. So in a way, we are anticipating many different scenarios, but the underlying resilience of the processes and the clarity of the policies, that's on a global basis, is on a level where we are able to act very fast. I personally have a very strong belief that the diversification effort we have taken on for the last few years will further continue and as the firm grows and potentially more, let's say risk, could occur, we have all the ingredients needed in order to further continue on that route to make sure that we keep the inherent risk on a lowest level.

**Mr Jansen:** OK, clear. When you say "we can switch very fast", is that then a matter of days or a matter of weeks or what should I imagine there?

**Folkert Joling:** Within a day is the goal obviously.

**Mr Jansen:** A little bit about FTX then. So in the market activity risk it was mentioned that you reduced your exposure significantly in short order. And I'm wondering, could you say, did you reduce all your positions in the digital assets sphere at that moment? Or what should I imagine there? Because it's not entirely clear for me.

**Folkert Joling:** The positions in the space itself, we've reduced from a risk-benefit perspective, and also having the flexibility in the sort of ammunition to trade on. In this example, there are various exchanges and platforms where you hold positions or cash balances. For the digital assets, these exchanges, they are part of an index for the index products as well. So they're part of the strategy linked to the ETF. We make an assessment on the risk which positions you have and cash balances you have first, then the opportunity that comes out of it. Sometimes that means getting everything out fully and sometimes it means having a tolerance for some exposure because you think that will lead to trading opportunities. So in this case, we reduced quite a lot of the positions and kept a bit for the trading opportunities, in general.

**Mr Jansen:** Alright, clear. Thank you very much.

**Rudolf Ferscha:** If there are no further questions, I would now like to proceed to the next agenda item.

### **Agenda item 3b: Report of the Board for the financial year 2022 (*discussion item*)**

**Rudolf Ferscha:** I will now hand over to René Koekkoek from EY to run through the Accountant Statements.

**René Koekkoek (EY):** Thank you chairman. My name is René Koekkoek and on behalf of EY the external auditor of Flow Traders. I will give an overview of our audit scope, our key audit matters, our materiality, something about fraud risk and our conclusions. To start with the audit scope, so that's actually "what is it that we do", we give an opinion on the statutory and consolidated financial statements. For the annual report, we check whether it is in compliance with legal requirements. We have done a review on the first and the third quarter and a mid-year review. For the non-financial information we verify that there is not a large inconsistency with the rest of the financial statements. As you can see from the schedule, we are involved throughout the year and have many meetings with Audit Committee, management and all layers within the organization. So like I said, involved throughout the year. What are the areas of audit attention? Our approach is risk based and top-down. In combination with the scope, that results in our audit plan that we also discuss with the audit committee in great detail. We do that with a team of people who have all educational requirements both internally and externally, and people who are also independent of course from Flow Traders We also have many specialists, including in the area of valuation, hedge accounting, fraud, tax, IT and also on digital currencies. What changed in our 2022 audit? Of course, we looked at the

effects of the Russian-Ukraine war, and in particular also from a sanctions monitoring perspective. We looked at how the company responded to that, and we also involved some specialists here at our end. Of course, we also looked at the update of the corporate holdings structure, the move to Bermuda, that ended up as a new key audit matter in our opinion. And although it's an event which took place after 31 December 2022, we thought it was so important that we looked into the subsequent events disclosure, perform different procedures to make sure that it was complete and gave a good picture on what was happening and that it was also in line with the requirements from IRS. So that's the key audit matter that you will find in our opinion. New compared to prior year, obviously. And the other two are in line with prior years' audit opinions as well. The fair value measurement of financial assets and liabilities held for trading and a digital assets and liabilities. That brings us to our planning materiality, and what is actually planning materiality or materiality. We design our audit in such a way that we can give reasonable assurance that there are no errors or misstatements from a material amount, and we consider material that if such an amount would have been known by the user of the financial statements, he or she could make a different decision. So that's kind of our interpretation of materiality. It's in line with Dutch and international auditing standards how we determine that. Consistent with prior year, a bit higher, following a bit higher profit before tax. And the topics we discuss with the supervisory board and the management are kind of all the things I just mentioned. So you can see them here in the box. Fraud, also extremely important. There's a lot of pressure from society also to hear from the auditor what he or she is doing from on Fraud. As with all our clients, we start with how the company has designed their own policies and how the integrity framework looks like. We look at the incident registration process, follow-up of any signals. We also have our own specialists here looking at that and making that assessment. What we also do is. for the accounting estimates, so where there's subjectivity involved, we look for signs of management bias, and we perform our own independent data analysis and data analytics procedures on manual journal entries where we look, okay, who made the journal? Does that make sense? At what time and for which amounts? To see whether there's anything that's not in line with expectations. That brings me already to the conclusion. Our opinion knows a lot of pages, but luckily the final opinion is on the first page. And we issued an unqualified opinion on the consolidated financial statements for 2022. During the year, we issued to management a management letter with internal control observations. And after the year end, all of it we issue as we call it a long form report with observations and remarks from the audit. I can also say that we attended all audit committees during 2022, some of the supervisory board meetings, and we also had regular one-on-one, at least on a quarterly basis, with the chair of the audit committee. And in all those meetings, we have experienced transparent communication, and good cooperation, with management being open to our remarks. With that, I would like to close my short presentation, Mr. Chairman.

**Rudolf Ferscha:** Many thanks, René, for your presentation. I would like to take this opportunity to express our gratitude to René. The 2022 audit cycle was the last that he was acting for as the lead audit partner. René, you have contributed large amounts of work and very good support for the company and we are very grateful for that. We can now turn to agenda item 3.c., the company's dividend policy.

### **Agenda item 3c: Dividend policy (*discussion item*)**

**Rudolf Ferscha:** In accordance with the Corporate Governance Code, we discuss here the company's dividend policy. This is not a voting item. The dividend policy states that the company's target is to distribute at least 50% of its net profit to its shareholders each year. The intention is to spread this over two dividend payments during each financial year. As announced in our press release on 9 February 2023, the company proposed to distribute 51% of the 2022 net profit to shareholders in the form of a cash dividend. We are now happy to take any questions relating to this section of the agenda.

**Mr Fierlings:** Maybe a short question. How do you look at the difference in dividends versus share buybacks, especially in the situation now where you already mentioned that the stock is trading really low, no matter how you look at it historically.

**Mike Kuehnel:** I think the first part coming to our mind is then the perception of management on our current share price level. And I think there is a distinct feeling that it's not reflective of the full intrinsic value of the company and as you are aware, our existing or announced share buyback plan has still a bit of potential. So that's definitely on our agenda. When it comes to the dividend itself and we made these comments before, the reality is that our business is highly cash-generative and we also want to make sure, and this goes back to the trading capital return point, that any investment being made and any capital being allocated to trading opportunities is fully accretive to where we stand and they're different cycles in the market. So in a way, the company has thrived in both driving organic growth but at the same time using excess cash if you will in order to benefit shareholders via the dividend. That has not yet changed in our mind and we stick to it as we speak but we will be very mindful going forward that the share buy back in itself is also a strong signal to the market on where we see the company should sit from a share price level and we pay a lot of attention to that and also understand then that any structural growth we would like to bring back in full transparency to the markets and investors needs to lead to a share price increase over time. So these are points we regularly discuss also as to our disclosure, the way we frame our narrative in the market, the equity story which has evolved over the last few years. So our clear expectation is that we will be able to build more proof points and explain the story even better going forward so that there is a higher degree of recognition of the key strengths of our business.

**Rudolf Ferscha:** Thank you, Mike. Any further questions at this stage? We have more opportunity for questions later, but we don't seem to have any now. Thank you for the moment. We can then move on to the non-binding advisory vote on the dividend.

### **Agenda item 3d: Dividend (*non-binding advisory voting item*)**

**Rudolf Ferscha:** The dividend proposal to the Annual General Meeting of Shareholders amounts to a cash dividend of €1.50 per share for the financial year 2022. In August 2022, an interim cash dividend of €0.70 per share was paid to the shareholders. This means that the final cash dividend proposal to the General Meeting is €0.80 per share. We are now happy to take any questions relating to this section of the agenda. If that's not the case we can proceed to the vote. The voting is now open. We have an unusually high acceptance rate for this proposal, it amounts to exactly 100%, thank you. We have great hopes for subsequent agenda items, thank you very much.

This is clearly a majority of votes and that means the proposal has been adopted, thank you. We now come to the composition of the board and we have four separate voting items.

### **Agenda item 3e: Remuneration Report for the financial year 2022 (*non-binding advisory voting item*)**

**Rudolf Ferscha:** We can now move on to the corporate reports, and that's covering the Remuneration Report and the proposed Remuneration Policy for the Executive Directors. I will hand over to Linda Hovius, Chair of the Remuneration and Appointment Committee. Linda, please.

**Linda Hovius (Chair of the Remuneration & Appointment Committee):** Thank you, Rudolf, and good to see you all here. On the remuneration philosophy, we feel it's important to once again reiterate and underline the core principles of Flow Traders' approach to remuneration and the critical role these play in our company's success. We are of the firm belief that the success of Flow Traders since inception has been made by our people and our company culture. Our remuneration philosophy has been consistent from the outset, and it has contributed to attracting and retaining the right talent to develop Flow Traders into the company it is today. The fundamentals of our overall remuneration philosophy and approach follow three core themes. 1. alignment, 2. sharing, and 3. long-term value creation, as you can see on the slide. To start with alignment, our existing compensation structure, which remains fully at risk, goes above and beyond standard claw back and malus provisions. Variable remuneration for all employees, including the management board, is only paid in the event the company is profitable. This, and the fact that we utilize relatively low base salaries ensures a flexible cost. In addition, our remuneration policy has been accepted by our regulators. And lastly, the remuneration approach embeds a high level of risk awareness at every level in the organization, which benefits all stakeholders. With regard to sharing, at its core in our philosophy, it's about sharing the upside, as well as the downside among all employees

and shareholders equally. The management board is part of the same company-wide variable remuneration pool with a fair distribution among colleagues. This is reflected in the conservative CEO pay ratio evident at flow traders. The for this year standard 32.5% profit share mechanism means that the shareholder share of flow traders success in any given year is assured, regardless of levels of awards to the members of the management board. With regard to point three, the long-term value creation, our remuneration policy is aligned with sector peers and is reflective of the industry we operate in, and accordingly is a significant contributor to attracting and retaining the right talent to drive Flow Traders and its strategic growth agenda. Remuneration and strategy are evaluated on a multi-year basis to ensure both employees and shareholders benefit from and are exposed to the returns of continuous growth investment, also during less profitable periods. I think it would also be useful to outline in greater detail how the non-executive directors of the board and in particular the Remuneration and Appointment Committee evaluates the executive directors' performance and ultimately determines the level of variable remuneration. This is a yearly cycle in which the non-executive directors take an extremely diligent approach to ensure proper process and outcomes. And as you can see on this slide, we begin the year in January, with a focus on scorecard setting and reporting. The non-executive directors get input

from the executive directors on the definite realization of the company KPI scorecard and the targets for the KPI scorecard are set for the new year, as well as the individual performance target for each executive director. Moreover, in Q1 the remuneration report is prepared and published as part of our annual report. When we move to Q2, the Remuneration and Appointment Committee discusses the Remuneration report with stakeholders ahead of the AGM. From an evaluation perspective, the Remuneration and Appointment Committee prepares the mid-year performance evaluation of the executive directors, which is then discussed by all the non-executive directors before having the feedback conversations mid-year with the executive directors. In Q3, the Remco discusses stakeholder feedback gathered in the year to date and also performs a market and benchmarking analysis. And lastly, in Q4, the full year-end evaluation process of the executive directors by the non-executive directors takes place. This evaluation ties into the setting of the firm-wide variable remuneration pool, which the executive directors also participate in, as indicated before. The executive directors' remuneration is set by the non-executive directors based on a comprehensive performance evaluation and with due regard to the broader employee pool. Now I will move to the management board remuneration outcomes for 2022. The remuneration report contained within the 2022 annual report provides the remuneration details of each member of the management board. We overhauled our remuneration report in 2021 as you may remember and further improvements were made in the 2022 report, reflecting the feedback we received from our stakeholders over the past years. We believe that our updated remuneration report helps to explain our remuneration decisions and the rationale for these decisions and that it caters for the request for more transparency. The management board shares in this same firm-wide variable remuneration pool as all employees at Flow Traders. This pool has been set at EUR 86.6m for 2022, which is slightly higher than the pool available in 2021. This is due to the better operational result, which drives the size of the pool. Of this variable remuneration pool, 6.1% was allocated to the management board. Accordingly, the remuneration outcomes for the members of the management board were higher than in 2021. This also takes into account the fact that the management board shrank from five to three members during the year. This approach is in line with our strong belief in rewarding performance. If Flow Traders is more successful, there is a corresponding upwards impact on variable remuneration levels. We also share profits fairly with shareholders and employees proved by substantial dividends and consistently low CEO over average employee pay ratio. With that, I will now cover the remuneration outcomes for the supervisory board, another topic that's on agenda of the remuneration & appointment committee. For the supervisory board, the remuneration policy for its members was adopted in the 2021 AGM, two years ago. The annual fixed fee is EUR 70k for members of the supervisory board and EUR 100k for the chairman. Committee members and committee chairs receive separate fees for additional responsibilities and time commitment required for committee work in 2022. As such, the aggregate fees paid in 2022 remain the same compared to 2021. It's also worth reiterating that in line with our current policy, members of the supervisory board do not receive variable remuneration. Also, Flow Traders does not grant any share-based remuneration, personal loans, guarantees or delight to the members of the supervisory board. We're now happy to take any questions relating to this section of the agenda on the remuneration report.

**Mr Jansen:** Thank you very much. I was looking to the annual report and looking to the argument for the median daily net trading income KPI. There are some things that were not entirely clear to me. You mentioned that the distribution of the daily net trading income is not normally just being viewed at, but

more shaped like a Poisson or Gamma distribution with a few negative days and more higher profitability days. My courses in probability theory are some years ago, but the Poisson and Gamma distribution are heavily dependent on the input parameters. Could you say is the net trading income more a normal distribution skewed to the right, or more a distribution like  $e$  to the power minus  $x$ ?

**Linda Hovius:** Folkert, perhaps you are the right person to answer.

**Folkert Joling:** It's more to the right. The median goes up every year because the diversity and the base go up, obviously there are more outliers up and down.

**Mr Jansen:** You also mentioned that the higher profitability days are independent, so does that mean that the trading income of yesterday does not have any predictive power for the trading income of today?

**Folkert Joling:** Probably it does a bit because the market circumstances are not changing day by day.

**Mr Jansen:** It is interesting, because you mention because the net trading income is independent, you use a median measure and not an average measure. So therefore I ask these questions because I thought, just like you mentioned, that net trading income has some predictive power and they are not completely independent.

**Folkert Joling:** I think what you meant is if you have more outliers up that the average is distorted a bit and that the median value is a better indicator of the stable growth.

**Mr Jansen:** Alright, then it's clear. Thank you very much.

**Linda Hovius:** Thank you and thanks for the answer Folkert. Any other questions on the remuneration report? Rudolf, then back to you for the voting.

**Rudolf Ferscha:** Voting is open. 76.89% votes for and this advisory vote is accepted. We can move on, Linda, to the next point, remuneration policy.

#### **Agenda item 4: Remuneration Policy for the Board concerning its Executive Directors (*voting item*)**

**Linda Hovius:** Thanks, Rudolf. Remuneration policy for the board concerning its executive directors. This is a voting item. Before we move to the voting, I would like to take the opportunity to outline the

proposed policy. As an introduction to our proposed 2023 executive director remuneration policy, I wanted to reiterate that the policy reflects our mission, our corporate identity, our culture, and our values. As I mentioned at the outset, we believe in sharing our profits with all relevant stakeholders, including, of course, our employees. We reward all our employees, including the executive directors, based on the same remuneration policy. The design of our remuneration policy is aligned with our long-term interest and is underpinned by deep risk awareness and proven risk mitigation strategies, thereby creating the right incentives for success. On the next slide, I will cover the main features of the current remuneration policy, which was adopted by shareholders in 2016. As you can see on this slide, there are a number of features of the current remuneration policy of 2016, which we have sought to build on and improve with the proposed policy presented to this 2023 AGM. Our current policy has only short deferral periods, no ability to award shares to executive directors and no explicit cap on executive director remuneration. We have engaged in a number of consultations with various stakeholders and the main feedback on the current policy is that it appeared to have a short term focus, variable remuneration was uncapped and that transparency and disclosure on pay for performance could be improved. It goes without saying that we value the input of all our stakeholders when determining our executive director remuneration policy and we're strongly committed to our broader responsibility to society. I will now review how we have addressed these points of feedback in the new policy whilst retaining key elements from our 2022 proposed policy. We have listed on this slide the key elements of our 2023 proposed policy. These relate to the variable remuneration pool, maximum executive director remuneration and deferral and vesting. On the next few slides, I will cover these elements in greater detail. The first and second elements relate to the variable remuneration pool and the maximum executive director remuneration. The proposal here is to reduce the total variable remuneration pool available for all employees, including the executive directors, to a maximum of 32.5% of the operating result. This is a reduction from the 40% as reflected in the 2016 policy. To address the concept of a cap on executive director remuneration, we propose to update the remuneration policy and introduce a cap on individual executive director total remuneration levels, with such cap to be determined annually by taking into account the average full-time employee total remuneration levels. Accordingly, total remuneration for any executive director is to be kept at 20x the average full-time employee total remuneration. This is something which was voluntarily applied already in 2022, as you have seen in our annual report. The third and final element is the introduction of longer deferral periods and share-based compensation. We propose to defer a significant part of any variable remuneration award, namely 62.5% for a multi-year period of up to four years. Under the proposed policy, a significant part, namely 50% of the variable remuneration, would be paid out in equity, and would be subject to a holding period of one year after vesting. Post-termination transfer restrictions will also be introduced. And as a reminder, all deferred remuneration remains fully at risk, should Flow Traders make a loss. As I have just outlined, we took the decision to retain many of the key elements from the remuneration policy proposed to the 2020 AGM. It's our firm belief that the new policy reflects our strongly held remuneration convictions, while at the same time balancing the requirements and responsibilities of being a public company. The key aspects of the rationale for retaining key elements of the 22 proposed policy are: we have held a consistent and long-term belief in sharing our profits, the policy creates true and effective alignment amongst all shareholders, it's aligned with sector peers and market expectations, it's also a key contributor in driving Flow Traders long-term success to date and in creating a risk-aware culture and lastly, and very importantly, we see it as an essential retention and recruitment tool. We have strongly resisted the high-level suggestion from some parties to introduce a

more standard executive compensation structure. In our opinion, this would lead to outcomes which would negatively affect the company's stakeholders, including its shareholders. It would remove at a stroke a major facet of our unique company culture, as well as a key driving factor to the overall success of Flow Traders. Moreover, it would significantly increase the company's fixed cost base and make the overall cost base less able to flex accordingly to less successful years. We have, however, also introduced two additional changes to further address stakeholder feedback. Firstly, in terms of improving transparency and disclosure on pay for performance, which our stakeholders have asked for in the past. We have included further explanations on the working of our variable remuneration plan in the proposed policy and the intention to disclose on an annual basis the company KPI scorecard with financial and non-financial targets. Executive director performance will be assessed against the company KPI's and individual targets, and the weightings we apply there are 70% for the company KPI scorecard and 30% for the individual targets. The performance against the company KPI scorecard will be disclosed in the remuneration report retrospectively, as you have seen in the 2022 annual report. Scorecard metrics for the upcoming year will be disclosed in the remuneration report ex-ante. The second change compared to last year, we have enhanced share ownership guidelines. Executive directors are required to retain 50% of shares awarded until at least 12 months have lapsed after the end of employment. We're now happy to take any questions relating to this proposed remuneration policy.

**Rudolf Ferscha:** Are there any questions regarding remuneration policy for the executive directors? Then we can proceed with voting. Voting is open. Voting is closed. We will now announce the voting results, which will require 75% super majority on this particular one. We have 76.01% and I would really like to thank shareholders on behalf of the board for adopting the new remuneration policy for executive directors. It's a big step forward. And as mentioned before, we look forward to continuing our dialogue with shareholders about remuneration. Many thanks for your support on this very important one, Linda, many thanks, and congratulations.

**Linda Hovius:** Thank you also to the shareholders for after a couple of years of explaining and changing the policy that we have come to this approval vote. Thank you.

**Rudolf Ferscha:** Thank you very much.

## **Agenda item 5: Composition of the Board**

**Rudolf Ferscha:** We now come to the composition of the board and we have four separate voting items.

### **Agenda item 5a: Proposal to re-elect Mr Rudolf Ferscha to the Board (*voting item*)**

**Rudolf Ferscha:** First we come to the proposal to elect myself to the Board. In accordance with the Bye-Laws of the Company, the Board has nominated me for re-election as member of the Board as Non-Executive Director with effect from 26 April 2023 for the period of four years (i.e. until the end of the annual general meeting to be

held in 2027). We can proceed to the vote. The voting is open. Voting is closed. We have 70.72% for and 29.28% against, so the vote is supportive and that means the proposal has been adopted. Thank you very much for your trust and support.

### **Agenda item 5b: Proposal to elect Ms Karen Frank to the Board (*voting item*)**

**Rudolf Ferscha:** We can move on to the proposal to elect Ms Karen Frank to the Board. In accordance with the Bye-Laws of the Company, the Board has nominated Ms. Karen Frank for election as member of the Board as Non-Executive Director with effect from 26 April 2023 for the period of four years (i.e. until the end of the annual general meeting to be held in 2027). Karen Frank brings extensive financial industry experience and most recently served as Executive Managing Director, Global Head of Equities at Ontario Teachers' Pension Plan. In 2012, she joined Barclays as Managing Director, where she was co-head of the Financial Sponsors Group. Karen was appointed as CEO of Barclays Private Bank in 2016 and served as a member of the Barclays Consumer Banking & Payments Executive Committee. Previously, she had worked for Goldman Sachs in their Financial Sponsors business. Karen, would you want to say a few words of introduction?

**Karen Frank:** Thank you, Rudolf, and good afternoon everyone. As mentioned, I am Karen Frank and I am very delighted and honored to be considered and nominated to join the Board of Flow Traders. As has been presented, my background is working for over 30 years in the financial services sector. Despite my American accent, the vast majority of that has been in Europe an increasingly and in fact primarily in global markets. My career is about private equity, investment banking, and private banking. And the really common thread across all three of those is about operating in global environments with high degree of transparency and collaboration, high complexity, high exposure to markets and highly regulated markets. So that has been really the things that I've done primarily over the past 10 years in very senior leadership positions, as mentioned. In my spare time I am the trustee of the British Heart Foundation. I'm the chair of the Harvard Kennedy School of Government, whose mission is to make a better world, something very close to my heart, and taking care of our very active three sons. But for today, it is again my honor, my pleasure, for your consideration to join the board, as a member.

**Rudolf Ferscha:** Fantastic, Karen. Thank you for your introduction. We can now proceed to the vote. Voting is open. This is a 99.9% approval rate, which means that the proposal has been adopted. Congratulations, Karen. We are delighted to have you on board.

### **Agenda item 5c: Proposal to elect Mr Paul Hilgers to the Board (*voting item*)**

**Rudolf Ferscha:** We can move on to the election of Paul Hilgers to the Board. In accordance with the Bye-Laws of the company, the board has nominated Paul Hilgers for election as a member of the board as non-executive director, with effect from today for the period of four years, until the end of the general

meeting to be held in 2027. Paul has an extensive professional record, proven track record, experience in global financial markets, particularly within trading, clearing and market infrastructure. He previously worked at Deutsche Boerse AG as a managing director, heading the firm's cash markets business. He had previously served a CEO of Optiver, a global trading firm from 2014 until 2017. And prior to that, he had served a CEO of APAC and as Director of Market Structure for Optiver. Paul, would you be so kind to give a little introduction for yourself? Thank you.

**Paul Hilgers:** Thank you, Rudolf. As mentioned, I started my career as an equity option trader in the early 90s for maybe some of you still know Amsterdam option traders. I have been able to follow Flow Traders since its foundation when I was at the clearing firm to help them on the clearing and settlement side to support their growth. Obviously, I have been following them during my time at Optiver as a competitor and we tried to monitor them as closely as possible, but at the same time we also work together on several market structure and regulatory projects together with other industry firms and then lastly during my time at Deutsche Boerse we worked together on product developments and market maker schemes. I'm very delighted to sit here at this table I hope I can support the team for the next three years was my experience and would be delighted to get elected. And privately I'm very busy with my four children based in the UK at the moment, but I'm originally from Germany. Thank you.

**Rudolf Ferscha:** Thanks so much Paul, for the introduction. We can vote now. The voting is open. Again, a spectacular approval rate, 99.5%. Congratulations, Paul. Welcome, you're on board. The proposal has been approved.

### **Agenda item 5d: Proposal to elect Mr Delfin Rueda to the Board (*voting item*)**

**Rudolf Ferscha:** We come to Delfin Rueda, who also brings enormous wealth of experience in finance, strategy, and financial markets. He is currently a member of the Supervisory Board of Adyen and Chair of its Audit and Risk Committee as well as non-executive director of Allfunds. He previously served as CFO and Vice Chair of the Executive Board and Management Board at NN Group. He was also the CFO and CRO, and member of the Management Board at Adradius and held leadership positions at JP Morgan, UBS, and Andersen Consulting. Delfin, we would be very happy if you could add a few introductory words. Thank you.

**Delfin Rueda:** Certainly, thank you very much, Rudolf. It is certainly a pleasure to be here with all of you, Rudolf, Mike, Folkert, and the rest of the board. As you know, Flow Traders is a relatively young company. Less than 20 years. It has been listed on the stock exchange for around eight years at the moment. But it has, as it's been explained today, significant ambition in order to grow both geographically as well as product wise. I bring some additional diversity to this group, I'm not American, I'm not German, I'm Spanish, I bring less children to this world because in my case it's only two, but I'm very happy and if I am supported and approved for this appointment, I hope that I can contribute with my dedication and my experience to help grow Flow Traders and support the sustainable growth of this great company. So

thanks to all.

**Rudolf Ferscha:** Fantastic, many thanks. We are ready for voting. Great, we have 99.5% approval rating for Delfin. Congratulations, welcome. The proposal has been adopted. Thank you.

### **Agenda item 6: Authority to issue shares and exclude or limit pre-emptive rights**

**Rudolf Ferscha:** We now come to the authority to issue an exclude or limit pre-emptive rights. We'll now proceed with that voting item. The authority to issue shares and the authority to exclude or limit pre-emptive rights. These agenda items will look familiar to you as those are renewal requests for similar authorities granted by our shareholders in the past.

#### **Agenda item 6a: Authority to issue shares (*voting item*)**

**Rudolf Ferscha:** Let's start with the first, the authority of the board to issue ordinary shares or to grant the rights to subscribe for ordinary shares up to 10% of the total number of shares issued as per today. When this authority is granted, it will apply for a period of 18 months starting today. This means that it applies up to and including 26 October 2024. We are happy to take any questions relating to this section of the agenda if there are any. If that's not the case, we can proceed to voting. Thank you. Voting is open. We have an approval rate of 99.55%. That means the resolution has been adopted. We can continue with the second authority renewal request.

#### **Agenda item 6b: Authority to exclude or limit pre-emptive rights (*voting item*)**

**Rudolf Ferscha:** In agenda item 6b, the shareholders are asked to renew the current authority to exclude or limit pre-emptive rights when issuing ordinary shares or granting rights to subscribe for shares. This is linked to the previous item. Similar to that agenda item, if the authority requested here is granted, it will apply for a period of 18 months, starting today. This means that it applies up to and including 26 October 2024. Are there any questions regarding this? Then we can proceed to the vote. Thank you. This has been approved with a rating of 99.83%, which means that the proposal is adopted. We can move on to the third authority renewal request.

#### **Agenda item 7: Authority to purchase own shares (*voting item*)**

**Rudolf Ferscha:** We ask shareholders to renew the authority of the board to acquire shares in the capital of the company. When the authority is granted, it will apply for a period of 18 months. This means that it applies up to and including 26 October 2024. We are now happy to take any questions relating to this. Any questions at this stage? No, thank you. Then we can proceed to voting. Voting is open. There are 99.96%

votes for, and this means that the resolution has been adopted.

### **Agenda item 8: Auditor (*voting item*)**

**Rudolf Ferscha:** The voting item concerns the proposal based on the recommendation of the audit committee to reappoint Ernst & Young Accountants LLP as external auditor of the company for the current financial year, ending on the 31 December 2023. We're happy to take any questions on this. Any questions on the auditor appointment? If that's not the case, then we can proceed with voting. Voting is open. We have 99.57% votes for. This proposal is adopted. Congratulations. Happy to have you back.

### **Agenda item 9: Any other business and closing**

**Rudolf Ferscha:** This brings us to any other business and closing. We're now at the final item of today's meeting. If there are any remaining questions, those could be asked now. If not, let me thank you all for your participation and your contributions to this meeting. And I'd like to proceed to closing the meeting. We hope to see you again next year at our AGM and I declare the meeting closed at 16.18h CEST.

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24 July 2023