Annual Report

FLOW TRADERS

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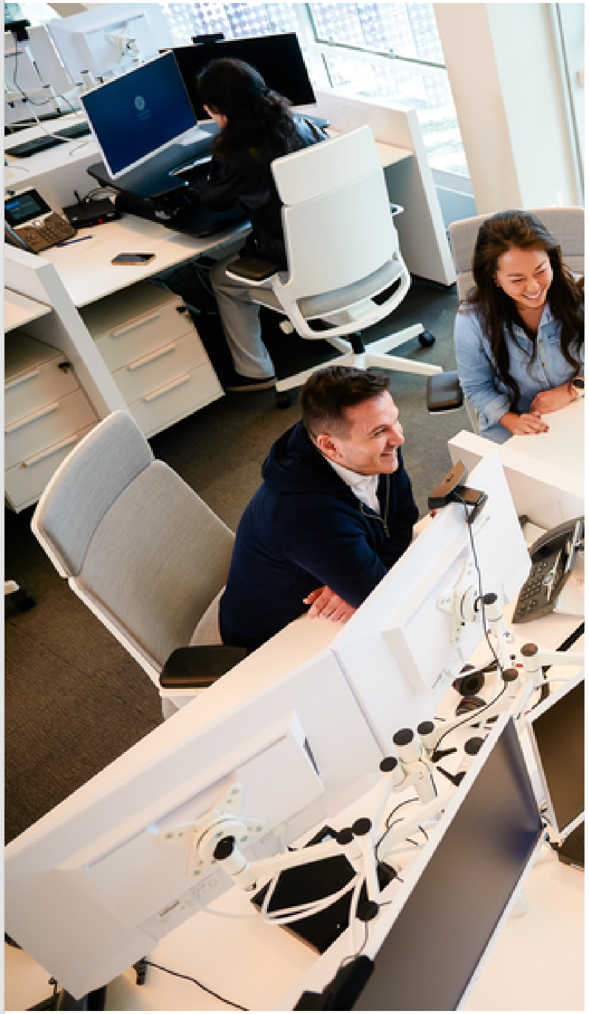

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The Flow Traders board report, as referred to in section 2:391 of the Dutch Civil Code can be found in the chapters on: 2023 Financial overview, Financial performance, Interview with CEO, Risk management, ESG at a glance, Corporate Governance and Board report.

2023 key figures

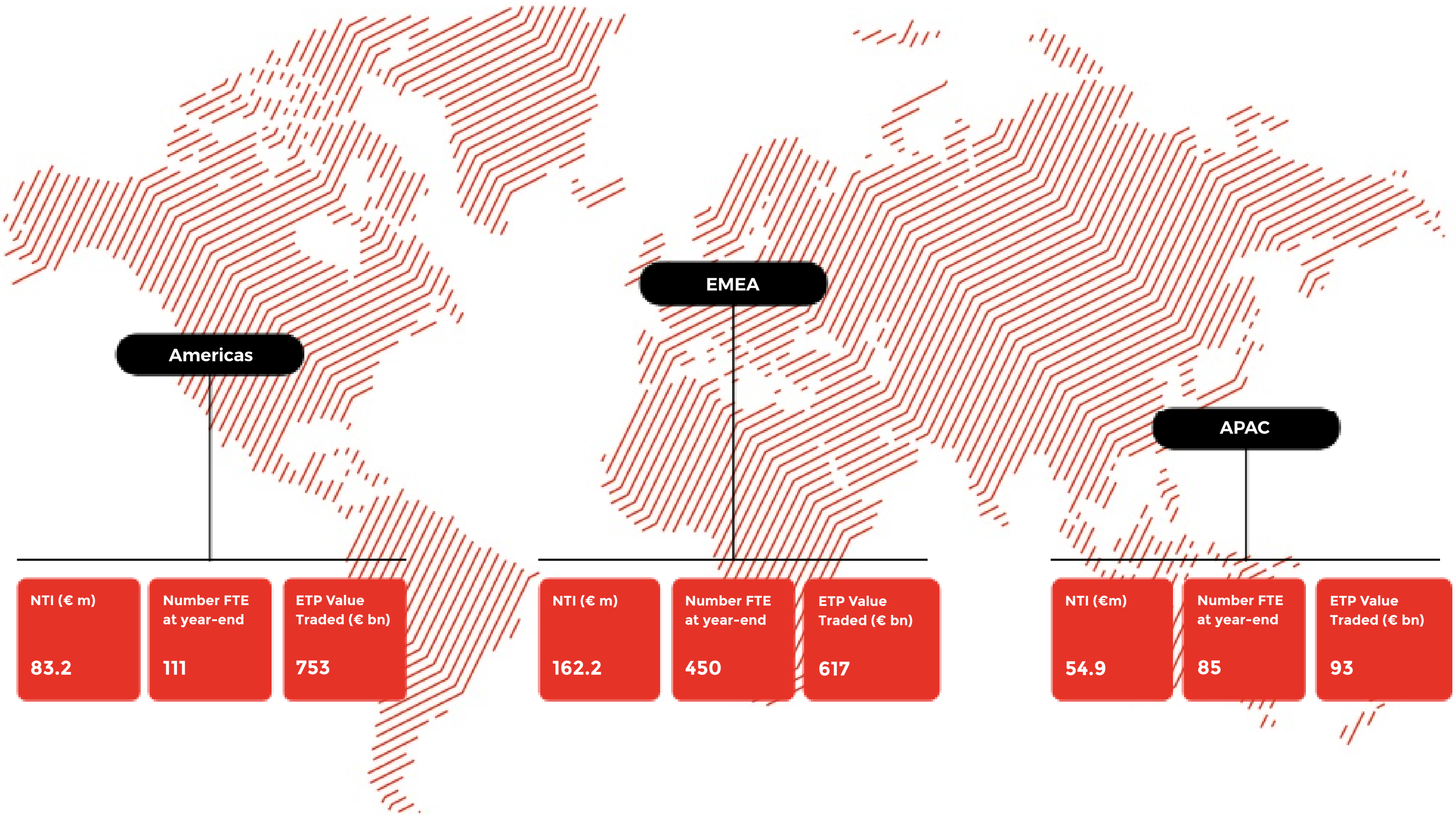
- Further refined our strategy and strengthened our trading capabilities
- Fifth consecutive year with **more than €1 trillion ETP** value traded
- **Expanded fixed income and digital asset** trading capabilities
- Expanded Americas footprint with a new **office in Chicago**
- Continued build-up of on-site trading and operations in **China** after receipt of our QFII license
- Announced the launch of **AllUnity partnership for a regulated EUR-Stablecoin** with **DWS** and **Galaxy Digital**

	2023	2022
Global ETP value traded (€ bn)	43,081	51,811
Flow Traders Total Value Traded (€ bn)	5,648	6,765
Flow Traders ETP Value Traded (€ bn)	1,464	1,775

IFRS	2023	2022
Net Profit (€ m)	36.2	126.8
EBITDA (€ m)	67.5	179.3
Total Income (€ m)	303.9	458.7
Basic EPS (€)	0.84	2.92

Normalized	2023	2022
Normalized Net Profit (€ m)	59.4	150.2
Normalized EBITDA (€ m)	92.2	208.2
Normalized Total Income (€ m)	299.8	460.6
Normalized basic EPS (€)	1.38	3.45

2023 regional perspective



Region	NTI (€ m)	Number FTE at year-end	ETP Value Traded (€ bn)
Americas	83.2	111	753
EMEA	162.2	450	617
APAC	54.9	85	93

2023 highlights

Employees climbed Mount Kilimanjaro in aid of the Flow Traders Foundation

JAN

FEB

Mike Kuehnel became CEO

Partnership formed with FemaleXFinance to foster up and coming female talent within Finance

MAR

APR

Paul Hilgers, Delfin Rueda and Karen Frank welcomed as Independent Non-Executive Directors to the Board

Chicago office opened

MAY

SEP

Hermien Smeets-Flier elected as CFO

AllUnity announced, a partnership with DWS and Galaxy Digital

DEC

Interview with the CEO

How do you reflect on 2023?

Despite the subdued market environment, 2023 provided us with many proof points that confirmed the viability of our communicated strategy to achieve our growth and diversification objectives. Throughout the year, we further refined our strategy and strengthened our trading capabilities to deliver seamless execution to our growing network of trusted counterparties and to provide liquidity in all market environments. Focusing on Flow Traders' financial performance, despite a muted year in terms of trading volumes and volatility, we recorded a Net Trading Income of €300.3 million (Normalized Net Trading Income of €300.3 million) and a Net Profit of €36.2 milion (Normalized Net Profit of €59.4 million). Our capital position remained strong and enabled us to deploy trading capital effectively across all regions and asset classes to maximize trading opportunities that arose throughout the year. In 2023, we continued to expand geographically with a new location established in Chicago and we further bolstered our presence in China, where we grew our local partnerships.

Regarding our global leadership team, we welcomed Hermien Smeets-Flier to the team in July of last year and her appointment as Chief Financial Officer and an Executive Director of the Flow Traders Ltd. Board was confirmed by our shareholders in September. In August, following a 17-year tenure with the firm, Folkert Joling, Chief Trading Officer, decided to leave the organization. As part of the transition, our Global Executive Committee members representing Trading & Technology assumed Folkert's responsibilities. On behalf of our entire firm, I would like to extend our gratitude to Folkert for his significant contributions to developing the firm and the trading function during his time with us.

What are your 2023 highlights?

I am incredibly proud of what our global team was able to deliver during a challenging year in terms of market circumstances. Our team remained fully committed and demonstrated extraordinary resilience throughout the year. Our global teams are the key ingredient for our firm and our growth in the coming years.

Diving into our business, in equities, we focused on harnessing our trading capabilities to explore adjacent products, successfully launching ADRs in the Americas. In Fixed Income we made structural progress and further capitalized on the electronification trend to scale our algo trading strategies. In digital assets we expanded our market making proposition and built connectivity to leverage the emerging opportunities within this asset class.

In 2023, we also strengthened our geographical footprint by expanding our operations in China, opening a new office in Chicago and successfully obtaining our Financial Conduct Authority (FCA) license in the UK. In December, we announced AllUnity, a partnership with industry leaders Galaxy Digital and DWS Asset Management. AllUnity will launch a Euro-denominated stablecoin and aims to accelerate the mass market adoption of digital assets. This partnership further cements our goal of increasing our proximity to emerging innovation within the digital assets space and leverages our strategic investments. Throughout the year, we also increased our focus on enhancing our governance layer, control functions and risk framework to uphold the highest standards and principles across all our operating entities. Furthermore, we maintained ongoing dialogues with our stakeholders including shareholders and regulators to continue to build our business.

Mike Kuehnel | CEO Flow Traders

2023 was your first year as CEO, what are your observations?

Even though 2023 presented its challenges with below average market volatility and volumes, we took the opportunity to concentrate on our growth and diversification plans as well as further developing our trading capabilities as a global trading firm. Given our focus on scaling our business globally, we put a specific importance on our operating model to identify and drive operational efficiencies, alongside fostering our growth initiatives.

I remain excited about the unique prospects of our firm and the attractiveness of our medium- and long-term opportunities. There is a clear need in financial markets for liquidity provisioning, market making, and innovation, specifically at a time when we have seen and will further see impactful structural changes in global financial markets.

From a personal perspective, I feel privileged to be part of this team and to lead the firm alongside our global leadership team, knowing that the key to success is continued dedication to our business and challenging the status quo. Since joining the firm two years ago and being the CEO for the past year, this statement is truly something that resonates with me and continues to ignite my passion for this firm.

What are your key 2024 priorities?

The continuous inflow of funds into ETP assets around the world expands the opportunities to grow our core business, while the structural industry shifts towards electronification, digitization, and regulatory evolution plays to our strengths. We will concentrate on strengthening this core part of our business and further develop our relationships with leading issuers, exchanges, and counterparties.

Given our role within the intricate global financial market ecosystem, we are also uniquely positioned to have a holistic view on the trends influencing market participants and how they transact today. Through our strategic partnerships, we can provide an invaluable perspective on how technology and innovation are driving tangible changes to fundamentally improve the efficiency of financial markets. Our technology strategy also plays a key role in this and continues to adapt to the evolving financial markets to serve retail and institutional investors in the future.

The accelerating global adoption of digital assets by institutions and our position as a player in both the traditional centralized and newly emerging decentralized finance ecosystems present a multitude of growth prospects for Flow Traders. In 2023, the introduction of MiCAR, which provides a holistic regulatory framework for digital assets, positioned Europe at the forefront of the developing digital asset space and unlocked the potential of this emerging asset class. This regulation will also directly benefit AllUnity. Meanwhile, the approval and launch of spot Bitcoin ETFs in the U.S. also began a new phase in the maturity and adoption of digital assets in the world's largest economy.

We will also celebrate a significant milestone in 2024 as we mark our 20-year anniversary. Twenty years in the making, our culture is still unique, highly entrepreneurial, and energetic. This is an incredible achievement, and we look forward to continuing to grow the business, collaborate with our partners, and drive changes in global financial markets. As a firm, we believe we have the right components and strategy in place to deliver in 2024. We have established a strong leadership layer, created concrete plans to support the growth of our business across regions and asset classes, and are equipped to make 2024 one of the best years in our firm's rich history. We will continue to strive to bring greater transparency and efficiency to the markets and value to the financial ecosystem and our stakeholders for many years to come, which tremendously excites me and everyone else in our firm.

> “Throughout the year, we further refined our strategy and strengthened our trading capabilities, to deliver seamless execution to our growing network of trusted counterparties and to provide liquidity in all market environments."

Financial performance overview (in thousands of euro)

IFRS Financial Overview	2023	2022
	For the year ended 31 December	
Net trading income	**300,311**	**460,191**
Total income	**303,876**	**458,673**
Operating expenses	254,703	296,311
Operating result	**49,173**	**162,362**
Profit before tax	**44,654**	**161,731**
Tax expense	8,503	34,904
Profit for the year attributable to the owners of the Company	**36,151**	**126,827**

Normalized Financial Overview	2023	2022
Normalized net trading income	**300,298**	**459,464**
Normalized other income	(495)	1,141
Normalized total income	**299,803**	**460,605**
Normalized employee expenses	109,521	163,987
Technology expenses	64,416	61,171
Other expenses	33,660	27,271
Normalized operating expenses	**207,597**	**252,429**
Normalized EBITDA	**92,206**	**208,176**
Depreciation / amortization	18,295	16,815
Write off's, (in)tangible assets	76	161
Normalized profit before tax	**73,835**	**191,200**
Normalized tax expenses	14,385	41,000
Normalized net profit	**59,450**	**150,200**

KPIs		
Normalized EBITDA margin	31%	45%
Normalized basic earnings per share	1.38	3.45
Shareholders' equity	585,838	606,315
Trading capital	583,655	650,980

Please refer to page 19 for the Normalized to IFRS reconciliation.

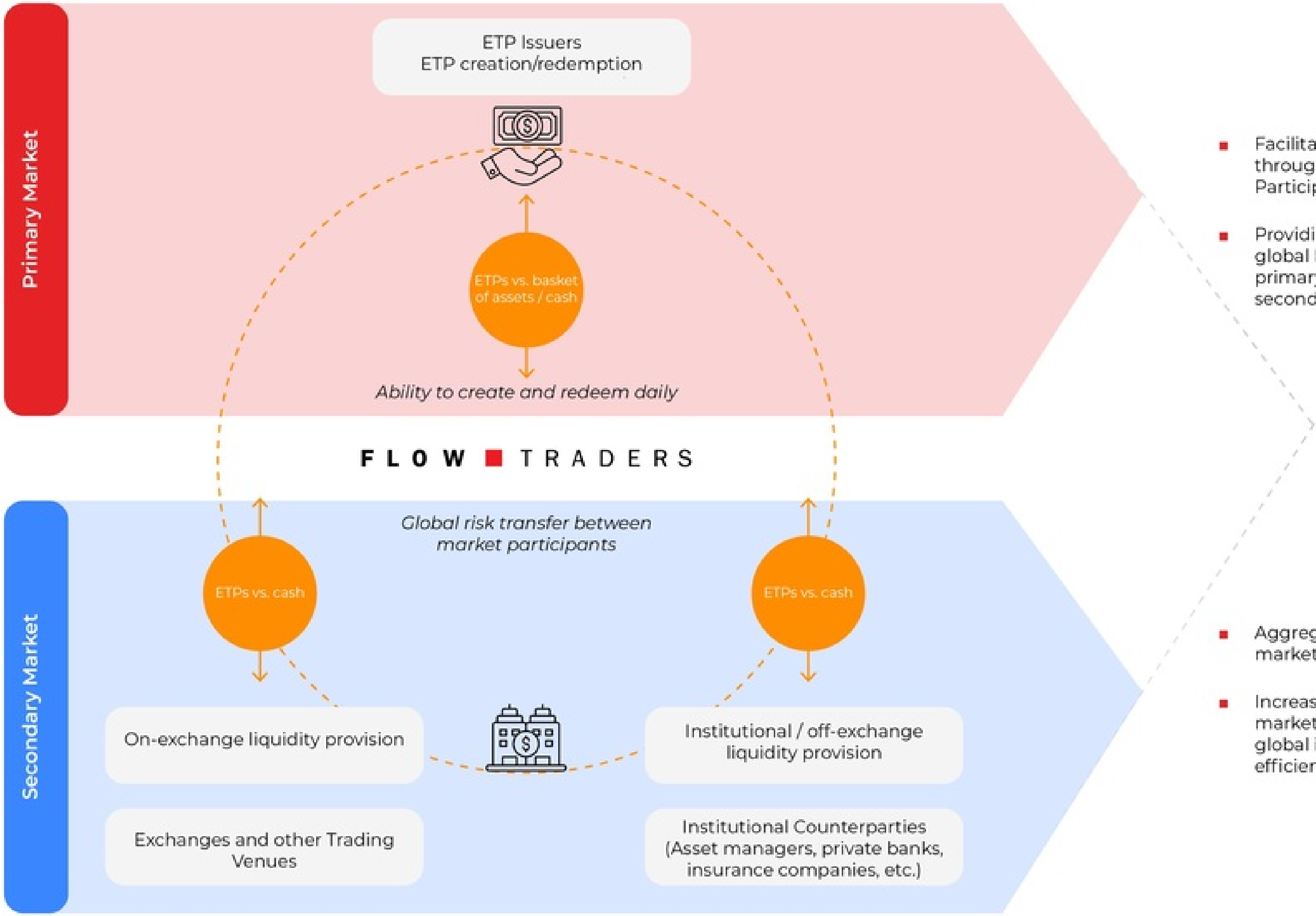
Our Company

Flow Traders is a leading trading firm operating in global financial markets. Its mission is to bring transparency and efficiency to the financial ecosystem and delivers this through investments, driving innovation and trading diversification. Founded in 2004, Flow Traders is a specialist in Exchange Traded Products (ETPs) and has leveraged its equity expertise to expand into fixed income, commodities, digital assets and foreign exchange. Flow Traders' role in financial markets is to maintain the availability of liquidity and enable investors to buy and sell financial instruments under all market circumstances, thereby ensuring markets remain resilient and continue to function in an orderly manner in all environments.

Flow Traders combines a unique set of capabilities across traditional and digital asset markets to serve the evolving needs of market participants. In addition to its trading activities, Flow Traders established an investment unit focused on fostering market innovation, which is fully aligned with our mission to bring greater transparency and efficiency to the global financial ecosystem.

With two decades of experience, we have built a team of over 600 talented professionals, located in ten locations across the globe, contributing to the firm's entrepreneurial culture and committed to delivering the Company's mission.

ETP ecosystem



- Facilitating primary issuance through Authorized Participant (AP) agreements
- Providing liquidity to the global ETP market, fostering primary issuance and secondary trading

- Aggregating flow from all market participants
- Increasing secondary market efficiency through global interconnectivity and efficient pricing

Markets and trends

Our business

Flow Traders operates three main trading hubs in Amsterdam, Hong Kong, and New York. In addition, we operate branch and representative offices in Chicago, Cluj, London, Milan, Paris, Shanghai, and Singapore.

In 2023 we had access to more than 180 trading venues in 40 countries around the world. We provided liquidity in over 6,500 unique ETP ISIN's on- and off-exchange, which is more than 40 percent of all ETPs globally. Off-exchange, we provide liquidity in ETPs on a request-for-quote basis to more than 2,400 institutional counterparties across the globe, including banks, asset managers, pension funds, insurance companies, family offices, hedge funds, and others and this number is increasing on an almost daily basis. In addition to ETPs we provide liquidity in similar instruments whose value is correspondingly affected by a change in the value of underlying or related assets, such as futures or bonds. During 2023, we continued to implement our diversification, strategy and related initiatives across other asset classes and provided liquidity as a market maker in FX, fixed income, commodities and cryptocurrency.

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

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

ETP market

In recent years, the ETP ecosystem has continued to mature and experience significant growth in both Assets under Management (AuM) and number of products. According to ETFGI, global ETP AuM increased from €8,143 billion at the end of 2022 to €10,813 billion at the end of 2023. This is a reflection mainly of the underlying market performance during 2023 coupled with continued inflows into ETPs. The market expectation is that AuM will continue to grow going forward and we believe there are a number of reasons for this. One is that investors are attracted to the transparent nature of ETPs, which enables them to clearly follow how the underlying securities are performing. Another reason is that ETPs are liquid, available at lower costs and can be bought and sold easily during market hours. A third reason is that ETPs can be composed of financial instruments from almost any asset class, sector or location, providing investors access to markets that would normally be difficult to reach.

Global ETP markets grew by 33% in 2023, as measured by AuM, driven predominantly by the outperformance of the underlying markets. Annual global inflows of ETP AuM were €901 billion in 2023 (2022: €818 billion – source ETFGI). Overall trading activity in 2023 declined compared to the prior year given the heightened market activity in 2022 as a result of the conflict in Eastern Europe, rising inflation, interest rate increases by central banks, and high levels of retail investor activity in the US.

Global coverage

In 2023, Flow Traders' ETP value traded once again was in excess of the €1 trillion mark. The EMEA ETP market recorded total ETP value traded of €2.0 trillion in 2023. Flow Traders' total ETP value traded in EMEA was €617 billion in 2023. We remained a leading liquidity provider in ETPs in the region and managed to grow our on- and off-exchange trading capabilities further. The largest ETP market globally remains in the Americas, where total ETP value traded (on- and off-exchange) was €35.9 trillion in 2023. Flow Traders' ETP value traded in the Americas was €753 billion in 2023, markedly lower than in 2022 given the subdued market environment.

Institutional trading continued to expand in 2023 and Flow Traders Americas continued to grow and deepen its overall presence in this important market. We also expanded our Lead Market Maker activities during 2023 and supported numerous ETF listings in the US for a variety of leading issuers. Our strategic investment in Members Exchange (MEMX) underlines our long-term commitment to the US equities ecosystem as we seek to grow our business and presence further.

In APAC, the ETP market remain fragmented, with large differences in trading volumes, trading costs, regulation and maturity across the financial markets. The APAC ETP market recorded total ETP value traded of €5.2 trillion in 2023, including China, while Flow Traders' total ETP value traded was €93.0 billion. Flow Traders had a successful year in 2023 in APAC following the receipt of our own QFII license in

China, confirming our strategy of recent investments made in the region.

Equity

We still see significant opportunities for growth in the equity ETP market, which is the main focus of the Equity business at Flow Traders. Global equity ETP value traded decreased to €23,372 billion in 2023 and further market growth is expected from the increasing investor demand and awareness for the product. Flow Traders' Equity value traded (ETPs, Futures and Cash) amounted to €3,009 billion in 2023.

Flow Traders' strengths and future focus relating to Equity include:

- Strong performance globally in International ETPs and Index Futures.
- Leveraging our global pricing capabilities in APAC as we penetrate and unlock new growth markets.

Fixed Income

Electronic trading in Fixed Income has increased dramatically over the last few years. For example, 50% of Euro-denominated investment-grade (IG) credit is now executed electronically, reaching 75% on a ticket-count basis. This increase has contributed to the approaching inflection point in the electronification of credit markets. This is similar to what we have witnessed in other asset classes, such as foreign exchange (FX), US equity options and exchange-traded funds (ETFs). This transition is being driven by better pre- and post-trade information, the rise of algorithmic trading and new trading protocols being embraced by the buy- and sell-side. Initially driven by regulation such as MiFID II, it is likely that the regulatory landscape will continue to accelerate this electronification trend. Responding to these market dynamics, Flow Traders has built a strong fixed income liquidity provision capability set spanning ETPs, corporate credit (investment-grade and high yield bonds) and emerging market sovereigns.

There has been a consistent increase in fixed income ETP value traded in recent years as well as AuM. Global Fixed Income ETP value traded increased to €3 trillion in 2023. Flow Traders Fixed Income value traded (ETPs, Futures and Cash) amounted to €1,154 billion in 2023, a decline from 2022's €1,323 billion) given the heightened volatility in the fixed income market last year. Nevertheless, we continue to deepen and broaden our market coverage and our offerings continue to gain traction with our buy-side counterparties.

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

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

Currency, Cryptocurrency and Commodity (CCC)

In recent years, cryptocurrencies has emerged as an important asset class with increased institutional acceptance. The value of cryptocurrencies bounced back in 2023 after a significant decline in 2022. However, trading volumes and volatility declined 50-60% year-on-year in 2023 compared to 2022, resulting in a subdued trading environment. The development of institutional grade and regulated digital asset market infrastructure continued to progress in 2023. This comes on top of continued growth in custody solutions, prime brokerage, data and analytics, AML-KYC and other risk solutions, digital property rights, digital identity solutions as well as decentralized finance ecosystems.

Crypto ETPs are another clear example of regulatory and investor acceptance of digital assets, with major ETP issuers applying to regulators for permission to create spot Bitcoin ETFs. They solve liquidity and custody issues many investors, both retail and institutional, face by having an exchange-listed instrument with registered market makers providing liquidity under all market circumstances.

Flow Traders' Crypto liquidity provision commenced more than seven years ago and spans OTC spot as well as ETPs. We are connected to over 20 trading venues globally and provide liquidity to over 200 cryptocurrencies. From an ETP perspective, Flow Traders is the number 1 liquidity provider in Crypto ETPs in Europe and a leader globally on-exchange. The digital assets space is well-suited to Flow Traders' technology-enabled capabilities.

The future focus and opportunities for digital assets include:

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

Our business strategy

We create value for our stakeholders in various ways. Supported by our *proprietary technology platform*, we provide liquidity in financial products that helps contribute to more efficient markets by lowering overall trading costs, delivering greater execution quality and market transparency. For our employees, we provide a compelling and constantly evolving work environment that enables them to develop to their full potential. We care for our investors by focusing on growing profitably by constantly ensuring the best usage of the Company's capital. Our value creation model demonstrates the positive impact our business has on all of our stakeholders.

Our purpose and ambition

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

Our market and environment

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

- Rise of passive investing with significantly growing assets under management (AuM) with Blackrock estimating that ETP AuM will more than double by 2030 from 2023.
- Increasing electronification of trading across fixed income and other asset classes.
- Growth in digital assets and institutional adoption as well as development of large new liquidity pools.
- Emerging ecosystems adapting to shifting trends and driving venture capital and private equity investments.
- Ever evolving regulatory landscape which creates greater transparency and a more level playing field.

The markets' core functions remain the same: transferring risk between various market participants. This is where we add value. Accordingly, our focus will continue to be on providing liquidity in more products in the financial markets across multiple asset classes, building on our status as an leading ETP trading firm. We are also seeking to be a driver and accelerator of innovation within financial markets through our dedicated corporate venture capital unit, Flow Traders Strategic Capital.

Our business principles

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

Our business strategy

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

Growing our NTI involves increasing the volumes we trade and the net margins we capture per trade, where volume is the value of products we trade, and the net margin is the margin we capture per trade after all associated hedging and trading costs. Our risk profile is characterized by having no directional opinion on the market. In other words, our results do not depend on the direction of market prices. By expanding our presence as a liquidity provider across multiple asset classes, Flow Traders can maximize the growth of its NTI.

By expanding our presence in the underlying asset classes, we expect to improve our performance in the future, including during those periods of decreased trading activity. Our investments through Flow Traders Strategic Capital are expected to not only generate a financial return but also drive strategic expansion as we foster innovation across the global financial markets.

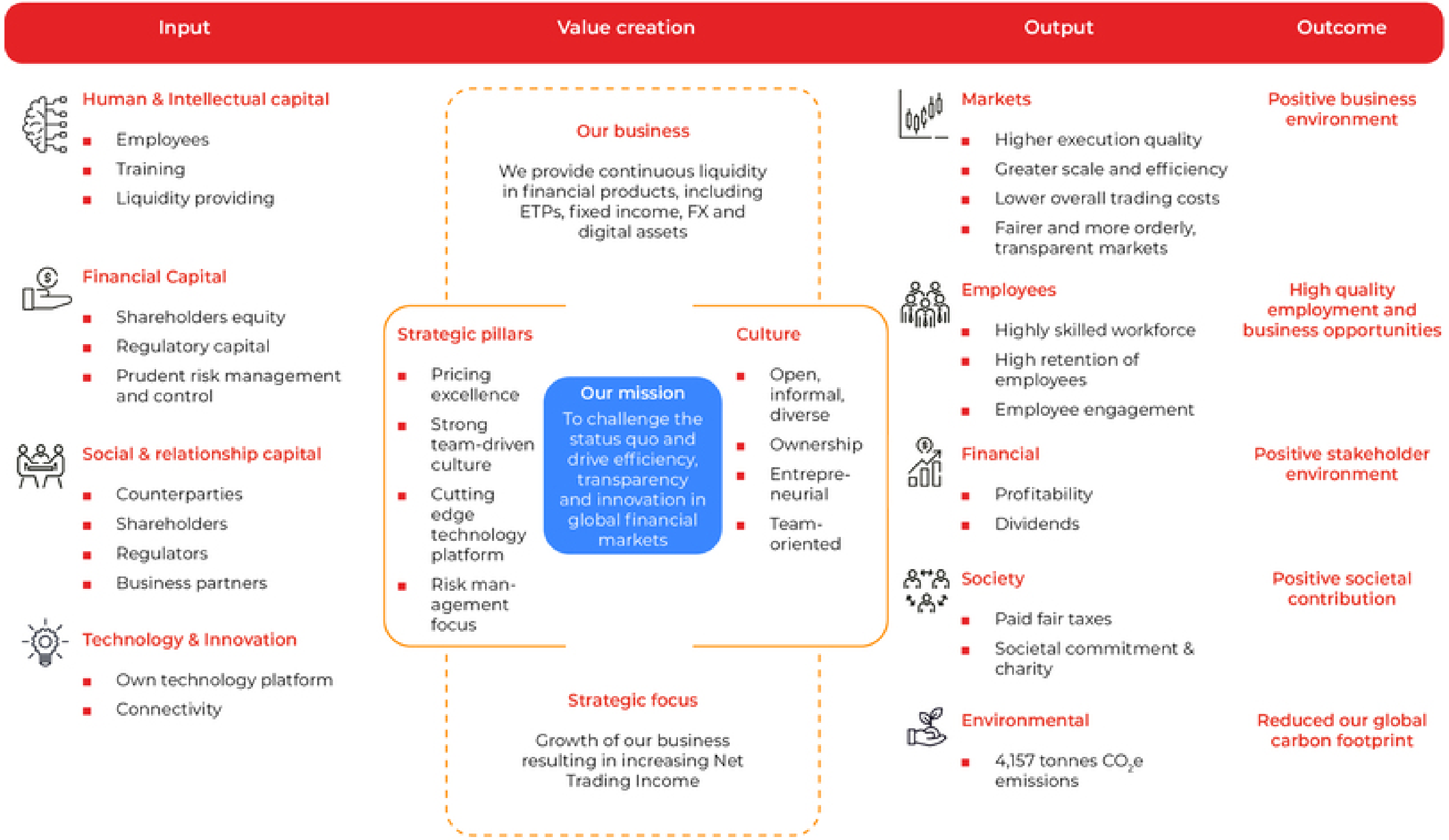
Be a leading global multi-asset liquidity provider

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

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

Value creation model

We are committed to creating long-term value for our stakeholders and generating broader impact towards the global sustainable green transition. In our value creation model, we have modelled the capital resources we use for our business activities in the execution of our strategy, to the financial, environmental, social and governance related areas from our materiality assessment. For each, we have developed performance indicators to measure our progress against our long-term objectives. We aim to use our capital resources in the most effective way by maximizing their potential value and minimizing their negative impacts whenever we can. Continuously, our drive is to improve and to generate long-term value for all of our stakeholders.



Financial Performance

Financial overview
Normalized IFRS reconciliation
Dividend policy and dividend proposal

> Flow Traders is focused on strengthening its core, improving efficiency and preparing the business to capitalize on future opportunities.
>
> **Hermien Smeets-Flier | CFO**

Financial overview

Flow Traders delivered financial and trading performance in 2023 reflecting a more subdued market environment. We recorded Total Income in 2023 of €303.9 million (2022: €458.7 million). Operational highlights included the broadening of our ETP trading footprint and continued development of our trading infrastructure, connectivity and counterparty network. Within digital assets, we saw an increased appetite especially considering the much-anticipated Bitcoin ETF approval by the SEC, a milestone for the development of the asset class. In terms of our capital position, it remains strong despite of a challenging 2023 and looking ahead, we have cemented our plans and governance to capitalize on future opportunities.

Financial overview

Market environment

The market environment in 2023 was much more subdued compared to 2022 given the heightened market activity in the prior year as the increase in inflation and central bank interest rates around the world slowed throughout the year while the conflict in Eastern Europe entered its second year. Volatility, as measured by the VIX index, was on average much lower in 2023 at 16.07 (2022: 25.98).

Given this market backdrop, Flow Traders' total value traded declined to €5.6 trillion in 2023 (2022: €6.8 trillion); of which €1.5 trillion was traded in on- and off-exchange ETPs (2022: €1.8 trillion), with the remainder in related financial products used to facilitate trading in ETPs and other asset classes such as fixed income, FX and cryptocurrency. Likewise, on- and off-exchange ETP market value traded also decreased during the same period to €43.1 trillion (2022: €51.8 trillion).

Total income

Total income was €303.9 million in 2023, (2022: €458.7 million), comprised of Net Trading Income (NTI) of €300.3 million (2022: €460.2 million) and €3.6 million of other income primarily from unrealized gains in our strategic investments (2022: €1.5 million). Europe, our home market, contributed the most to our NTI which reflects that region's high level of flow visibility and counterparty and product coverage. There was also significant contributions from the US and APAC as we continue to leverage our efforts to diversify our trading activities across various asset classes and products. In the fourth quarter of 2023, Flow Traders reported total income of €74.3 million which reflected the generally subdued levels of activity in the markets seen throughout most of the year.

Operational expenses

On the cost side, fixed operating expenses increased to €178.4 million in 2023 (2022: €175.7 million). The main drivers of the increase in fixed expenses relate to the targeted base compensation increases implemented in Q2 of 2022, continued technology investments in line with business needs, and general price inflation. At year end FTEs decreased by 2% to 646. Variable employee expenses decreased to €57.9 million (2022:€103.7 million) which reflects the decline in business performance during the year as a result of the subdued market environment.

Given these income and cost dynamics, Flow Traders was able to achieve operational leverage despite a challenging market environment with EBITDA margin of 22.0% in 2023 (2022: 39.0%) on EBITDA of €67.5 million (2022: €179.3 million).

Normalized IFRS reconciliation

Flow Traders makes certain adjustments to various IFRS expense and profit measures to derive Alternative Performance Measures (APM). The policy is to exclude or adjust items that are considered to be significant in both nature or size and where the treatment as an adjusted item provides stakeholders with useful information to assess the year-on-year or quarter-on-quarter underlying performance. On this basis, the following items were adjusted or excluded for the 2023 results reporting:

- Removal of IFRS 2 treatment of share-based payments which include the deferral of a portion of the current year share plans as well as recognition of prior years' share plans. This adjustment provides insights into the relationship between the current year variable employee expenses and current year trading performance.
- Other income line includes all the realized and unrealized results on Flow Traders' long-term equity investments, by including results on investments accounted for as Fair Value Other Comprehensive Income (FVOCI), and results of equity-accounted Investments in addition to the result of investment accounted for as Fair Value Profit and Loss (FVPL) included in IFRS total income.
- Exclusion of strategic advisory costs as one-off expenses in 2023 in relation to optimization of the Group legal entity and regulatory structure and further balance sheet review efforts.
- Tax expenses are adjusted based upon the pre-tax adjustments and/or excluded items above.
- Net trading income is normalized by reclassifying income related to long-term investments to other income.

Normalized performance: IFRS reconciliation

For the year ended 31 December	2023	2022
Normalized total income	**299,803**	**460,605**
Fair value OCI investments adjustment from equity to profit or loss	(447)	(2,563)
Results of equity - accounted investments	4,520	631
Total income	**303,876**	**458,673**
Normalized EBITDA	**92,206**	**208,176**
Fair value OCI investments adjustment from equity to profit or loss	(447)	(2,563)
Results of equity accounted investments	4,520	631
One-off expenses	(4,306)	(14,055)
Prior year share plans	(17,292)	(25,359)
Current share plan deferral	(7,137)	12,510
Total EBITDA	**67,543**	**179,339**
Profit for the year attributable to the owners of the Company	**36,151**	**126,827**
Tax expense	8,503	34,904
Impairment for equity accounted investees	(4,445)	–
Share of profit of equity-accounted investees, net of tax	(74)	(631)
Operating Result	**49,173**	**162,362**
Depreciation of property and equipment	17,688	16,274
Amortization of intangible assets	606	542
Write off of (in) tangible assets	76	161
EBITDA	**67,543**	**179,339**
Normalized net profit	**59,450**	**150,200**
Profit before tax IFRS adjustments	(29,182)	(29,468)
Tax difference	5,885	6,096
Profit for the year attributable to the owners of the Company	**36,153**	**126,828**
Normalized net trading income	**300,298**	**459,464**
Reclassification of income related to long-terms investments	12	727
Net trading income	**300,311**	**460,191**

Prime broker capital requirements

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

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

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

Prime broker capital requirements

For the year ended 31 December

	2023	2022
Net liquidity at clearings/ prime brokers	577,947	642,368
Cash at bank	5,708	8,612
Net trading capital	**583,655**	**650,980**

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

Dividend policy and dividend proposal

Dividend policy

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

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

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

The Board may declare dividend and decide to make allocations to reserves and therefore decides how much of the profit will be allocated to the reserves. The dividend is subject to a non-binding advisory vote of the shareholders.

Reserves and dividend proposal for the financial year 2023

Pursuant to Bye-law 33.1, the Board has decided that of the profit for 2023 (totaling €36.2 million), an amount of €19.5 million shall be added to the reserves.

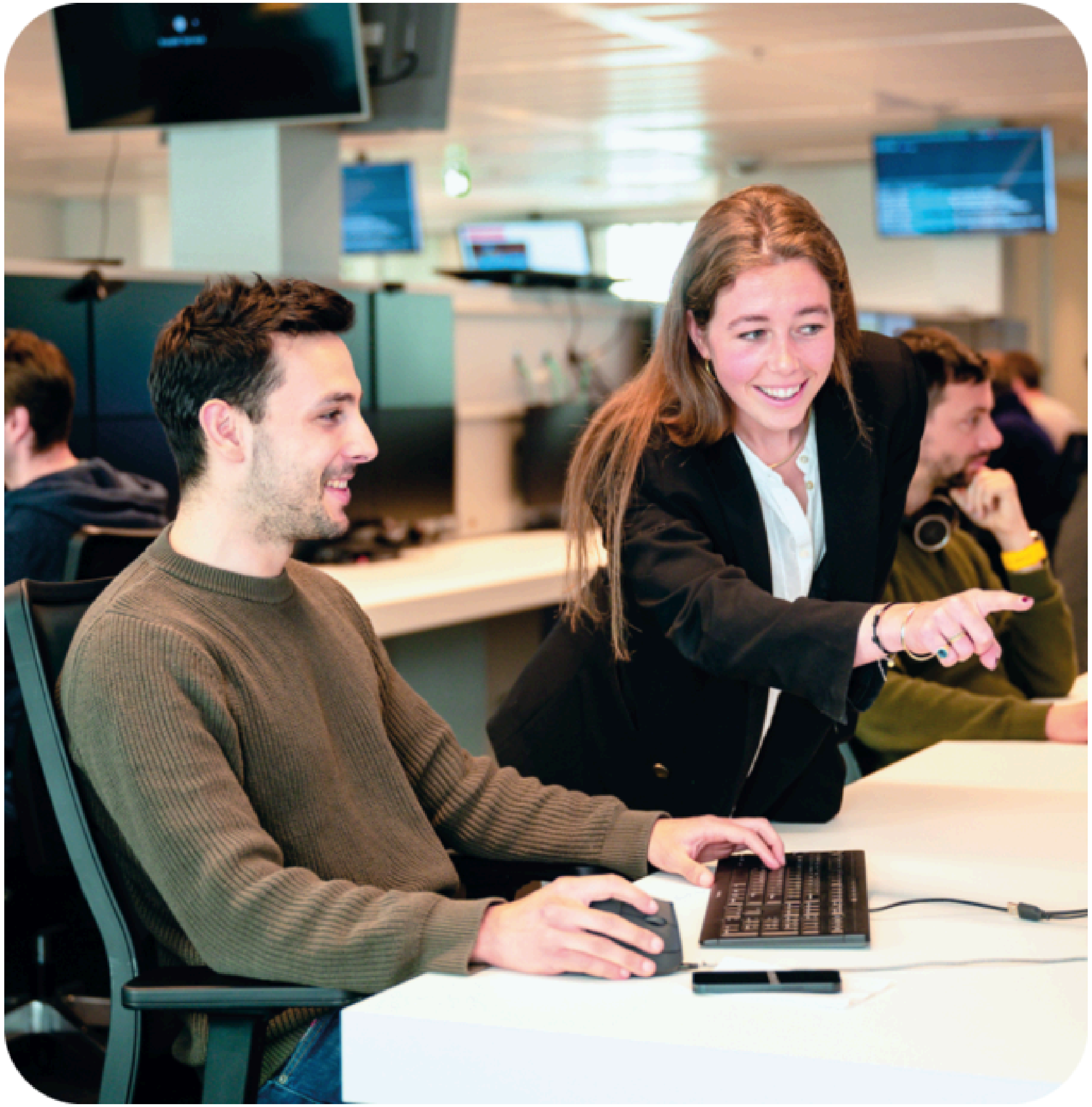
The Board declared a total cash dividend of €0.45 per share and this will be paid out to shareholders for the financial year 2023, subject to a 15 percent dividend withholding tax (dividendbelasting). An interim cash dividend of €0.30 per share was paid out on 19 August 2023. This means that the final cash dividend proposal for a non-binding advisory vote to the General Meeting is €0.15 per share. Subject to approval by the General Meeting on 13 June 2024. Shares will trade ex-dividend on 17 June 2024. Payment of the final dividend is anticipated to be made on 21 June 2024.

Growth and talent

We continued to grow our global presence, trading strategies and infrastructure in 2023. We increased our institutional counterparty base globally to over 2,400 as well as being connected to over 180 trading venues. To facilitate this growth, we continued to recruit new talent throughout the year across all segments of our business while keeping costs and headcount under control, ending the year with 646 FTE (2022: 660).

Outlook

Looking ahead to 2024, normalized fixed operating expenses are expected to be in the same range as 2023 as headcount is expected to be flat to down for the year, offset by continued technology investments and inflationary pressures.



Flow Traders Strategic Capital

Flow Traders Strategic Capital was established in 2022. Our strategy focuses on increasing our proximity to emerging technologies within the capital markets ecosystem and is fully aligned with Flow Traders' strategic agenda.

A key focus of Flow Traders Strategic Capital is to go beyond investing financial capital and instead create long-term value by providing our broad 20-year financial markets expertise. We support and invest in companies that improve and bring greater transparency to global financial markets, concentrating on Tokens, Data, Connectivity and Infrastructure.

The investment unit is supported by a dedicated team of experts with a diverse background in investing, trading, business and software development. The team is supported by a seasoned investment committee with a deep understanding of global financial market structure and ecosystem developments.

Case study

AllUnity was formed as part of a partnership between DWS, Flow Traders and Galaxy Digital. AllUnity's mission is to revolutionize the on-chain economy by issuing a fully collateralized EUR-denominated stablecoin. AllUnity's long-term focus is to unlock the next wave of digital asset adoption by launching a BaFin regulated stablecoin.

The partnership will combine DWS' strong portfolio management and product structuring capabilities, Flow Traders' leading liquidity provisioning expertise and connectivity in both traditional and digital assets globally, and Galaxy Digital's technical infrastructure and track record of delivering innovative digital asset solutions to investors.

AllUnity will launch during a period of increased regulatory clarity in the digital assets space within the EU, following the newly adopted Markets in Crypto Assets Regulation (MiCAR). Alexander Höptner has been appointed as Chief Executive Officer of AllUnity.

Risk management

Risk management
Enterprise risk management
Risk management governance
Risk reporting

> Operating a robust risk framework is a key priority for Flow Traders. Our approach is to identify, assess, monitor, quantify and document potential risks in the rapidly evolving financial markets. Furthermore, our control layer is closely aligned with our Trading desks and strives to uphold the highest regulatory standards.

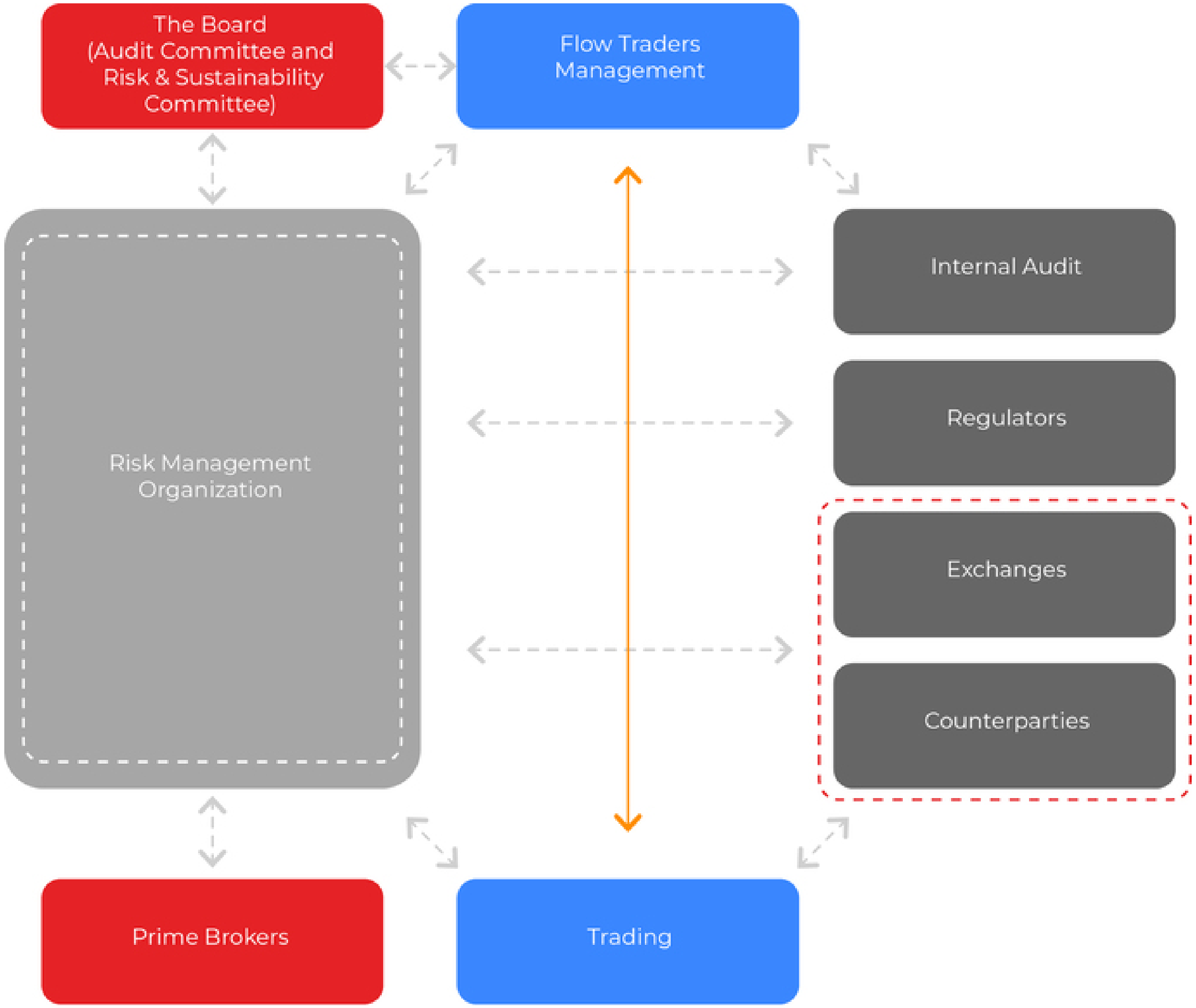
Tamara Maris-Mravunac | Global Head of Risk

Our risk management

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

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

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



Enterprise Risk Management

The objective of Flow Traders' ERMF is to institutionalize a formal Risk Management Framework in the Company. The Board considers Risk Management as a central and integral part of the organization's strategic management.

Flow Traders aims for a good balance between its business activities, return on capital and related risks. Flow Traders' Risk Management adopts a Enterprise Risk Management (ERM) approach to ensure that the Company's Risk Appetite and profile are integrated in the day-to-day operations as well as the strategic, tactical and operational objective setting and decision making. Every year, Flow Traders Group Executive Committee derives its business targets after determining its strategic goals. Based on these targets and objectives, the Company formulates its risk appetite. The targets, objectives and risk appetite give direction to the various departments within the Company and are used to derive our strategic risks.

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

Risk categories

Our risk taxonomy is split into five broad risk categories - Financial, Business & Strategic, Compliance & Ethical, Operational, and Technology risk - each with their own specific sub-risks-

Risk Taxonomy Domain	Level 1 Risk Category	Description of the Risk
Financial risk	Capital risk	Capital risk (cost of doing business) refers to the situation where potential loss of investment value happens due to factors such as market volatility, regulatory and PB requirements, economic downturns, or poor financial performance of a company. It is the risk of failing to meet compulsory capital requirements invested in an asset or investment which are needed to maintain a firm's trading licenses and normal business activities and relationships with prime brokers.
	Liquidity risk	Liquidity risk refer to the inability to replenish capital to the required level. This can happen when: 1) not being able to timely obtain additional funding at a reasonable cost and 2) an inefficient internal management on liquidity. This is the risk of not being able to quickly convert an investment into cash without experiencing a significant loss in value, due to a lack of buyers or sellers in the market, restrictions on trading, or the illiquid nature of the asset itself that lead to an inability to easily buy or sell an asset without incurring significant costs. It can also happen because of a lack of access to alternative sources of funding such as short-term loans, trading credit from certain platforms, etc. in a timely manner. This is the risk of internal management deficiency which can lead to liquidity constraints.
	Market risk	Market risk is the risk to an institution resulting from movements in market prices; in particular, changes in interest rates, foreign exchange rates, and equity- and commodity prices.
	Credit risk	Credit risk is the risk of a counterparty and/or issuing institution involved in trading in or issuing a financial instrument defaulting on an obligation.

Risk Taxonomy Domain	Level 1 Risk Category	Description of the Risk
Business and Strategic risk	Strategy risk	Risk that may arise from the pursuit of the Company's business plan, from strategic changes in the business environment, and/or from adverse strategic business decisions. Market activity risk is part of this risk as our NTI and profitability are primarily a function of the level of trading activity, or trading volumes, in the financial instruments in which we trade.
	Concentration risk	Probability of loss arising from heavily lopsided exposure to a particular group of counterparties or products. Concentration risk also includes supplier dependency risks.
	Project Delivery & Management risk	The risk of inaccurate project management leading to inadequate realization of project objectives.
	Sustainability & Environment risk	The risk that an environment, social or governance (related) issue or event will impact the entity financial, non-financial and/or in the realization of strategic objectives of the entity.
Compliance & Ethical risk	Financial crime risk	The risk of money laundering, sanctions violations, bribery and corruption, and Know Your Customer (KYC) failure.
	Regulatory compliance risk	Failure to comply with any legal or regulatory obligations that are not captured through other risks.
	Reputation risk	The reputation risk is the risk of loss resulting from negative exposure to stakeholders.
	Fraud risk	Acts intended to defraud, misappropriate assets, deceive or circumvent regulations or the law, attempted or perpetrated against the entity.
	Conduct risk	Failure to act in accordance with internal and external stakeholders' and society's best interests, fair market practices, and codes of conduct.
Operational risk	Business continuity risk	The risk of failure to provide and maintain appropriate business continuity management (BCM), including inadequate business continuity plans.
	Trading execution risk	The risk of losses due to errors in the execution.
	Legal risk	Legal risk refers to the potential exposure and negative consequences that an individual or organization may face as a result of non-compliance with applicable laws, regulations, and legal obligations.
	People risk	The risk that the entity is not able to develop, retain and attract the necessary skills and diverse capabilities in our workforce to realize strategic objectives.
	Model risk	Model risk for a trading firm refers to the potential for adverse consequences resulting from errors or limitations in the financial models and algorithms used for trading and risk management. This risk arises from the reliance on mathematical models and computer algorithms to make trading decisions, value financial instruments, and manage risk. Model risk can stem from inaccuracies in the models, inappropriate assumptions, data errors, or the failure to account for all relevant market factors.
	Reporting risk	The risk of not being able to report adequately to stakeholders (e.g., annual financial report, regulatory reporting).
	Taxation risk	The risk of unexpected tax charges, including interest and penalties including tax related events resulting in for example a damaged reputation with the tax authorities, investors, employees and the public at large.

Risk Taxonomy Domain	Level 1 Risk Category	Description of the Risk
Operational risk	Third-party risk	The risk of failing to manage third-party relationships and related risks appropriately.
	Trade settlement risk	The risk of ineffective trading leading to financial performance variability and non-compliance with internal and external regulation.
	Physical security risk	The risk of damage to the organization's physical assets or harming of employees at the workplace.
	Financial reporting risk	The risk of incorrectly reporting financial information (balance sheet, income statement, cash flow statement, statement of changes inequity) to various stakeholders, such as shareholders, investors, creditors, and government regulatory bodies.
Technology risk	Technology systems risk	Risks in technology surrounding malfunctions, algorithmic risk, natural disasters, software bugs, and hardware failures resulting in service interruptions, availability of data, financial losses and reputational damage.
	Data Management risk	The risk of failing to appropriately manage and maintain data, including all types of data, for example, counterparty data, employee data, and the organization’s proprietary data.
	Technology Strategy risk	The risk that the IT strategy is not described, unclear or incomplete and thereby not sufficient to contribute to IT and business objectives. This includes the risk of the strategy not being properly executed.

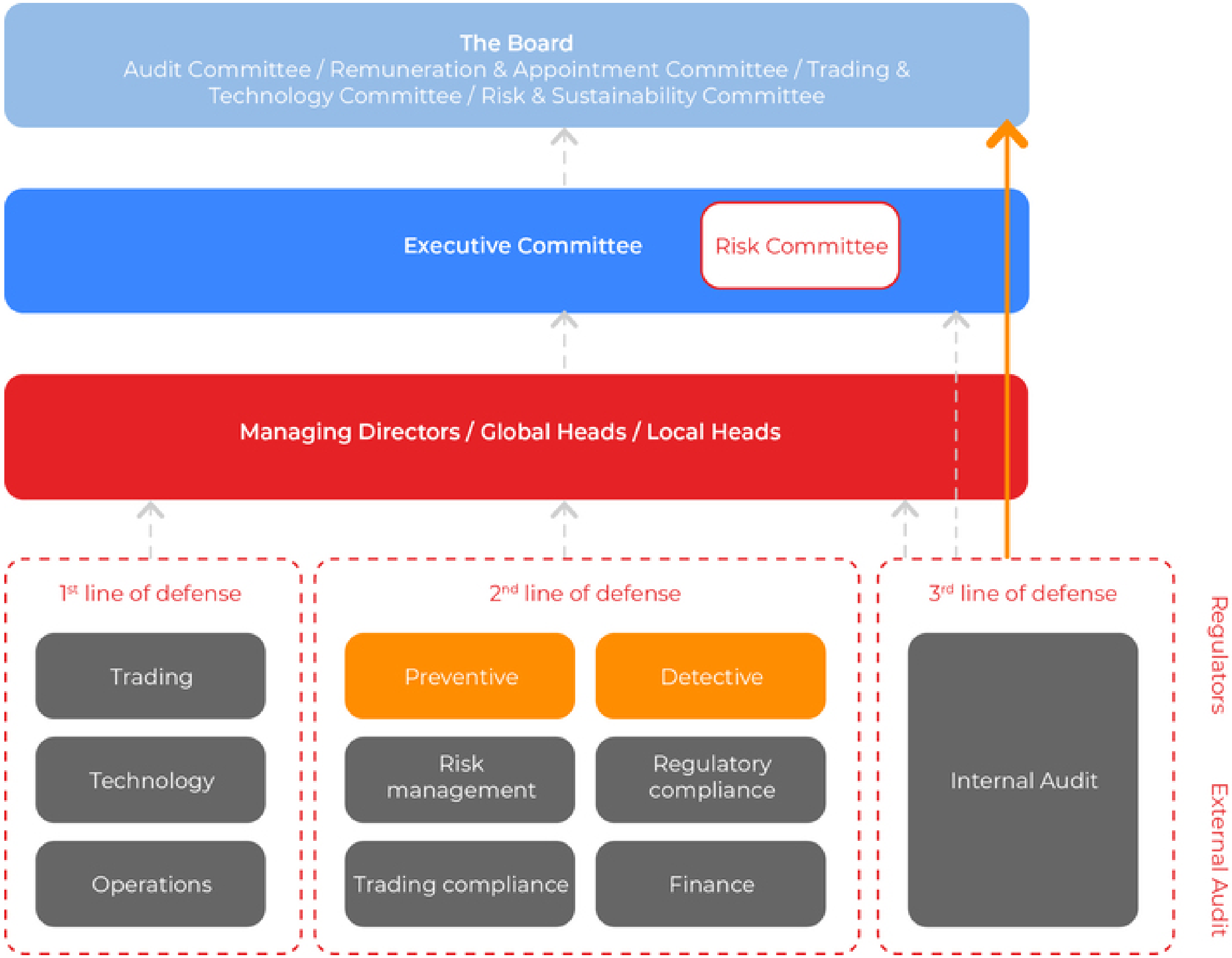
Risk Management Governance

The effectiveness of risk management is unavoidably linked to commitment and integrity. It is therefore crucial that the Board, the Executive Committee, global and local department heads, and all Flow Traders employees are aware of the Company's risk policies, Risk Appetite and their own responsibilities, as well as the responsibilities of Flow Traders as a whole. Flow Traders Risk Management is embedded across the organization in line with the three lines of defense model.

The first line of defense is formed by Trading, Technology and Operations. These departments are crucial for the core processes within Flow Traders and are responsible for incorporating controls in the day to day trading and IT processes and for the continuous monitoring of Flow Traders' systems and trading controls including onboarding of new counterparties.

The second line of defense is responsible for oversight and monitoring regarding regarding risk (market and credit risk, treasury, and operational management) compliance (including trading, regulatory, surveillance and AML KYC), legal and finance; together are responsible for the continuous risk management at Flow Traders.

The third line of defense is formed by Flow Traders' Internal Audit Function (IAF). They provide independent and objective assurance and advice on the adequacy and effectiveness of governance, risk management and control systems. It reports its findings to the Audit Committee and to the CEO to promote and facilitate continuous improvement. The IAF carries out its audit work in accordance with the approved and implemented Group Internal Audit Charter.



Enterprise Risk Management roles and responsibilities

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

Supervise the Executive Directors with respect to:

- Identifying and analyzing the risks associated with the strategy and activities of the Company and its affiliated enterprise;
- Establishing the risk appetite, and putting in place the measures in order to counter the risks being taken;
- Designing, implementing and maintaining adequate internal risk management and control systems;
- Monitoring the operation of the internal risk management and control systems and carrying out a systematic assessment of their design and effectiveness at least once a year. Where necessary, improvements should be made to internal risk management and control systems;
- Accounting for the effectiveness of the design and the operation of the internal risk management and control systems together with the Audit Committee.

Advise, and where applicable supervise, the Executive Directors with respect to:

- the Company's overall risk appetite, tolerance and strategy;
- the current risk exposures and future risk strategy;
- the intended appointment and/or removal of the Global Head of Risk.

- Review, in relation to the Company's internal risk management and control systems;
- the Company's overall risk assessment processes that inform the Executive Directors' decision making, ensuring both qualitative and quantitative metrics are used;
- on an annual basis, the parameters used for these processes and the methodology adopted;
- the accurate and timely monitoring of certain risk types of high importance;
- the Company's capability to identify and manage new risk types;
- reports on any material breaches of risk limits and the adequacy of proposed action.

Monitor the manner in which the Company's risk management function is provided with adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

The Risk & Sustainability Committee shall also keep under review that the function has the adequate independence and is free from management and other restrictions;

Prepare reports, recommendations and deliberations on its findings regarding the Company's internal risk management for purposes of the meetings of the Board;

Review, and where applicable monitor the Executive Directors' responsiveness to the reports, findings and recommendations of the Global Head of Risk.

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

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

The Executive Directors, with the support of the Executive Committee, are responsible for:

- Setting Company-wide and local department targets and objectives;
- Setting boundaries for risk-taking taking by communicating our risk appetite;
- Successfully promoting, sponsoring and coordinating the development of a risk management culture throughout the Company;
- Guiding the inclusion of risk management practices in all strategic and operational decision making;
- Maintaining and monitoring the effectiveness of the framework to manage, monitor and report risk;
- Identifying and evaluating the significant risks related to Flow Traders' strategy;
- Providing advice and follow-up on risk mitigating measures;
- Inviting stakeholders within the firm to report on new and existing risk exposures;
- Reporting on the outcomes of the risk management activities to the Risk & Sustainability Committee of the Board.
- Managing the risk self-assessment cycle:

Flow Traders' Global/Local Heads are responsible for:

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

Flow Traders' Risk Department is responsible for:

- Monitoring, improving and developing the ERMF;
- Triggering risk self-assessments for all departments;
- Gathering the necessary information and creating risk reports for internal stakeholders and the Board, the Risk & Sustainability Committee, the Executives Directors and the Executive Committee.

Flow Traders' Internal Audit Function is responsible for:

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

Flow Traders' employees are responsible for:

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

The below figure shows the ERM cycle of Flow Traders:

The annual Risk Management Cycle follows the below Risk Management Framework:

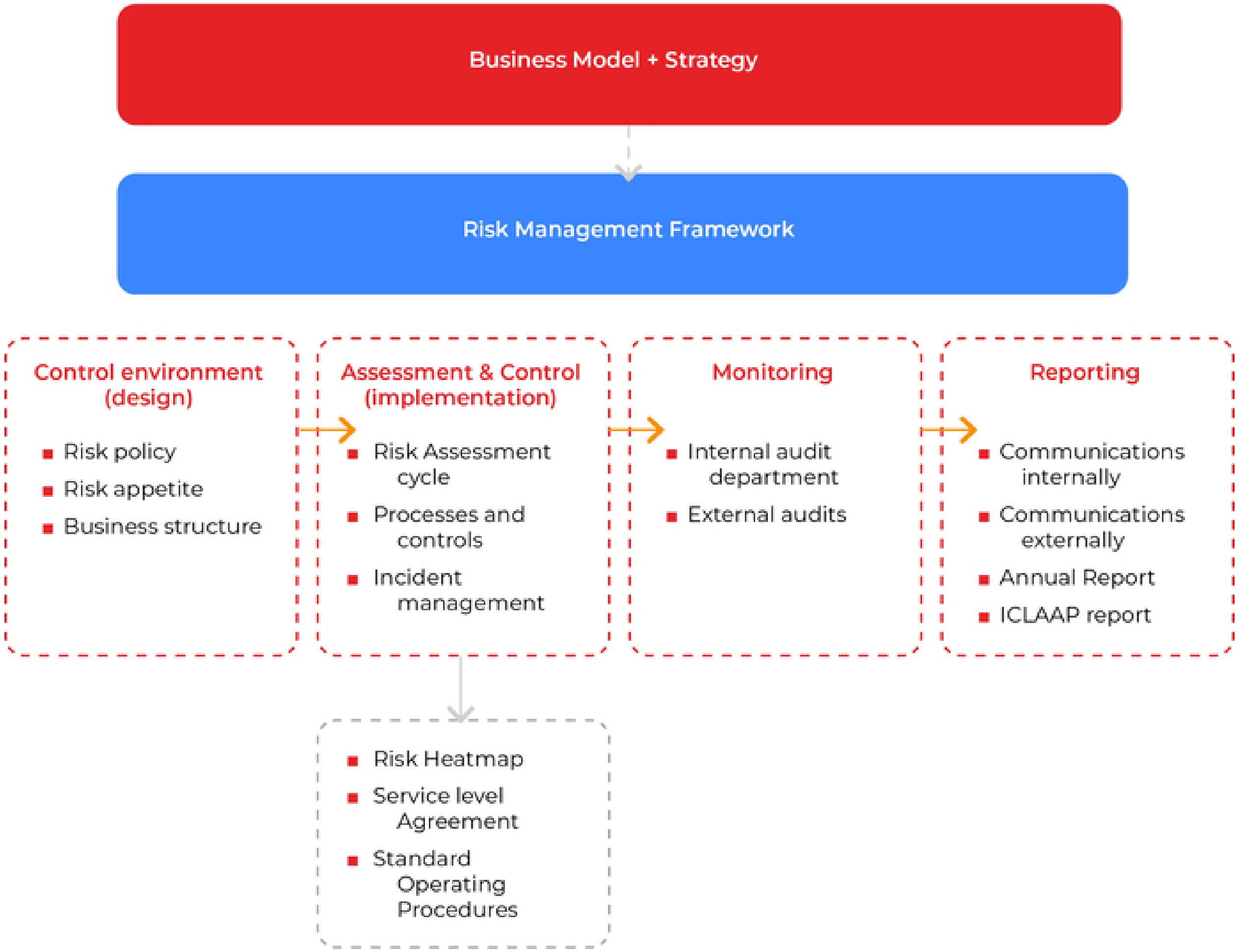
Every year the Executive Directors, with the support of the Executive Committee, set their business targets following the strategic goals. The strategic goals are generally formulated in November/ December. The Board approves the strategic goals and business targets.

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

Based on the targets, objectives and current business operations, the Executive Directors formulate the risk appetite of the Company. The targets, objectives and risk appetite give direction to the various departments within Flow Traders and are used to derive the Company's strategic risks.

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

The annual Risk Management Cycle follows the below Risk Management Framework:



Risk reporting

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

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

In addition to this standing Risk Committee, we have a Risk & Sustainability Committee of the Board. All Non-Executive Directors of the Board are members of this Risk & Sustainability Committee. The Global Heads of the Control Functions inform the Risk & Sustainability Committee of the Board about the effectiveness of the internal risk management and control systems. This includes the reasonable assurance that the aforementioned systems do not contain any material inaccuracies.

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

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

For more information on the responsibilities of our Risk & Sustainability Committee, please see the chapter "Corporate Governance".

The monitoring of the Company's internal risk management and control systems was previously identified as a priority. This is a major responsibility of the Board and its Risk & Sustainability Committee. Good progress has been made and the Board continues to oversee progress on this matter.

All risks relevant to each of the committees of the Board are monitored in the Risk & Sustainability Committee of the Board. This means that the relevant items set out in best practice provision 1.4.1 of the Corporate Governance Code have been discussed by the Board in 2023, all Non Executive Directors of the Board are members of the Risk & Sustainability Committee.

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

Financial risks

Market risk

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

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

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

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

Business strategy and market activity risk

The Board and the Executive Committee establish effective policies and procedures that enable the Company to identify strategic risks and regularly reassess that its strategic objectives and business plans are being executed as intended in the competitive environment. Such assessments include Sustainability & Environmental risk considerations as well as Concentration Risk with respect to supplier concentrations and geographical footprint.

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

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

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

Over the past year, our organization has consistently extended its presence in the Digital Asset markets. We established a dedicated risk management team working closely with the trading desks. Our primary risk management objective is to diligently evaluate and mitigate credit, market, and operational risks in line with the firms risk appetite. This tactical step has enabled us to cultivate a comprehensive risk framework, integrating advanced automations for real-time monitoring and alerting. Throughout the year, our framework underwent rigorous testing on multiple occasions and proofed its effectiveness in safeguarding against major losses associated with Digital Asset trading activities.

Non-financial risks

Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people, systems or external events. Operational risk management is an integral part of Flow Traders' risk and control systems. The aim is to promote a proactive approach to risk management, incident identification, reporting, and resolution to minimize operational disruptions, financial losses, and reputational damage. Our operational risk is dominated by technology-related events at our exchanges and clearing members. Therefore, the level of our investment in technology is important to mitigate those associated risks as well as having resilient and robust internal systems and controls.

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

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

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

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

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

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

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

Where we have a technical interface with institutions such as our prime brokers and exchanges, the integrity of the connection between the systems and the data that is being exchanged is subject to prior conformance testing and continuous monitoring.

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

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

Regulatory risk

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

Flow Traders operates in three key trading hubs in Amsterdam, Hong Kong and New York, and has established offices in London, Milan, Shanghai, Singapore, Chicago and Paris. The Group currently trades on more than 180 venues worldwide as well as operating on numerous other venues through our brokers. Our regulatory landscape is broad as we have to comply not only with our local regulations, but also with the trading rules of all venues on which we trade.

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

We received authorization from the Financial Conduct Authority and completed the migration of activities of our branch office in London to a regulated subsidiary. The authorization enables us to increase our exposure to the UK financial ecosystem and maintain our physical footprint in the UK and how we interact with UK-based financial institutions.

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

Compliance together with Public Affairs monitors and assesses any forthcoming regulations that may impact the firm. During 2023 this included amongst others matters:

The European Commission review of the European Central Securities Depositories Regulation that was adopted on 16 March 2022. Amendments on the mandatory buy-in regime in the Settled Discipline Regime (SDR) by proposing a "two-step approach". We will continue to monitor the future impact of mandatory buy-ins and to manage the two-way flow of cash penalties for failed transactions.

Compliance together with Public Affairs monitors and assesses any forthcoming regulations that may impact us. During 2023 this included amongst others matters:

- The EC review of the European Central Securities Depositories Regulation that was adopted on 16 March 2022. Amendments on the mandatory buy-in regime in the Settled Discipline Regime (SDR) by proposing a "two-step approach". We will continue to monitor the future impact of mandatory buy-ins and to manage the two-way flow of cash penalties for failed transactions.

- The legislative procedure on the MiFID/MiFIR review almost came to a close with the vote in the European Parliament in January 2024. This review aims to further improve the framework introduced by MiFID II. One of the key components is the post-trade consolidated tape that should be real-time and not include any deferrals. We are and have engaged with regulators and various stakeholders to continue our efforts to increase transparency in all markets we are active in.

- We completed the implementation of IFR/IFD. We have received minor pointers from the DNB and AFM around a few observations they would like to have clearly articulated in our next ICLAAP. We will continue to implement best practice as much as possible. Such conversations with our regulators as well as our peers are ongoing, and this will continue as this regulation matures along with any further interpretation by the EBA and DNB.

- Digital Assets and related forthcoming regulations such as the prudential BIS paper, MiCAR and DORA remain a topic that garners significant attention. There is still variety of approaches taken by various governments and regulators from around the globe for this developing asset class. As a leading liquidity provider, we continue to follow these developments closely and remain an active contributor to key regulatory consultations. We anticipate the regulatory uncertainty will continue in 2024 and beyond. We are engaging with regulators on a global and local level to lobby for a clear and fair regulatory framework, as we believe that will lead to a mature ecosystem and sustainable growth for this asset class.

The Compliance, Risk and Operations departments have promulgated and implemented controls, internal rules and processes that have been pragmatically developed following applicable regulatory requirements, guidelines from market authorities, and industry best practices. Nevertheless, it is worth remembering that laws and regulations are subject to change and will be interpreted differently in practice over time.

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

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

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

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

In the course of 2023, Flow Traders B.V. received an information request by the AFM to investigate compliance with the Dutch Financial Supervision Act (Wft). Flow Traders duly provided all required documentation and complied in full with the request. In early 2024, the AFM notified Flow Traders that no formal proceedings would take place pursuant to this request. In parallel, the AFM and DNB requested further information at the end of 2023 in order to investigate compliance with the Dutch Money Laundering and Terrorist Financing (Prevention) Act ("Wwft"). This information was delivered in full in January 2024.

Environmental risk

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

- Physical environmental risks such as earthquakes, forest fires and floods could negatively impact our physical infrastructure. This is particularly relevant to our server locations, which are distributed globally. Climate change will likely lead an increase in extreme weather events in the future. We have and will mitigate this risk by having a widely distributed server infrastructure with a high degree of system redundancy. In 2023 forest fires in South East Asia have led to the closure of our Singapore office. This was mitigated by activities transferring to other office locations.
- Future regulation may also affect Flow Traders financially by putting a price on CO_2 and other greenhouse gas emissions. In addition, CO_2 pricing may have an impact on how we seek to offset our carbon footprint in the coming years.

External risk

Given the highly interconnected nature of the financial markets ecosystem we are a part of, we recognize that should any of the risks referenced within this section materialize, there could be a negative impact on various external third parties. Specifically, market and operational risk events could negatively impact key parties within our value chain; namely our counterparties and our prime brokers. This could limit our counterparties' ability to trade with us or settle trades effectively on a timely basis. Moreover, the various prime brokers we work closely with could also be exposed to similar risks. In order to monitor and mitigate such risks, we have built internal systems to monitor the credit risk exposures, and maintain an active Global Business Continuity Management Policy and Recovery Plan.

Compliance and transparency

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

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

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

Flow Traders applies its counterparty due diligence (KYC) program to all existing and prospective counterparties. Unregulated digital asset counterparties are subject to enhanced due diligence measures, in line with our risk based approach. Our KYC program ensures that all counterparties are reviewed and monitored for money laundering, terrorist financing and sanction-related risks on an ongoing basis as well as at onboarding.

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

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

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Ensuring adherence with our Code of Conduct is the responsibility of the Executive Committee. Any reported potential breaches are investigated fully by the Executive Committee and other members of our senior management team in accordance with existing clearly laid out procedures and policies. Our Code of Conduct can be found on our website www.flowtraders.com.

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

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

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

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

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

We have zero tolerance approach towards bribery and corruption and we actively ensure that no such behavior occurs. No cases of bribery or corruption were reported in 2023.

Whistleblowers

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

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

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

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

The Whistleblower Policy also provides any whistleblower with anonymity, confidentiality, and the Company will not impose sanctions on disclosure (or affect an employee's legal position) when the employee reports a suspected misconduct in good faith, unless the employee is involved in the issue that is being reported. We respect a non-retaliation policy when a suspected misconduct is reported. Our Whistleblower Policy can be found on our website www.flowtraders.com.

Internal audit

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

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

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

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The IA function is an integral part of our reporting cycle. The Internal Audit Function reports to the Audit Committee and to the CEO. It aligns its efforts with our external auditor and reports its audit results to the Board, the Audit Committee and informs the external auditor. The Board assesses the way in which the IA function fulfills its responsibility annually and takes the opinion of the Audit Committee into account.

Flow Traders Internal Audit Function conforms to the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA).

ESG at a glance

ESG sustainability strategy

The world is facing significant challenges in ensuring a sustainable future for our people and our planet. Many national and international initiatives are addressing these challenges. Every organization will have to play its own role in the transition to a sustainable society, depending on its impact and its opportunities.

Flow Traders' ESG ambition is to contribute to markets functioning in a smooth manner which we believe will assist in financing the transition towards a sustainable society. Key to achieving our ESG ambition, is our collaboration with key stakeholders to deliver on our identified strategic themes.

Through our ESG sustainability strategy that comprises five strategic areas – Environmental footprint, Sustainable employment, Responsible supply chain, Good governance and Sustainable green transition – we continue to advance our corporate responsibility to create long-term value for our stakeholders as well as contribute to the United Nations' Sustainable Development Goals (SDGs). We endorse sustainable impact while providing the best value for our stakeholders. Staying focused on what matters for our business and stakeholders, is the cornerstone of our strategy.

Our material ESG sustainability topics

Flow Traders aims to focus our ESG (environment, social and governance) sustainability strategy on the matters and topics that are most important from a sustainability impact as well as a sustainability risk or opportunity perspective.

In 2023, we completed an enhanced materiality re-assessment which we initially conducted in late 2020. This double materiality assessment (DMA) was undertaken as critical input to identify Flow Traders' ESG strategic priorities, which will be implemented in the course of 2024.

Based on the guidance from the European Sustainability Reporting Standards (ESRS), the DMA concludes the following. (1) Flow Traders' most significant impact is in relation to our people and our environment. (2) The most significant sustainability-related risks and opportunities relate to our operations and from across relevant value chain actors. We derived this by looking at our impact at various levels, from society at large to our own business operations.

As a result of this extensive re-assessment, we have consolidated the material issues and our impact areas to five sustainability themes categorized by the environmental, social and governance (ESG) aspects of our Company, business and operations. This forms the basis for our sustainability reporting going forward.

The DMA guidance from the ESRS, was formalized in late 2023, therefore in the 2023 Annual Report we report on the results of the DMA and the identified strategic priorities. In 2024, we will work on further developing our approach and deployment plans for each of these five strategic priorities.

From the 2024 Annual Report (published early 2025) and subsequent reporting cycle, the ESRS standards and those topical standards resulting from our material topics will be the basis for CSRD-compliant disclosure in the Annual Report.

Read more about the DMA process in section "Other information - Double materiality".

Our ESG strategic themes

Environment

We want to continue to expand our trading footprint and capabilities to ensure that sustainable investment products can be traded easily and efficiently, with minimal energy use and emissions. That is why we focus on energy efficiency and climate action to reduce our environmental footprint from our business operations.

Social

Our proprietary cutting-edge technology for seamless execution of trading, would not operate without our talented team of over 600 employees. We prioritize sustainable employment, by creating an attractive workplace for all, leveraging an experienced talent pool that forms an open, diverse, and entrepreneurial team.

We want to promote the drive for fair and transparent markets and fuel innovation in our ecosystem, in continuous collaboration with the financial and investment community. We view a responsible supply chain with robust human rights practices and positive environmental contribution will benefit all our stakeholders and result in Flow Traders being a valued partner in our communities.

Governance

Being a player in the global financial ecosystem, good governance means that we must ensure that we always operate with high ethical standards in compliance with laws and regulations. We will act on our responsibilities and fully anchor them in the way we do business through our focus on integrated governance, engaged stakeholders and transparent reporting.

We believe that Flow Traders has an important role to play in the global financial ecosystem. We serve the real economy by allowing investors, including pension funds and retail investors, to manage their risks by being able to always trade. Moreover, market makers like Flow Traders, have contributed to making it cheaper and more efficient to trade than in previous decades, which benefits everyone.

In this key role Flow Traders has a responsibility to contribute to the financial stability and the sustainable agenda in the countries in which we operate (see Flow Traders' value creation model). As a key market participant, at the core of the financial ecosystem, Flow Traders supports the acceleration of the sustainable green transition towards sustainable climate neutral economy to sustain growth and finance, notably by providing liquidity in the ever-growing suite of ESG ETFs.

Going forward

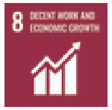
While we have re-assessed the material topics and strategic themes, the process of defining the metrics to measure our performance and success is underway and implementation will start in 2024.

In addition, to ensure that we achieve our ambitions, we will focus on strengthening our organization's governance structure to ensure that each project on our ESG sustainability roadmap is embedded in our operational business plans and the firm is well-equipped to meet its targets.

We will report on our updated ESG ambitions using this set of metrics per our 2024 Annual Report.

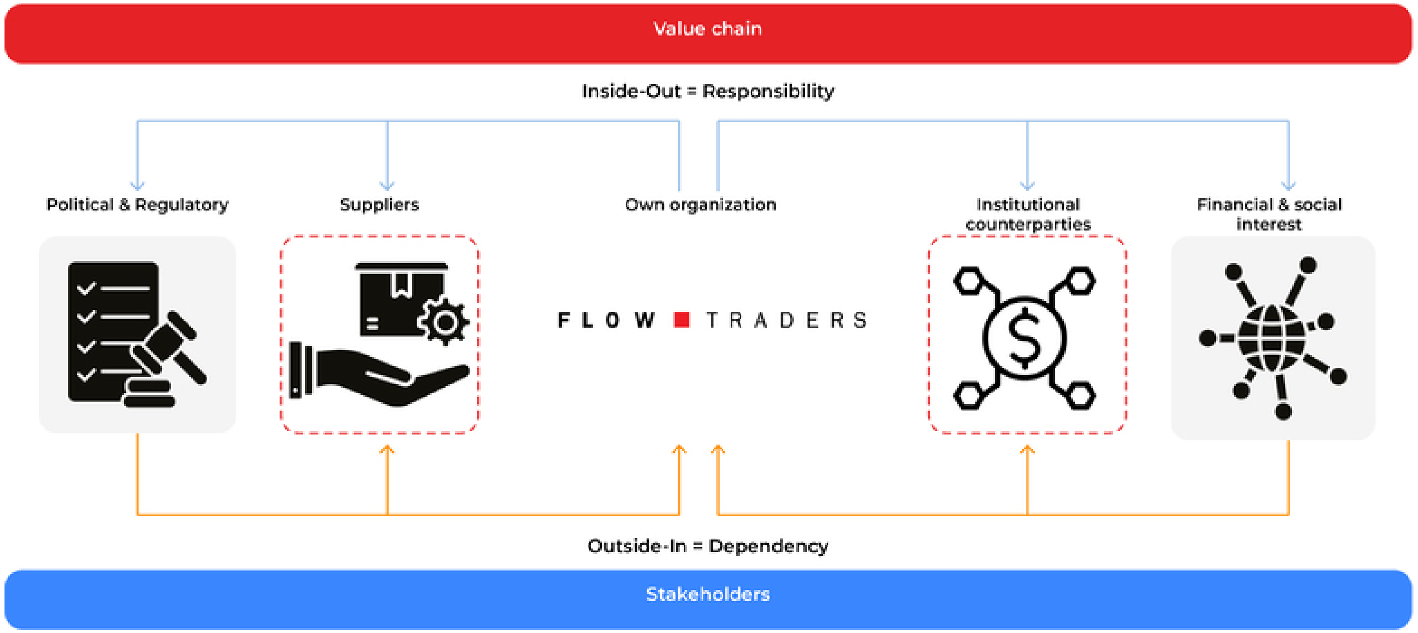
The table below provides an overview of our material topics, resulting from the DMA, and how those are bundled into strategic themes.

Read more about the DMA and material topics in section "Other information - Double materiality".

ESG Strategic Theme	ESG material topic	SDGs
Environment		
Environmental footprint	▪ GHG emissions – scope 2 (electricity) ▪ GHG emissions – reduction mechanism	
Social		
Sustainable employment	▪ Diversity and inclusion ▪ Employee engagement ▪ Human capital development ▪ Human rights (incl. equal treatment) ▪ Labor practices ▪ Health and safety ▪ Privacy and data protection	 
Responsible supply chain	▪ (ESG) Due diligence ▪ Procurement practice	
Governance		
Good governance	▪ Business conduct ▪ Public affairs ▪ Tax ▪ Cyber security	
Sustainable green transition	▪ Innovation management ▪ Social impact	

Our value chain

Central to our approach in assessing the material ESG topics, is engagement with our value chain partners. We assess the current and potential future impacts, risks and opportunities from two perspectives: a) impacts resulting from our business activities on our stakeholders (Inside-Out view), and b) impacts resulting from the business activities from our upstream and downstream value chain on Flow Traders (Outside-In view). When identifying the material topics, we assess each ESG topic on the most granular level (so-called, sub-sub-topics) to allow focus on areas where impacts, risks and opportunities are likely to arise.



a. Authorities
b. Associations

a. Product-related Suppliers
b. Non-product related / Service suppliers
c. Flow Traders Strategic Capital

a. Shareholders
b. Workforce

a. Capital market parties

a. General public
b. Financial market participants
c. Certification and rating agencies
d. Flow Traders Foundation

ESG strategic theme	ESG material topics
Environment	
Environmental footprint	▪ GHG emissions – scope 2 (electricity)
	▪ GHG emissions – reduction

Environmental footprint

Flow Traders considers its overall direct environmental footprint to be low. The nature of our business characteristics is a relatively light carbon footprint in relation to its direct business activities. Our scope 1 and 2 GHG emissions amounts to 1,197 tCO_2e, which is less than 30% of the total scope 1, 2 and 3 footprints in 2023. In 2023, Flow Traders' carbon footprint was equivalent to 4,157 tCO_2e (2022: 2,993 tCO_2e).

Nevertheless, Flow Traders is conscious of the challenges linked to climate change, the need to reduce greenhouse gas emissions and to manage natural resources prudently. Since our first carbon footprint analysis, conducted four years ago, we have commenced the application of improved measurement models as well as expanded the scope of our reporting by gradually onboarding more scope 3 categories into our dataset. This is part of our approach for continuous improvement and our decision-making process.

Examples of data maturity and improvement actions, among others, are:

- Reduced the amount of non-renewable energy sources at the data centers by more than 40%, from nearly 500 tCO_2e to 275 tCO_2e.
- Included purchased IT related hardware in our scope 3 calculation, which is around 860 tCO_2e.
- Our London office moved to 100% renewable energy.

Although we made good progress, we still see challenges in obtaining primary data from our suppliers. This was particularly relevant for the electricity consumption in our office buildings using primary data (scope 2). Flow Traders will focus in the coming years on deploying carbon reduction actions whenever possible. Flow Traders has a direct grasp only on Scope 1 and 2 CO_2 emissions. For scope 3, we will need to initiate a dialogue with our entire value chain (upstream and downstream) to act on the bulk of these emissions.

Flow Traders reports its scope 1 and 2 emissions via the operational control approach. Scope 2 represents locations-based emissions from electricity consumption in our office buildings.

Read more about the GHG Protocol categories included in our calculation in section "Other information - About the non-financial indicators".

GHG protocol scope		2023 (tCO_2e)	2022 (tCO_2e)	2021 (tCO_2e)
Scope 1	Natural gas for heating of buildings and company car	233	241	122
Scope 2	Electricity consumption from buildings	966	1,207 [1)]	511
Scope 3	Business travel, employee commute, the use of servers at data centers and purchased IT related hardware	2,958	1,545	655
Grand total	All three scopes	4,157	2,993	1,287
Average FTEs		634	629	584
Intensity ratio (1 & 2)	per EUR million revenue	4		
Intensity ratio (1, 2 & 3)	per EUR million revenue	14		

Note 1 The total scope 2 emissions reported in 2022 was 2,956 tCO2e. We noted an inconsistency in the primary data method applied for the calculation of the scope 2 emissions of our Amsterdam office. As a result the reported data for scope 2 emissions 2022 should be 1,750 tCO2e lower. The data table above reflects the adjustment.

ESG strategic theme	ESG material topics
Social	
Sustainable employment	▪ Diversity and inclusion ▪ Employee engagement ▪ Human capital development ▪ Human rights (incl. equal treatment) ▪ Labor practices ▪ Privacy and data protection
Responsible supply chain	▪ (ESG) Due diligence ▪ Procurement practice

Sustainable employment

Culture and values

We constantly evolve and enhance our culture to make Flow Traders the best place to work for our workforce. We have distilled our approach to culture into the following culture statement:

We are passionate about creating an international, diverse and empowering culture, which is focused on teamwork, collaboration and fostering talent. We are proud of our roots and 20 years' heritage, starting in Amsterdam, and how we have evolved into a global trading firm on a mission to bring greater transparency to markets, where we act as a responsible market participant. Through this entrepreneurial spirit the firm has grown and so have the people that work here. This results in a truly unique culture, where colleagues make connections and work together across functions and geographies. We engage together on not only work but also on a passion for sports, get-togethers and events. We are also incredibly proud of the diversity we foster with 50+ nationalities and we make sure colleagues can be themselves. Colleagues join the Company at different stages in their career, from graduates to professionals, making Flow Traders a place for colleagues to develop personally, professionally and grow their career. Our culture is underpinned with a strong set of values that we thrive across our Company.

Our values

Maintaining and nurturing our culture

Our culture is a key success factor for Flow Traders and is extremely important to everyone across the organization:

- **Flow Traders Leadership** - through the organization of firm-wide events and regular all-staff updates. In addition, feedback received from our annual engagement survey is reviewed in detail by relevant leaders and action plans are derived.
- **Business Departments** - through providing specific trainings or learning sessions to actively stimulate our workforce in their personal and career development.
- **Colleagues** - through reinforcing our culture bottom up, colleagues organize their own events, competitions, and charitable endeavors.
- **Societal commitments and charities** - through supporting multiple charities through our dedicated Flow Traders Foundation, not only financially but also by offering access to our knowledge and experience.

Flow Traders leverages numerous robust enablers to make all employees feel included and safe as well as reinforcing a positive work culture:

- Group of internal and external 'trusted persons' to discuss challenges and difficulties in private, in case desirable.
- Zero-tolerance policy in case of unacceptable behavior in any form whatsoever and clear follow up procedures towards all stakeholders.
- Recently refreshed DE&I policy including targets.

- Annual global employee engagement survey of which the results are shared transparently with all employees including next steps.
- Ability to always work in the office and from home.
- Ability to rotate between different offices to grow and develop.
- Wide range of tailored training opportunities.
- Focus on healthy lifestyle (gym with personal programs, hairdresser, massages, healthy kitchen meals and nutrition advice).

Diversity and inclusion

Flow Traders is a multinational company with offices worldwide. This naturally creates an environment where people of diverse cultures and backgrounds collaborate to achieve our mission, excel in their roles, and perform at their highest potential.

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

We believe, companies that are diverse in e.g., age, gender, race, sexual orientation, physical or mental ability, ethnicity, and perspective are proven to be more successful in attracting talent and accomplish better performance and growth.

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

- Over 25% of the world's nationalities (of all inhabited continents) are represented in our 600+employee workforce over 10 offices globally.
- Our people bring in experience of 50+ academic study backgrounds, providing multiple angles, broad perspectives, and insights to solve challenges together and develop personally by learning from others.
- We are a relatively young Company with an overall average age of 33.7 years. However, we see a healthy mix of ages through all ranks with ~44.8% of our workforce in the age category of 30-40 years old. Average age between our three Company divisions (Trading, Technology, and Business Support) is also balanced with a difference in average age of less than five years.
- Our Business Support division, comprising of 167 employees, shows a balanced ratio of 49.1% female employees in line with the sector benchmark of 44%. The Technology and Trading divisions female representation is growing.
- We employ people from 57 nationalities across our offices.

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

To keep evolving, enforcing, and nurturing our Company culture we want to increase our D&I efforts. Therefore, we have indicated several targets across the three key themes, some of these targets are mandatory and need to be made public (in e.g., the Annual Report) or reported to external organizations (e.g., the "Sociaal Economische Raad"). Other targets are voluntary targets that we feel strongly about.

Below is Flow Traders' D&I approach for the coming years up to 2025. Mandatory KPIs/targets have been marked to clarify the difference between chosen metrics/targets and metrics/targets that are non-negotiable. In general, we aim to incorporate diversity aspects such as nationality, age, gender, educational background or professional background into decision making concerning the composition of our workforce. To the extent possible, this also applies to the composition of our Board, and Executive Committee, as well as the corporate bodies of Flow Traders B.V.

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

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

We will also implement initiatives to keep D&I top of mind. Below a subset of what is on the roadmap:

- Increase our range of (online) trainings on communication and unconscious bias.
- Include a D&I module in our Leadership training to train our managers on inclusive leadership.
- Start with "high performing team training" and offer team activities around D&I to ensure more inclusive collaboration and train employees in understanding how inclusion will improve performance / high performing teams.
- Keep reviewing policies and procedures on a yearly basis and update/create were applicable or required by law.

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

Employee engagement

Flow Traders undertakes an annual global employee engagement survey to gather feedback on how to improve our culture and ensure a positive employee experience for all colleagues. Engagement is a measure of how committed and enthusiastic employees are about their work and the organization. When people are engaged, they feel more comfortable being themselves at work. Different factors contribute to employee engagement, including organizational culture, work environment, work relationships, and development opportunities.

Giving honest responses combined with anonymity are essential and therefore in 2023, we have once again collaborated with Peakon, a specialized third-party survey provider. The collaboration with Peakon began in 2021. This ensures all responses remain confidential and no individual results are identifiable.

In 2023, on the engagement score, a 7.0 was scored, below the target of 7.7. This target was kept the same for 2023 as in 2022. This is the average score given by our employees in response to the main engagement question in the annual global employee engagement survey as described above. This compares to an engagement score of 7.4 recorded in 2022 (slightly below the target of 7.6). In addition, Flow Traders is benchmarked against the broader financial industry who also undertake Peakon surveys.

Human capital development

Talent

Since the day we were founded, our goal has been to foster a culture that encourages innovation, and risk-awareness, while focusing on drive, teamwork and ownership. By developing talent in-house and maintaining a committed and substantial employee shareholder base, we have strengthened internal bonds and helped create a loyal, forward-looking team. We are proud that we create and maintain high-quality jobs, which result in a stable and trusting working environment that benefits our people, our business, and society.

As an evolving Company and having successfully created high quality jobs across a variety of departments. In 2023, we welcomed 124 new hires (2022: 206).

To make sure they feel at home quickly, we offer full relocation support for everyone moving to our offices from abroad. We help with finding a home, applying for a visa and getting to know the local culture. We also offer our international employees based in Amsterdam the opportunity to attend Dutch language classes. In 2023, 59 employees took advantage of this offer and attended a Dutch language class (2022: 62).

Recruitment

We seek to attract the best talent around the globe. Operating in a financial market environment, with stringent legislation and complex technology, our selection standards remain high – our candidates need to go through several tests and interviews. Although our traders have a varied educational background, they share a strong numerical aptitude, which is why a numerical test is an important part of the selection procedure. To find people with the unique skill sets needed for a global liquidity provider our recruitment approach for our trading and technology positions, focuses on graduates. Our labor market program aims to reach young talent (early career talents), among others, through:

- Campus visits
- University career fairs and workshops
- In-House Business Courses for students to experience trading practice
- Dedicated events with partners such as Female x Finance

To make sure that our new colleagues feel welcome and continue their leap learning curve, we invest in the Graduate Software Development Program and an extensive Graduate Trading Program, which will enhance the experience of new graduates joining the firm. Throughout the program, graduates receive continuous support from dedicated mentors, not only in the field of expertise, but also around personal development.

Work environment

The health and well-being of our employees is a key priority. All our offices are designed to provide a pleasant and ergonomically sound place to work, we offer healthy breakfast and lunch options, and organize great Company trips and parties. We believe these benefits are important to maintain a healthy and happy workforce, and to stimulate bonding and connections beyond employees' direct circle of colleagues. We have formally instituted a hybrid working policy whereby certain functions have the option of working from home for two days a week. To facilitate this, we have continued to invest in people's home office environments by granting a budget for buying equipment.

Dedicated Flow Academy

Continuous investment in our people is a key priority for the firm. By using a variety of learning solutions and knowledge management to unlock people's potential and foster a culture of learning.

We understand that employee development is never a straight line as employees are at different stages in their employee journey and have different needs. We offer various career paths and have various tools in place to support our employees' career navigation. Through Flow Academy we offer everyone varied training opportunities, aimed at improving function-specific skills or their personal development.

In total, employees undertook 35,238 training hours during 2023 (2022: 10,733) which comprised of onboarding, leadership training, mandatory training, e-learnings and coaching programs.

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

Labor practices, including human rights

We believe in sharing our profits with all relevant stakeholders, including our employees. Given good performance, employees from any role and office are entitled to receive variable compensation relative to their contribution to the firm. We are transparent about how we pay our people and how much we pay them, including management. We have a Remuneration Policy that permits variable pay only when a profit is made. We are constantly looking for ways to improve our remuneration principles. And because variable remuneration is, to a large extent, deferred, it remains at risk of forfeiture if we sustain a loss. We believe this is the strongest incentive for sustainable, risk-aware behavior for all our staff.

We have a long-standing philosophy of encouraging management and employee share ownership, thus aligning the Company's long-term success to their personal financial circumstances. Since IPO, we have utilized several share schemes. In 2020, a new share plan was introduced which provides the award up to 50% of variable remuneration in shares (or share-like instruments). This seeks to further embed share ownership across our employee base.

On 31 December 2023, 445 employees out of 646 (31 December 2022, 457 out of 660) employees are active participants of various employee share plans.

At Flow Traders, we also have a great respect for human rights in every jurisdiction where we operate. Moreover, Flow Traders operates in an industry where the risk of modern slavery and human trafficking is inherently low and in jurisdictions where labor standards are high.

Nonetheless, since 2022 we have been a signatory to the United Nations Global Compact. Flow Traders complies with these fundamental rights, conventions and recommendations, notably social rights, freedom of association and equality, abolishment of forced and child labor.

Privacy and data protection

We are committed to respecting and protecting the privacy rights of employees, counterparties, issuers, exchanges, suppliers and everyone we do business with. Personal data is managed in a professional, lawful and ethical way, in line with our Staff Manual and Code of Conduct and in compliance with applicable laws and regulations.

We have technical and organizational measures in place intended to prevent accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, personal data. Our Privacy Policy sets the minimum requirements from the perspective of Flow Traders as a global organization. The policy is binding for all Flow Traders employees and applies to the processing of personal data of our staff, job applicants and business partners such as customers, suppliers, visitors and other individuals.

A dedicated privacy and personal data protection program ensures we adhere to high standards of personal data protection. Among other elements, the program covers:

- Governance: At the senior management level, the Risk Committee is responsible for oversight of the topic of privacy, while the Data Privacy Officer manages the privacy framework and aids with guidance. Each employee is responsible for reading and understanding the content and implications of the Privacy Policy.
- Systems and procedures: The Privacy Controls Framework includes privacy impact assessments and data protection impact assessments. The privacy controls framework is included in our ERM process.
- Disciplinary actions: We investigate all incidents, concerns and reports of potential breaches, as outlined in our data breach procedure. We take appropriate control measures and disciplinary actions to prevent reoccurrence.
- Audit: Privacy is included in our Internal Audit Program.

Our privacy notices for both business partners and recruitment are derived from our Privacy Policy. They explain why personal data is collected and how Flow Traders uses it.

In late 2020, we updated our Privacy Notice on our website. The new Privacy Notice reflects the latest processing of personal data within Flow Traders and meet the requirements of the applicable privacy laws and regulations, for example GDPR (EU) and CCPA (US).

Responsible supply chain

Operating in a financial market characterized by stringent regulations, fast global trade, complexity and sensitivity of information requires several key business conduct requirements from the supply base.

In this interconnected financial market ecosystem, we and our partners outsource services and business processes. This encounters corporate social responsibility and reputational risks. Our supply chain is an important extension of our business activities and therefore we must ensure that they act responsibly and foster a similar ESG focus. Incidents, controversies or disruptions in the upstream value chain have a direct impact on the service reliability and reputation of Flow Traders at downstream value chain partners.

Due diligence and procurement practices

To drive a sustainable and resilient supply chain, we place high importance on supplier performance management and supply chain risk management. Our supply chain strategy is centered on long-term relationships and close collaboration with our suppliers and partners. Our goal is to ensure that our proprietary technology infrastructure can continuously and seamlessly provide liquidity for financial products.

With over 100 suppliers in our total global supplier base, we distinguish between technology related and other services related suppliers. Technology related suppliers provide excellence for our technology infrastructure, such as technology platforms, cloud service providers, data centers and other software and hardware suppliers. This category represents most of our total procurement spend. Other services related suppliers are those providing products and services supporting our operations, varying from office space to food, travel and general office suppliers.

Our supply chain is the main contributor to our GHG footprint, representing roughly 95% of our total carbon footprint (scope 1, 2 and 3). As we seek to ensure a responsible supply chain, to deploy a Supplier Code of Conduct and ESG due diligence program is part of our sustainability ESG focus derived from our 2023 double materiality assessment.

Our Supplier Code of Conduct is an important tool to attest our commitment to sustainability and to communicate what we expect from our suppliers to respect and contribute to our sustainability goals. As such, we encourage our suppliers to adopt sustainability practices to ensure that their business operations are environmental and socially responsible and conducted ethically.

In 2024 we will further enhance our ESG due diligence program and supplier sustainability program.

ESG strategic theme	ESG material topics
Governance	
Good governance	▪ Business conduct ▪ Public affairs ▪ Tax ▪ Cyber security
Sustainable green transition	▪ Innovation management ▪ Social impact

Good governance

Business conduct

As of 13 January 2023, Flow Traders operates a one-tier Board governance structure, comprising Executive and Non-Executive Directors. The Executive Directors along with the Executive Committee are responsible for the day-to-day management of the Company and setting and achieving our objectives. The Non-Executive Directors on the Board supervise and advise the senior management team. The Board is accountable to the Annual General Meeting for the Company's and its performance.

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

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

At Flow Traders, business integrity means conducting business within a framework of laws and regulations, to high ethical standards, and in accordance with our own policies and procedures. Being a responsible market participant is embedded across our approach to governance and part of our core value set. We operate a rigorous first and second line defense as part of our risk management approach including continuous monitoring, comprehensive trading controls and processes such as AML and KYC across our entire footprint.

An example of our high levels of business integrity can be seen in the fact we have zero tolerance towards bribery and corruption, and we actively ensure that no such behavior occurs. No cases of bribery or corruption were reported in 2023 (and in 2022 as well). Continuous training of staff as well as robust risk and compliance controls contribute to the business integrity of Flow Traders.

Public affairs

Flow Traders operates in one of the most regulated and competitive markets. We actively seek to connect with numerous stakeholders and peers to collaboratively discuss and align on regulatory matters impacting the industry we operate in.

In 2023, we contributed and facilitated dialogues on these key regulatory developments:

- IFR/IFD
- EU Markets in Crypto Assets (MiCAR)
- T+1 Settlement in the US
- MiFIR Review

As part of our regulatory agenda, we collaborate with other market participants, governments, regulators, interest groups and trade associations to align on key issues impacting the industry we operate in. One of the key pillars of this strategy is to establish open dialogues with our stakeholders, responding to their views and concerns in order to be able to balance competing expectations. We are always keen to address pressing issues, demonstrate our positive impact to society and ultimately improve our business. As part of our collaborative strategy, we contribute to representative bodies like the EU Consolidated Tape Expert Group and various advisory committees of exchanges. We are an active member of several trade associations and are participating specifically in the Board of the Dutch Association of Proprietary Traders (APT) and the Executive Committee of the European Proprietary Traders Association (FIA-EPTA). In these trade associations we have representation on several committees regarding market structure, prudential regulation, digital assets and Dora, sustainable finance and ESG, diversity and well-being. Flow Traders is also a member of Holland Fintech, the International Capital Markets Association (ICMA) and participates in several other professional networks.

Tax

We are committed to being good corporate citizens, bringing positive value to the communities we operate in. A key part of this commitment involves paying taxes where they are due and subscribing to fair taxation. In 2023 we incurred total corporate income taxes of €8.5 million (2022: €34.9 million) which resulted in an effective tax rate of 19.0% (2022: 21.6%).

We believe it is vital to operate a fair, transparent and straightforward Tax Policy, which is required when running a sustainable business and delivering long-term value to all our stakeholders. This is also reflected in the tax principles included in our Principles of Responsible Tax Behavior Policy, as published on our website. The tax principles also serve as KPIs throughout our performance measurement. The Flow Traders Tax Function will therefore provide applicable input as part of the approval process for business proposals to ensure a clear understanding of the tax consequences.

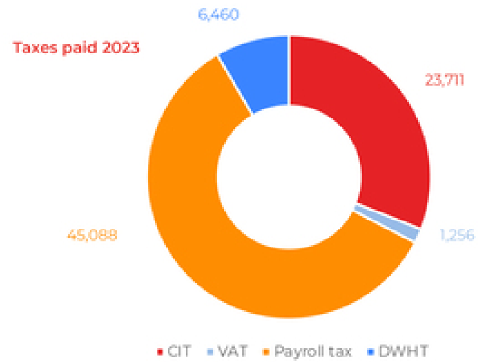
Flow Traders also established a Tax Control Framework, members include the Board, Audit Committee, Finance department, Tax department and external auditors. They are responsible for assessing and weighing the risks associated with the tax decision process for our business and stakeholders. Under this Tax Control Framework, significant tax positions, including the tax strategy, are always shared with and subject to the approval of the Board.

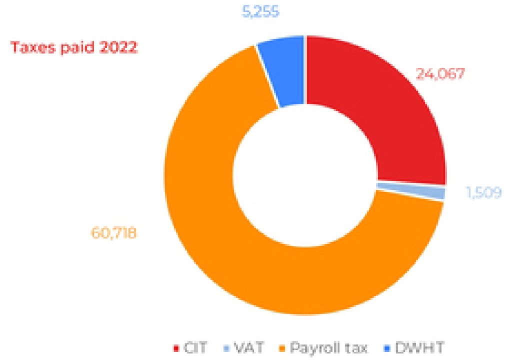
Flow Traders is prudent and transparent in respect of its financial reporting and its relations with tax authorities globally. Regarding financial reporting, conservative accounting principles are being applied and one-offs must occur infrequently and be clearly documented.

We support transparency initiatives, such as Pillar II legislation and country-by-country, and frequently assess the impact of such initiatives. We also closely monitor impact for Flow Traders, to ensure that we comply with local and international legislation and meet our reporting obligations. Where necessary or relevant, we take the appropriate actions to adopt these initiatives in our Tax Control Framework. We have good standing relationships with the tax authorities in each region in which we operate. We proactively manage our relationship with the tax authorities with the aim of minimizing the risk of challenge, dispute or damage that could have an impact on our credibility.

Flow Traders pays taxes where profits are earned in accordance with local and international tax legislation. We do not use tax haven jurisdictions for tax avoidance purposes and carry out our business through entities resident in jurisdictions where we factually operate our business. With this simple tax philosophy in place, the Company can operate its business in line with its belief that it is part of the corporate social responsibility duty to pay taxes where it operates. In addition to corporate income taxes, Flow Traders pays many other taxes, including but not limited to, payroll taxes and social security contributions on the wages of its employees, value added taxes and property taxes. All these taxes are a significant basis of funding governmental public services. It is our social responsibility to contribute through taxes in the regions we operate in.

For more information on our tax position, please refer to note 14 of the financial statements.





Taxes paid per country (In thousands of euro)	2023
Netherlands	71,766
Singapore	179
Hong Kong	513
United States of America	3,253
Other	804

Our tax principles

- Business rationale; We pay taxes where profits are earned.
- Transparency; We engage pro-actively with tax authorities. We meet on a regular basis with tax authorities to discuss our business and exchange views and insights on various tax matters.
- No use of tax havens; We do not use tax haven jurisdictions for tax avoidance purposes and carries out its business through entities that are resident in the jurisdiction where we operate our business.
- Transfer pricing; We comply with the OECD definition of the 'arm's length' principle for determining our transfer pricing and have proper documentation in place to support this.
- Compliance; We pay taxes promptly and in accordance with all applicable laws and regulations.
- Accountability and governance; We have mechanisms in place to adhere to the above tax principles and tax related matters are on a regular basis reported to and discussed with the Board and the Audit Committee.

Cyber security

As a global liquidity provider, Flow Traders is exposed to cyber risk. Increasing in sophistication, frequency and persistence, cyber risks are growing more dangerous and diverse. An essential part of 'Good Governance' is ensuring that these risks are managed appropriately and are focused on by the Board and relevant members of management.

Significant cyber events continue to be observed in the financial sector and in the broader economy that demonstrate the sophistication of cyber adversaries and the impact they can have on the victim organization. Cyber risk is driven by the increasing use of data, technology and digital services by Flow Traders and by our supply chain. In addition to the direct impact on ourselves and our customers, our role as a key part of the financial market infrastructure ecosystem means that a significant cyber event could create a knock-on impact to the global markets that we are active in. We must acknowledge, to remain competitive in this era of data and digitalization, that cyber risk cannot be eliminated. However, it can be managed to a level of risk that we are prepared to take as a cost of doing business.

We continue to make significant investments in cyber security and have a dedicated Security function led by our Head of Security which is focused on protecting and defending Flow Traders against cyber attacks. Due to the increasing sophistication of cyber adversaries and the techniques that they use, we proactively collect and evaluate threat intelligence. We recognize that the prevention of cyber attacks may not always be possible, and our focus and priority is on remaining resilient to withstand cyber attacks with minimal disruption to our business. Our approach to cyber security aligns to industry best practice and we will continue to invest and advance our cyber defense, detection, response and recovery capabilities. As outlined in "Our Risk Management", Flow Traders operates a three lines of defense framework and the Risk function provides independent oversight and challenge.

2023 saw some notable achievements from a cyber security perspective:

- Advanced security infrastructure: In 2023, we enhanced our cybersecurity infrastructure with state-of-the-art technologies. This includes the expansion of capabilities in the areas of advanced threat detection systems, threat intelligence and the integration of AI-driven security models, significantly improving our ability to detect, pre-empt and respond to cyber threats.
- Employee training and awareness: Recognizing that human factors play a crucial role in cybersecurity, we conducted comprehensive training programs for our employees. These initiatives aimed to foster a culture of security awareness and vigilance across all levels of our organization.
- Security governance and compliance: Our efforts in 2023 led to enhanced compliance with international ISO/IEC 27001 standard. This not only demonstrated our commitment to best practices in information security but also provided a framework for continuous improvement.
- Stakeholder transparency: We increased transparency and risk awareness with our stakeholders regarding our ISMS practices, reinforcing trust and showcasing our commitment to protecting their data.
- Sustainability through cyber resilience: Our efforts in cyber resilience contributed to the sustainability of our operations, minimizing disruptions and ensuring business continuity even in the face of increasing cyber threats.

Sustainable green transition

Global transition towards sustainability and net zero has become imperative due to pressing environmental challenges, such as climate change and biodiversity loss. The entire financial sector must play its part in accelerating the transition towards green and sustainable capital markets that deliver on the common goals of a green economy and climate neutrality.

Flow Traders as an independent market maker and liquidity provider is committed to supporting the transition towards a sustainable financial sector.

We believe that a mature and healthy secondary markets ecosystem of ‘green’ Exchange-Traded Derivatives (ETDs, i.e., listed futures and options) and Exchange-Traded Funds (ETFs), needs to be developed alongside the primary and secondary markets for sustainable shares and bonds. This will help foster a liquid market for sustainable investment and risk management which is needed to ensure that Sustainable Finance is fully embedded into mainstream financial markets.

The key for a successful green transition is the secondary markets because they enable asset holders to buy or sell ESG products on behalf of end-investors (both retail and institutional), insurance holders, or pension participants. Market makers provide liquidity and choice to investors to adjust their portfolios, pursue their trading and investment strategies and manage their risk, at low cost and with ease globally.

Flow Traders offers end investors the opportunity to buy or sell on a continuous basis while at the same time maintaining tight bid and ask spreads, contributing to price discovery across products and asset classes. Long-term investors are also able through the provision of liquidity in ESG products to always buy or sell financial instruments, without having to wait for another long-term investor looking to do the opposite. Through this, liquidity provision by Flow Traders results in lower transactional costs and reduces risk for end investors. As a consequence, via increasing price transparency and reducing search costs, asset managers are able to more efficiently navigate the sustainable investment market and lowering the costs for all end-investors.

Flow Traders supports investors with the migration toward a green portfolio by supplying liquidity in sustainable products and making sure there remains a counterparty to buy their ‘brown’ products/assets. Converting out of brown assets needs to be done over time as there are not yet enough alternatives to support a faster transition.

Innovation management

Innovation has been at heart of Flow Traders ever since our inception in 2004. As a technology enabled liquidity provider, we are constantly innovating across our business.

From a technology standpoint, this involves creating new trading algorithms as well as enhancing and refining existing ones. In terms of our technology infrastructure, we have focused on reducing latency, improving connectivity with trading platforms and implementing cloud-based solutions.

As a key market participant, Flow Traders will support new sustainability-focused products such as the growing suite of ESG ETFs. We have also been at the forefront of the movement to institutionalize the adoption of digital assets.

In 2022, Flow Traders Strategic Capital, a dedicated venture capital unit, was established to actively invest in the development of financial markets infrastructure and the digital asset space. The primary focus of Flow Traders Strategic Capital is to invest in innovative ventures that accelerate growth, create greater transparency within the digital asset space and enable financial ecosystem scalability.

Social impact

Functioning financial markets are a cornerstone of modern society and allow businesses and individuals to manage investments and associated risks. The provision of liquidity is the lifeblood of financial markets thus reflected in society more broadly and specifically in areas such as lowering the cost of investing.

As described earlier, Flow Traders’ approach to innovation will contribute to the transition to green and sustainable capital markets which all of society can benefit from.

Flow Traders Foundation

The Flow Traders Foundation is focused on fighting poverty. It aims to aid those living in poverty with support to improve their well-being. The Foundation will achieve this by, but not limited to, providing direct and indirect aid (goods), granting microcredits, providing information, volunteering for events, support initiatives donated by Flow Traders' employees, and or/financial means.

In the past decade, employees and Flow Traders have supported several initiatives. In 2020, the Flow Traders Foundation was formalized to continue our efforts on a broader scale. Our belief has always been that while providing support is crucial, whoever initiates a project is in the lead. This has always been done based on the believe that those involved should be supported, this approach has enabled a network of ambassadors within the organization to work together.

The Foundation supports several long-term initiatives and in 2023 we supported charities across our regions and brought to life projects in our communities.

Case study

Stichting Samen is niet alleen

The Foundation started supporting SINA in 2020 and provides both financial support as well as providing volunteers and expertise to help the charity grow. SINA supports families who live below the poverty line and conducts Home Visits during which they aid families with purchasing furniture such as mattresses, cupboards and provide tutoring for children. Our support goes towards helping with the Home Visits.

PROJECT BACKBOARD

The Foundation started collaborating with Project Backboard in 2022 in New York, they aim to renovate basketball courts to strengthen communities. Our colleagues in New York worked in close collaboration with Project Blackboard to complete a full basketball court renovation close to the office, with a local artist committed to help decorate the court.

Governance

Corporate Governance
Executive Directors
Non-Executive Directors
Executive Committee
Functioning of the Board
Board Committees
General meeting, shares and shareholders
Corporate Governance statements

> Flow Traders operates a comprehensive governance framework, which is upheld by the Board to the highest standards. The Board is focused on continuing to pursue sustainable long-term value creation, executing the firm's growth strategy and engaging with stakeholders.

Rudolf Ferscha | Independent Non-Executive Director and Chairman of the Board

Corporate Governance structure

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

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

Our Board

Flow Traders operates a one-tier board governance structure, consisting of two Executive Directors and six Non-Executive Directors. As at the date of this report, the Board comprises of the following Directors:

Executive Directors

- Mike Kuehnel (Chief Executive Officer)
- Hermien Smeets-Flier (Chief Financial Officer)

Non-Executive Directors

- Rudolf Ferscha (Chairman of the Board)
- Jan van Kuijk (Vice-Chairman of the Board)
- Linda Hovius
- Delfin Rueda
- Paul Hilgers
- Karen Frank

The Board manages the Company and the associated business and may exercise all powers of the Company, except those powers that are required by the Companies Act or the Bye-Laws to be exercised by the shareholders. The Executive Directors are responsible for the day-to-day management of the Company and developing, proposing to the Board and implementing the Company's strategy and operational objectives. The Non-Executive Directors supervise and advise the Executive Directors. Together they are accountable to the General Meeting of Shareholders for the performance of their duties.

Executive Committee

Flow Traders' Executive Committee (“ExCo”) supports the implementation and alignment of the Company's strategic priorities. The ExCo was formed to bring operational decision-making and execution closer to the various business areas, increasing collaboration and operational efficiencies across the organization. The ExCo comprises of the Executive Directors and other senior leaders representing key competencies, business focus areas and regions within the Company. As at the date of this report, the members of the ExCo are Mike Kuehnel and Hermien Smeets-Flier as Executive Directors who form part of the Executive Committee by default, as well as Aaron Dimitri, Alex Kieft, Bill Stush, Cam Colella, Coen van Sevenhoven, Fabian Rijlaarsdam, Marc Jansen, Matt O'Neill, Philip Kaufmann, Quinten Koekenbier and Tamara Maris-Mravunac.

Executive Directors

Mike Kuehnel

Chief Executive Officer (CEO)
Gender: male
Year of birth: 1977
Nationality: German

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

Mike has over 20 years of investment banking and strategy consulting experience in the global financial market infrastructure space. Immediately prior to joining Flow Traders, Mike served as a partner at Bain & Company leading the Investment Banking and Financial Markets Infrastructure practice for EMEA. Before that, he worked at Goldman Sachs, where he was responsible for advising on large-scale equity and M&A transactions in the European banking, insurance, asset management, private wealth and exchanges sectors.

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

Hermien Smeets-Flier

Chief Financial Officer (CFO)
Gender: female
Year of birth: 1971
Nationality: Dutch

Hermien Smeets-Flier was elected as Chief Financial Officer (CFO) and Executive Director on the Flow Traders Ltd. Board in September 2023. She serves as Executive Director on the Flow Traders Board as well as member of the Executive Committee. As CFO, Hermien is responsible for the firm's finance and control functions and focuses on supporting the execution of Flow Traders' strategic growth agenda. Hermien joined Flow Traders in July 2023 as Global Finance Director.

Hermien has over 20 years of experience leading and scaling finance, risk, control and operational functions across insurance and asset management firms. Prior to joining Flow Traders, Hermien served as Chief Financial and Risk Officer and member of the Management Board at Achmea Investment Management. Before that, she served as Chief Financial Officer and Board member at AEGIS London. Prior to joining AEGIS London, Hermien served as Chief Financial Officer and Board member at Amlin Underwriting Ltd. She started her career at KPMG, where she provided audit, financial, and M&A advisory services to listed companies.

Hermien is a chartered accountant registered in the Netherlands.

Non-Executive Directors

Rudolf Ferscha

Chairman
Gender: male
Year of Birth: 1961
Nationality: Austrian
Fourth term (2023 - 2027)

Rudolf serves as an independent Non-Executive Director and Chairman of the Flow Traders Ltd. Board. He is a member of the Remuneration & Appointment Committee, the Trading & Technology Committee, the Audit Committee and the Risk & Sustainability Committee. Rudolf was first appointed as a member of the Supervisory Board of Flow Traders in July 2015, re-appointed for a second term in 2018 and a third term in 2021. Rudolf was appointed Chairman of the Supervisory Board in March 2021 and in 2023 he was re-elected for a fourth term to the Board as Chairman.

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

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

Jan van Kuijk

Vice-Chairman
Gender: male
Year of Birth: 1966
Nationality: Dutch
Third term (2022 - 2024)

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

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

Linda Hovius

Gender: female
Year of Birth: 1961
Nationality: Dutch
First term (2021 - 2025)

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

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

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

Non-Executive Directors (continued)

Delfin Rueda

Gender: male
Year of Birth: 1964
Nationality: Spanish
First term (2023 - 2026)

Delfin serves as Independent Non-Executive Director on the Flow Traders Ltd. Board and Chair of the Audit Committee. He is also a member of the Remuneration & Appointment Committee, the Risk & Sustainability Committee and the Trading & Technology Committee. Delfin was elected as Non-Executive Director in April 2023.

Delfin brings a wealth of experience in finance, strategy and financial markets. He previously served as the CFO and CRO and member of the Management Board at Atradius and held leadership positions at J.P. Morgan, UBS and Andersen Consulting. Delfin was also the CFO and Vice-Chair of the Executive Board and Management Board at NN Group as well as Chairman of the European Insurance CFO Forum.

Currently, Delfin is a member of the Supervisory Board of Adyen and Chair of its Audit & Risk Committee, as well as Non-Executive Director of Allfunds. He is also Managing Director at Squircle Capital and Venture Partner at Mundi Ventures.

Paul Hilgers

Gender: male
Year of Birth: 1968
Nationality: German
First term (2023 - 2026)

Paul serves as Independent Non-Executive Director on the Flow Traders Ltd. Board and Chair of the Risk & Sustainability Committee. He is also a member of the Trading & Technology Committee. Paul was elected as Non-Executive Director in April 2023.

Paul has an extensive and proven track record within global financial markets, particularly within trading, clearing and market infrastructure. Paul previously served as CEO APAC and as Director Market Structure for Optiver and then became global CEO of Optiver from 2014 until 2017. Paul was a member of the Supervisory Board at EuroCCP, and Managing Director at Hilgers Consulting. Most recently Paul worked at Deutsche Börse AG as Managing Director, heading the firm's cash market business.

Karen Frank

Gender: female
Year of Birth: 1968
Nationality: American
First term (2023 - 2027)

Karen serves as Independent Non-Executive Director on the Flow Traders Ltd. Board. She is also a member of the Audit Committee, the Risk & Sustainability Committee and the Trading & Technology. Karen was elected as Non-Executive Director in April 2023.

Karen is an experienced investor, and executive and business leader in the financial services industry. Most recently, Karen was the Executive Managing Director and Global Head of Equities at Ontario Teachers Pension Plan where she Chaired the Investment Committee. She previously held leadership positions at Barclays plc, where Karen was appointed as CEO of Barclays Global Private Bank and member of the International Executive Committee, among others, and co-Head of Financial Sponsors, EMEA.

Earlier in her career, Karen worked in the Private Equity industry, including for Goldman Sachs in their Merchant Bank and Financial Sponsors businesses. Karen is a Trustee of the British Heart Foundation, and Chair of the Dean's Council for Harvard Kennedy School of Government.

Executive Committee

Aaron Dimitri

Global Head of Compliance

Aaron joined Flow Traders as a Compliance Officer in May 2017, later becoming the Head of Compliance for the Americas. He was also appointed as General Counsel Americas in March 2022 and oversees the firm's compliance in accordance with U.S. securities laws. In May 2022, Aaron was promoted to Global Head of Compliance.

Aaron is a Certified Regulatory and Compliance Professional (CRCP) from the FINRA Institute at Wharton. Before joining Flow Traders, he held management roles at the Financial Industry Regulatory Authority (FINRA) from 2010 to 2017, focusing on market manipulation surveillance and regulatory control investigations.

Aaron holds a bachelor's degree and MBA in International Business from St. Bonaventure University, a Juris Doctor from Albany Law School, and has been a licensed attorney in New York since 2011.

Alex Kieft

Global Head of Trading

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

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

Bill Stush

CEO Americas

Bill joined Flow Traders in 2016 as Head of Sales to open Flow Traders' Institutional Trading broker dealer. In this role he focused on building the U.S. Institutional Trading Business, managing all the counterparty facing relationships. In July 2023, Bill was promoted to CEO Americas where he is responsible for the external relationship management, development of growth initiatives alongside the leadership team in the U.S. and for the day-to-day operations of the U.S. offices. Bill also represents the Americas region in Flow Traders' global Executive Committee.

Prior to joining Flow Traders, Bill was a Managing Director at Bank of America Merrill Lynch from 2005 to 2015, where he held several roles including Head of ETF Distribution and Head of Portfolio Trading for the Americas. Before joining Bank of America Merrill Lynch, Bill was a Director at Deutsche Bank where he was Head of Transition Management for the Americas.

Cam Colella

Head of Technology

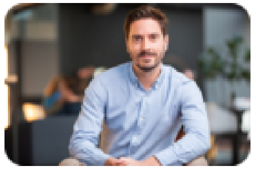
Cam Colella joined Flow Traders in 2015 initially as a Trader, spending a year in Amsterdam before moving to the New York office in 2016. Cam became Head of Trading Performance in 2019 and Head of Technology AMER in 2020 overseeing the technology function in the US and is responsible for driving technology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

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

Coen van Sevenhoven

Global Head of Trading

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



Fabian Rijlaarsdam

CEO APAC

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

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

Executive Committee (continued)

Marc Jansen

Global Head of Trading

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

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

Matt O'Neill

Global Head of Business Development

Matt joined Flow Traders in December 2022 as Global Head of Corporate Strategy and is responsible for the firm's strategic growth, partnerships, prime brokerage and bank strategy, M&A activities, investor relations, public affairs and our venture capital unit, Flow Traders Capital. In January 2024, Matt was promoted to Global Head of Business Development. In this expanded role, Matt is additionally responsible for Flow Traders' commercial agenda through the firm's institutional sales teams globally.

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

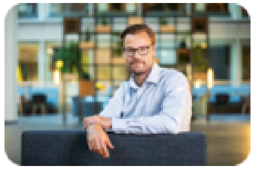
Matt holds a bachelor's degree from the University of Nottingham.

Philip Kaufmann

Global Head of HRM and Recruitment

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

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



Quinten Koekenbier

Head of Trading performance

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

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

Tamara Maris-Mravunac

Global Head of Risk

Tamara joined Flow Traders in 2023 as Global Head of Risk. In this role she is responsible for Flow Traders' global risk control function as well as the Risk, Legal and Compliance functions in EMEA. In her previous role, as Head of Financial Markets & Business Services Netherlands at ING, she was responsible for the non-financial risk controls, governance and conduct, and regulatory control across the Netherlands. She helped with the regulatory implementation of MiFID II as the head of Business Services and has an extensive trading background.

Tamara holds a master's degree in Dutch law from the University of Amsterdam.

Functioning of the Board

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

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

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

Chairman & Vice-Chairman

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

Conflicts of interest

In case of a conflict of interest, the Board will determine, on a simple majority vote, if a Director's interest indeed conflicts with the interests of the Company or its business in such a way as described in section 24.6 of the Bye-Laws. In 2023, there have been no cases of conflicts of interest, transactions between the Company and members of the Board, or transactions with shareholders holding at least 10% of the shares of the Company.

Evaluation of the Board

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

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

Nomination, Election, Suspension and Removal of Directors

Executive Directors

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

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

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

Non-Executive Directors

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

The consecutive term of a Non-Executive Director shall expire at the closing of the annual general meeting held in the twelfth calendar year after the initial election. Following such expiration, a Non-Executive Director shall not be eligible for re-election. Such consecutive term shall not apply to Non-Executive Directors elected in accordance with the nomination right provided for in the Relationship Agreement.

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

Independence of Non-Executive Directors

Best practice in terms of corporate governance prescribes that at most one of the Non-Executive Directors on the Board qualifies as a non-independent and that the total number of non-independent Non-Executive Directors should account for less than half of the total number of Non-Executive Directors. Jan van Kuijk and Roger Hodenius, as founders of the Company, were attracted to their role as Non-Executive Directors (former Supervisory Board members) because of their specific business-related expertise. They did not qualify as independent under the provisions of the Corporate Governance Code as they are former members of the Management Board of the Company, and because they represent shareholders of the Company owning an interest of over ten percent. As at the date of this report, only Jan van Kuijk is still acting as Non-Executive Director on the Board. Roger Hodenius decided not to stand for re-election at the 2023 AGM. As such, the number of non-independent Non-Executive Directors on the Board amounts to one.

Independence of Committee members

As Jan van Kuijk and Roger Hodenius did not qualify as independent Non-Executive Director as set out above, this also affected two committees of which they were members during (part of) the financial year 2023. Best practice in terms of corporate governance prescribes that more than half of the members of the Audit Committee and the Remuneration & Appointment Committee should be independent. Until the end of Roger Hodenius' term of office, both Jan van Kuijk and Roger Hodenius were members of the Remuneration & Appointment Committee, implying that half (and not more than half) of its members were independent.

Board committees

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

Audit Committee

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

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

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

Remuneration & Appointment Committee

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

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

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

Risk & Sustainability Committee

As per 1 January 2024, the former Risk Committee was renamed Risk & Sustainability Committee as part of a broader exercise to embed the increasing importance of ESG related matters into our corporate governance processes. The Company should have adequate internal risk management and control systems in place. The Board is responsible for identifying and managing the risks associated with the Company's strategy and activities. The Risk & Sustainability Committee's duties include amongst others the supervision of the Executive Directors with respect to identifying and analyzing the risks associated with the strategy and activities of the Company and its affiliated enterprise, establishing the risk appetite, and putting in place the measures in order to counter the risks being taken, designing, implementing and maintaining adequate internal risk management and control systems, monitoring the operation of the internal risk management and control systems and carrying out a systematic assessment of their design and effectiveness at least once a year. As per 1 January 2024, the Risk & Sustainability Committee's duties amongst others include developing and integrating various sustainability topics into the Company's strategy and long-term value creation, including priority-setting and sustainability-related KPIs and connected target setting. The Risk & Sustainability Committee shall consist of at least two members. All members of the Risk & Sustainability Committee must be Non-Executive Directors. More than half of the members of the Risk & Sustainability Committee should be Independent Directors.
The Board shall appoint one of the members of the Risk & Sustainability Committee as chairman of the Risk & Sustainability Committee.

Trading & Technology Committee

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

General meeting, shares and shareholders

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

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

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

Save as otherwise provided in the Bye-laws, at least two shareholders present in person or by proxy and entitled to vote on the matter representing the holders of at least twenty per cent, or the highest amount required from time to time by any stock-exchange on which any of the shares are listed, of the issued share entitled to vote on the matter at such meeting shall be a quorum. Increased quorum requirements apply for the passing of certain resolutions requisitioned by shareholders or the resolution to elect, suspend or remove a Director.

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

The 2023 AGM was held on 26 April 2023 at the Company's registered address. During this AGM, all proposals on the agenda were adopted. The proposals adopted by the General Meeting related to: the alteration of the bye-laws, the declaration of the final dividend, the remuneration report, the remuneration policy, the re-election of Rudolf Ferscha, the election of Karen Frank, Paul Hilgers and Delfin Rueda, the authority to issue shares, the authority to exclude or limit preemptive rights,the authority to purchase own shares and the re-appointment of the external auditor.

The Company held an Extraordinary General Meeting on 14 September 2023. The sole proposal on the agenda was the election of Hermien Smeets-Flier as Chief Financial Officer and Executive Director to the Board. 99.8% of the votes cast were in favor of such proposal.

The Company's next AGM is scheduled to be held on 13 June 2024. More information will become available on our website in due course.

Alteration of the Bye-laws

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

Issue of shares

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

During the 2023 AGM, our shareholders renewed the authority of the Board to issue common shares or to grant rights to subscribe for common shares up to and including 26 October 2024 for up to ten percent (10%) of the total number of shares issued at the time of the General Meeting for any purposes. Any issuance exceeding this limit needs separate approval by the General Meeting.

In addition, the General Meeting renewed the authority of the Board to exclude or limit applicable preemptive rights when issuing common shares or granting rights to subscribe for common shares up to and including 26 October 2024.

At our 2024 AGM, the Board intends to request that the General Meeting renews its authorization to issue common shares or to grant rights to subscribe for common shares for up to ten percent (10%) of the total number of shares issued at the time of the 2024 AGM for any purposes.

Purchase and cancellation of shares

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

During the 2023 AGM, our shareholders renewed the authority of the Board to purchase shares in the capital of the Company, either through purchase on a stock exchange or otherwise, up to and including 26 October 2024, under the following conditions: (i) the repurchase may constitute up to ten percent (10%) of the total number of shares issued at the time of the General Meeting, (ii) provided that the Company will not hold more shares in treasury than ten percent (10%) of the issued share capital and (iii) at a price (excluding expenses) not less than the nominal value of the shares and not higher than the opening price on Euronext Amsterdam on the day of repurchase plus ten percent (10%).

On 22 July 2022, Flow Traders announced a €25 million share repurchase plan, which was subsequently increased with €15 million as announced on 27 October 2022, thereby resulting in an aggregate €40 million share repurchase plan. On 28 July 2023 it was further announced that the period of execution for the €15 million share repurchase increase would be extended by 12 months to 26 October 2024. Share repurchases for a total consideration of €3.2 million have been made as at 31 December 2023.

At the 2024 AGM, the Board intends to propose to the General Meeting to renew its authorization to repurchase shares in the Company.

Major shareholders

The following shareholders filed their interests in the capital of the Company exceeding 3% to be included in the AFM's register of substantial holdings and gross short positions as published on the website www.afm.nl (data as published on 31 December 2023). A shareholder must file or update its holdings if its interest exceeds, or drops below, 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

Based on the publications in the AFM's public register on substantial holdings and gross short positions, the table below shows such information as per 31 December 2023. For more recent detail on individual shareholdings please refer to the AFM's registers. For Javak Investments B.V. and Avalon Holding B.V., the information as included in the table below is based on historic filings in the AFM's register on notifications by directors and members of the Supervisory Board of Flow Traders N.V. In their capacity as directors of Flow Traders Ltd., members of the Board (including Jan van Kuijk) do not notify changes in share ownership to the AFM to be registered in the register on notifications by directors and members of the Supervisory Board, as is the case for directors or members of the Supervisory Board of a public limited Company incorporated under Dutch law and whose (depository receipts for) shares are admitted to trading on a regulated market in the Netherlands or in another EU Member State.

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

Shareholdings on 31 December 2023

		Filing/notification date
J.T.A.G. van Kuijk (Javak Investments B.V.)	12.22%	2/5/2018
R. Hodenius (Avalon Holding B.V.)	10.07%	7/12/2018
Jupiter Asset Management Ltd.	3.04%	30/10/2023

Jan van Kuijk's (Javak Investments B.V.) shareholding is considered a long-term investment within the meaning of section 3.3.3 of the Dutch Corporate Governance Code.

Relationship agreement

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

The relationship agreement currently grants each of Avalon Holding B.V. and Javak Investments B.V. amongst others a specific right to nominate one

Non-Executive Director for election (and replacement). This right expires, in respect of each relevant party, if such party ceases to, directly or indirectly, hold more than five percent of the shares in the Company provided that and for as long as, in aggregate, Avalon Holding B.V. and Javak Investments B.V. together continue to, directly or indirectly, hold more than five percent of the Company’s shares, Avalon Holding B.V. and Javak Investments B.V. shall be entitled to jointly nominate one Non-Executive Director for election.

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

The relationship agreement shall cease to bind Avalon Holding B.V. or Javak Investments B.V. if and when Avalon Holding B.V. or Javak Investments B.V., respectively, no longer has the right to nominate (or co-nominate) a Non-Executive Director. The relationship agreement shall furthermore terminate on the first day any of the following conditions shall be met: (i) the Company having become subject to insolvency proceedings, (ii) a resolution of the shareholders of the Company to liquidate the Company having become unconditional (iii) the Company having ceased to exist as a legal entity as a result of a legal merger or spin-off where the Company is the disappearing entity; or (iv) a termination of the listing of the Company's shares on Euronext Amsterdam takes effect, provided that the shares are not listed on any other stock exchange

No dedicated take-over protection structures

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

Compliance with the Dutch Corporate Governance Code

The Board values and considers the interests of the various stakeholders involved. Good corporate governance results in effective decision-making in a manner which enhances shareholder value and enables a Company to maintain a culture of integrity, transparency, and trust. The Company has a long standing focus on a sustainable long-term value creation strategy, culture and risk. As a Company governed by Bermudan laws, the Dutch Corporate Governance Code is not directly applicable to Flow Traders Ltd., however, the Dutch Corporate Governance Code continues to be one of the guiding resources for Flow Traders Ltd.'s corporate governance related practices. As the Dutch Corporate Governance Code is not directly applicable to Flow Traders Ltd., it is not intended that Flow Traders Ltd. will report on any possible deviations from the Dutch Corporate Governance Code.

Corporate governance statements

Dutch decree on the content of the Board report (besluit inhoud bestuursverslag)

The information required by section 2a of the Decree is included in the chapters Governance and the Board Report;

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

Board in control statement

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

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

The chapter Risk Management elaborates on Flow Traders' identified financial and non-financial risks and how these risks are managed. This chapter provides insight into the impact of these risks on Flow Traders' results. The design and functioning of the internal risk management and control systems is based on the Enterprise Risk Management Framework (ERMF). The framework explained in detail in the chapter Risk Management, combines various financial and non-financial risk disciplines into a single converged approach and provides the businesses with an overview on their risks and how these are managed. The Risk department assessed the controls in this process and the findings have been presented to the Executive Directors and Non-Executive Directors. This allows the Executive Directors and senior management to form a view on the internal risk management and control systems regarding the risks they face while pursuing the Board's strategy.

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

- The annual report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems (see e.g. chapter Risk Management);
- The aforementioned systems provide reasonable assurance that the financial and tax reporting does not contain any material inaccuracies (see e.g. chapter Financial Statements and Other Information);
- Based on the current state of affairs and initial prognoses, it is justified that the financial reporting is prepared on a going concern basis (see e.g. chapters Financial Statements and Other Information); and
- The report states material risks (if any) and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report (see e.g. chapters Our Business Strategy and Our Risk Management).

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

Amsterdam, 29 February 2024

The Executive Directors

- Mike Kuehnel (Chief Executive Officer)
- Hermien Smeets-Flier (Chief Financial Officer)

Conformity Statement

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

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

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

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

- The Flow Traders 2023 Annual Accounts give a true and fair view of the assets, liabilities, financial position and profit or loss of Flow Traders Ltd. and the enterprises included in the consolidation taken as a whole; and
- the Flow Traders 2023 Annual Report gives a true and fair view of the position at the balance sheet date, the development and performance of the business during the financial year 2023 of Flow Traders Ltd. and the enterprises included in the consolidation taken as a whole, together with a description of the principal risks Flow Traders is being confronted with.

Amsterdam, 29 February 2024

The Executive Directors

- Mike Kuehnel (Chief Executive Officer)
- Hermien Smeets-Flier (Chief Financial Officer)

Board report

Message of the Chairman
The Board's focus in 2023
Committees
Board Composition
Board Rotation
Meetings and attendance

Message from the Chairman

Dear Stakeholder,

The year 2023 witnessed several transitions within our firm from a governance perspective. It was also a year with challenging macro-economic circumstances for Flow Traders as well as the broader industry. Despite these market circumstances, we remained focused on driving our growth and diversification strategy, as well as on expanding our regional presence and product coverage to structurally increase the opportunity set for our business. On behalf of the entire Board, I would like to express our appreciation to all of the firm's employees who have shown excellence, vigor and great resilience in successfully navigating through a challenging yet defining year for financial markets.

Governance

There were several key changes in the firm's top leadership layers.

On behalf of the Board I would like to express our heartfelt gratitude to Dennis Dijkstra, who had served the firm for more than 14 years (of which the last nine years as Chief Executive Officer), particularly for the energy and determination he brought to building and shaping a fast growing organization. In February 2023, Mike Kuehnel succeeded Dennis as Chief Executive Officer, after having served as Chief Financial Officer since 2021. Our new Executive Director, Hermien Smeets-Flier, succeeded Mike as Chief Financial Officer as per September 2023. We would also like to extend our gratitude to Folkert Joling, who was instrumental in building the firm's trading capabilities, having worked in several trading roles in the firm since 2006, until he was appointed Chief Trading Officer in 2018, a position he held until September 2023.

Also, our non-executive bench witnessed transition and renewal, with us being grateful for the significant contributions Ilonka Jankovich, Olivier Bisserier and Roger Hodenius made to the firm's continued success. Roger, as one of Flow Traders' co-founders, had shaped the firm's entrepreneurial spirit and culture and laid the foundations for continuous improvement with unwavering drive and ambition. He remains connected to the business in an advisory role. Olivier had served the firm for almost a decade as Chairman of the Audit Committee, and we all thank him for his tireless and insightful leadership in that role. We are also most grateful for Ilonka's highly valuable contributions to the Supervisory Board, which benefited from her extensive experience in venture capital and in developing portfolio companies from a boardroom perspective.

During 2023 we also welcomed the successors to our departing non-executive colleagues. In Karen Frank, Paul Hilgers and Delfin Rueda we have found highly experienced and uniquely capable directors with highly complementary competencies. We are delighted to have attracted such high caliber personalities to help build solid foundations for the firm's next phase of growth.

A key change in the governance framework applicable to our firm has come with the completion of the update to our corporate holding structure, because of which Flow Traders' top holding Company is now a Bermuda based limited Company, and the firm's two tier board structure transitioned successfully into a unitary board. It was an impressive result to receive such overwhelming support from our shareholders for this, with 96% of votes cast in favor of the related resolution at the Extraordinary General Meeting of December 2022. Although, as one consequence, Flow Traders Ltd. will not be required to apply the Dutch Corporate Governance Code going forward, the Code will nevertheless continue to be an important point of reference for the firm. Furthermore, these changes to the corporate holding structure are highly relevant to our firm from a strategic standpoint, as they enable us to become more competitive as a global liquidity provider, particularly in relation to regulatory capital management. It has also created a more level playing field with our global peers with respect to the regulatory capital framework overall and is expected to expand and accelerate our firm's growth options.

Another key highlight in terms of our Company's governance was the approval of our updated remuneration policy for the Executive Directors. The remuneration policy was approved by a supermajority of the Company's shareholders at our 2023 Annual General Meeting. This was an important governance topic for the firm as it underpins our vision with respect to sharing economic success and aligning pay structures, including Executive Directors' pay, with the interests of shareholders and the Company's financial performance.

2023 Business Performance

Within the global trading industry, the year 2023 was characterized by significantly subdued volumes and lower volatility across all asset classes and regions. It goes without saying that this overall subdued environment impacted our firm's performance throughout the year. The firm endured significant headwinds during the year from a macro-economic perspective. As a result of the overall decline in market activity over the year, we recorded Net Trading Income of €300.3 million and Net Profit of €36.2 million for the financial year 2023, which was well below our financial performance in the prior year and well below our aspirations. This challenging year has however also provided us with the opportunity to further strengthen our business and focus on operational excellence and efficiencies as well as on additional strategic initiatives.

Strategic Priorities & Initiatives

In addition to strengthening and growing our business and retaining our strong market presence in ETP trading, our diversification efforts remain a top priority to the Board. By way of highlighting just a few of these, in February 2023, we opened our Chicago office, focusing predominantly on ADR trading. The Chicago office will furthermore allow us to benefit from the city's unique talent pool and academic diversity. In March 2023, Flow Traders London Ltd., a UK based subsidiary, received authorization from the Financial Conduct Authority which enables us to safeguard our positioning within the UK financial system, as well as deepening our relationships with UK-based financial institutions. Moreover, we have continued to build out our trading activities in China in 2023 as a key market participant, following the successful receipt of our QFII license and the opening of our Shanghai office.

Furthermore, Flow Traders Strategic Capital continued to build strong relationships, with a particularly exciting highlight being AllUnity, our recently announced partnership with DWS and Galaxy Digital. AllUnity will be an emerging infrastructure provider, with the mission to launch the leading regulated EUR-denominated stablecoin to unlock greater institutional adoption of tokenized assets.

Future Outlook

This year we are celebrating the firm's 20-year anniversary, which is a fantastic milestone paying testament to the firm's ongoing success. We will continue to be focused on strengthening our trading capabilities as well as on further diversifying our business. From an asset class point of view, the firm is, for instance, very well positioned to capitalize on arising opportunities within the digital asset space after years of dedicated focus and investments, which will further mature in 2024. Examples of this include the introduction of MiCAR, the accelerating adoption of digital assets by institutions, and the acknowledgement of digital assets as a validated asset class by regulators including the SEC. Furthermore, we will keep focusing on systematically strengthening the control layers within our firm, which safeguards our credibility within global financial markets. Lastly, operational and cost efficiencies remain important areas of attention as the firm continues to grow and captures more opportunities, creating additional strategic and operational synergies.

Finally, on behalf of the Board I would like to thank all of our employees for their significant contributions in 2023 and am confident that together we will make 2024 another successful and memorable year for our business.

Rudolf Ferscha

Chairman of the Board

The Board's focus in 2023

During 2023, the Board held fifteen formal Board meetings and met several times without holding a formal meeting. Examples of meetings without holding a formal meeting include a preparation session for the AGM, education and strategy days and the self-assessment day. During these meetings a variety of topics were discussed, including but not limited to the following:

Strategy

The Board remained focused on (sustainable) long-term value creation, taking into account the strategy's implementation and feasibility, the business model applied by the Company and the market in which the Business operates, opportunities and risks for the Company, the Company's operational and financial goals and their impact on its future position in relevant markets, stakeholder interests, and any other aspects relevant to the Company and its business, such as the environment, social and employee-related matters, the chain within which the business operates, respect for human rights, and fighting corruption and bribery.

Strategy-associated risks

Reviewing the Company's risk assessment processes and the monitoring of the Company's internal risk management and control systems continued to be a priority and joint responsibility of the Board and all committees throughout the year 2023. The review amongst others entailed an overview of all relevant risks the Company is exposed to, the internal controls in place to address these risks, and the Board's views on such risks.

Financial results

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

Off-site

The Board met for a two-day off-site meeting in London, United Kingdom. During this off-site, the Board extensively discussed the Company's growth strategy and participated in a deep-dive session with respect to liquidity and risk management in view of the Company's trading activities.

Remuneration and variable compensation of Executive Directors and employees

The Remuneration & Appointment Committee updated the Board on remuneration and variable compensation plans for both employees and the Executive Directors. The Executive Directors did not participate in the deliberations and decision-making concerning their own remuneration.

The Internal Audit Function

The recommendations of the Internal Audit Function, the functioning of the Internal Audit Function and the progress of the 2023 Internal Audit Plan have been discussed and followed up during 2023.

Board evaluation

In December 2023, both the Non-Executive Directors as well as the Executive Directors self-evaluated their performance over the year 2023.

The Non-Executive Directors evaluated their own functioning and performance as a group as well as for the Board's Committees and for the individual Non-Executive Directors. Given that 2023 was the first year of the Company operating in a one-tier board structure, the board decided for this evaluation to be supported by external consultants who are subject matter experts in respect of Corporate Governance and leadership effectiveness. As a result of the conclusions of the 2023 Non-Executive Director self-assessment, it was agreed to increase the interactions between the Non-Executive Directors and a wider range of people in the organization beyond the board's formal meetings. It is intended to proactively create additional opportunities for mutual exchange of views and for further informal communication, particularly taking advantage of in-person presence of Non-Executive Directors in different offices around official board meetings. The 2023 Non-Executive Director self-assessment also included an independence-assessment which was led by Rudolf Ferscha as Chairman of the Board and Linda Hovius as Chairwoman of the Remuneration & Appointment Committee. As a result of this independence-assessment, the Non-Executive Directors re-confirmed the independence of Rudolf Ferscha, Linda Hovius, Delfin Rueda, Paul Hilgers and Karen Frank. Jan van Kuijk was considered a non-independent Director.

The Executive Directors also evaluated their own functioning and performance as a group and individually, guided by external consultants who are subject matter experts in respect of Corporate Governance and leadership effectiveness. In this context, a 360-degree performance evaluation was conducted as well. In the 2023 Executive Director self-assessment, the focus was on the CEO and the recently joined CFO and it was concluded that the capabilities and competencies of the Executive Directors are highly complementary to each other. Nonetheless, the Executive Directors agreed to regularly explore opportunities to increase their bench strength by adding to the capability-set of the executive team.

Furthermore, the performance of the Executive Directors was discussed among the Non-Executive Directors, and with each Executive Director individually, on at least two separate occasions throughout the year. For a detailed overview of the performance reviews and the means by which these were conducted, reference is made to the Remuneration Report as included in this Annual Report.

Committees

During the financial year 2023, the Board operated four committees: the Audit Committee, the Remuneration & Appointment Committee, the Trading & Technology Committee, and the Risk Committee. For more information on the functioning and on the responsibilities of the committees, please refer to the chapter Governance.

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

Audit Committee

The Audit Committee met five times in 2023. Other attendees besides the Committee members included the CEO, the CFO, the Global Head of Finance, the Investor Relations Manager, the Global Head of Internal Audit, the Global Head of Tax, the Global Head of Compliance and the external auditor.

During these meetings, the Audit Committee discussed the annual results, the half-yearly results and the quarterly results and shared the items discussed with the Supervisory Board. Other topics discussed include e.g. significant new and proposed legislative initiatives related to accounting, auditing and financial reporting, tax planning, tax strategy and monitoring, assessing whether there were significant deficiencies and material weaknesses in internal control over financial reporting, the Company's financing strategy and capital management policy (including dividend proposals), assessing the Company's compliance with rules and regulations, the Company's Code of Conduct and the methods used to assess the effectiveness of the internal and external audit processes. Topics discussed with the external auditor included the financial statements over the financial year 2022, recommendations on the basis of the annual report, their audit plan for the financial year 2023 and their interim review report. The Audit Committee reviewed the management letter and recommendations included in the auditor's report, as issued by the external auditor and discussed the actions taken by management to address any recommendations and observations. The Audit Committee evaluated the performance of the external auditor and discusses this with the Board and subsequently with the external auditor. In light of this, the Audit Committee advised the Board about the reappointment of the external auditor, before the Board determined EY's nomination for the appointment of the external auditor to the General Meeting of 2023. Given the nature of our business, the application of information and communication technology by the Company, including risks relating to cyber security, are discussed in detail in the Trading & Technology Committee. Subsequently, key items in respect of these items are also discussed in the Audit Committee.

External auditor

The Audit Committee and the Executive Directors reported to the full Board on EY's functioning as the external auditor, the Company's relationship with the external auditor, on its fees, as well as on other audit and non-audit services it provided to the Company. EY performed a review of the Company's interim financial statements and issued an unqualified review report. The Audit Committee evaluated the qualifications, performance and independence of EY, taking into account the opinions of the Executive Directors. The Audit Committee also obtained a report from the external auditor regarding, among other topics, its internal quality control procedures. EY confirmed its independence from Flow Traders in accordance with the professional standards applicable to it. Based on the information provided by the Audit Committee, the Board nominated EY as external auditor at the Company's General Meeting in 2023. Subsequently, EY was reappointed by the General Meeting as external auditor for the financial year 2023.

Internal Audit Function

The Internal Audit Function (IAF) carried out all audits that were due per the 2023 Internal Audit plan, as approved by the Supervisory Board of Flow Traders N.V. in October 2022. Focus areas in the 2023 Internal Audit plan included amongst others trading, risk management, IT systems and adherence to regulatory requirements. The Audit Committee and the Global Head of Internal Audit discussed the internal audit results from 2023 (findings, observations, recommendations, management feedback and follow-up). In October 2023, the Board approved an updated version of the Internal Audit Charter and approved the 2024 (risk-based) Internal Audit Plan. The Chairman of the Audit Committee maintains regular dialogue with the Global Head of Internal Audit, particularly in relation to ongoing audits and outstanding audit items. More information can be found in the chapter Governance.

Remuneration & Appointment Committee

The Remuneration & Appointment Committee met six times in 2023. Other attendees to the meetings included the CEO and the Global Head of HR & Recruitment. During these meetings the Remuneration & Appointment Committee regularly discussed Company culture in general including but not limited to the results of the annual employee engagement survey and any follow-up actions resulting out of such survey. The Remuneration & Appointment Committee further discussed the Employee Remuneration Policy, made proposals to the Board with respect to the the remuneration of the individual Executive Directors. The size, composition, functioning and succession planning of the Board was reviewed including any findings and conclusions. Other duties included the monitoring of developments in rules and regulations in relation to remuneration policies and the preparation of the Remuneration Report. Before determining the remuneration of the individual Executive Directors , the Remuneration & Appointment Committee took note of the individual Executive Director's views with regard to the amount and structure of their own remuneration.

Trading & Technology Committee

The Trading & Technology Committee met four times in 2023. As the core business of the Company is discussed in this committee, all of the Non-executive directors formed part of the Trading & Technology Committee. The committee addressed trading topics including but not limited to, trading performance across all specific asset classes and regions including KPI tracking, trading strategies, market conditions and capital management. The Trading & Technology Committee also addressed technology topics, including but not limited to technology strategies, information security, and developments with respect to rules and regulations concerning the Company's technology operations, e.g. the Digital Operational Resilience Act (DORA).

Risk Committee

The Risk Committee met four times in 2023. Invitees to the meeting were the Executive Directors and the Global Head of Risk and/or the Head of Risk EMEA or Head or Risk APAC. The main focus in the meetings was the Management Board's risk assessment. The attendees discussed in detail the relevant risks the Company is exposed to, the internal controls in place to address these risks, the Executive Directors' views on such risks, as well as the effectiveness of the design and operation of the internal risk management and control system. More information can be found in the chapter Governance.

Non-Executive Directors

During the year 2023, two meetings were held among the Non-Executive Directors, without the Executive Directors being present. Both meetings related to the profit share allocation to the Executive Directors, which, in accordance with the Board Rules and the Company's Remuneration Policy, is a matter reserved for the Non-Executive Directors. In January 2023, the Non-Executive Directors discussed and approved the final 2022 profit share allocation to the Executive Directors, and in December 2023, the Non-Executive Directors discussed the preliminary 2023 profit share allocation to the Executive Directors.

Financial statements and dividend

The 2023 financial statements were prepared by the Board. They were discussed with the Audit Committee, in attendance of EY. The financial statements were audited by EY, who issued an unqualified auditor's report. Reference is made to the auditor's report of the financial statements. The Board approved the financial statements as audited by EY, including the Company's dividend proposal. We invite the General Meeting to adopt the financial statements for 2023 and would recommend casting an advisory vote in favor of the 2023 final dividend.

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

Board composition

Changes throughout 2023

The composition of the Board changed on multiple occasion during the financial year 2023 as described below. Firstly, the composition of the Supervisory Board of Flow Traders N.V. (the Company's legal predecessor) changed as a result of Ilonka Jankovich having resigned from her position as per 13 January 2023. The composition of the Board of the Company changed as a result of Dennis Dijkstra deciding not to seek reappointment as Chief Executive Officer and Executive Director. Effective 1 February 2023, Mike Kuehnel assumed the role of Chief Executive Officer. Folkert Joling decided to resign from his position as Chief Trading Officer and Executive Director with effect from 1 September 2023. Hermien Smeets-Flier was elected to the Board as Chief Financial Officer and Executive Director as per 14 September 2023. Finally, the terms of office of Olivier Bisserier and Roger Hodenius came to an end at the 2023 AGM and both decided not stand for re-election. Karen Frank, Paul Hilgers and Delfin Rueda were elected as (independent) Non-Executive Directors at the 2023 AGM.

Rotation Schedule

Any changes in the composition of the Board require careful consideration from a succession planning perspective. In making nominations to the General Meeting of Shareholders for the election of directors to the Board, the Board tries to mitigate the potential future risk of Directors simultaneously retiring. The schedule on the next page is referred to as the Board rotation schedule which gives a clear insight into each director's term(s). The Board rotation schedule is also available on the Company's website.

Gender Diversity within the Board, ExCo and subtop

We aim to incorporate diversity aspects such as nationality, age, gender ,educational background or professional background into decision making concerning the composition of our workforce. Regardless of rules and regulations, we see diversity as a means to guarantee a safe and inclusive environment for our employees. To the extent possible, these aims also apply to the composition of our Board. The current composition of the board is diverse in terms of gender, nationality and expertise, and has a suitable level of experience in the financial, economic, trading, technology, social and legal aspects of a firm like ours. Specifically with respect to gender diversity within the Board, we have set the following goals in 2022: (i) to have at least 1/3 female and 1/3 male Non-Executive Directors and (ii) at least one female and at least one male Executive Director.

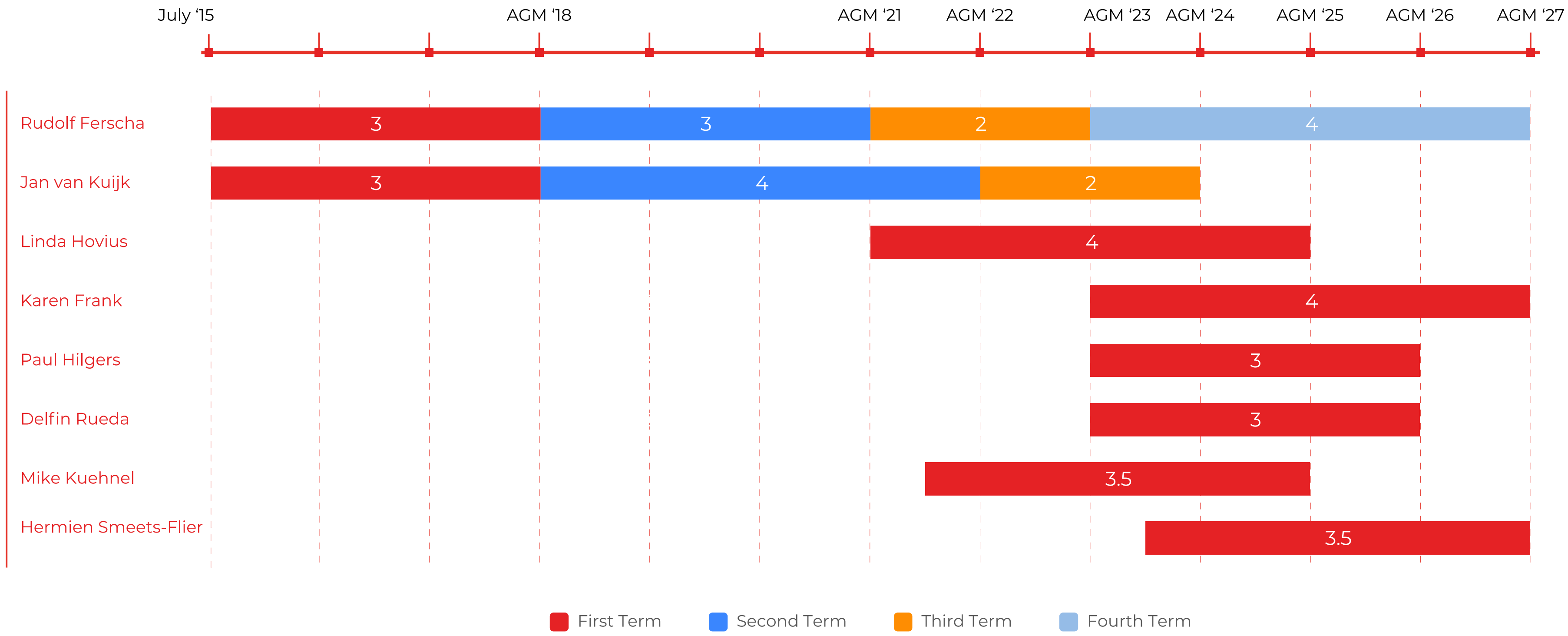
During the year 2023 we were able to achieve these gender diversity goals, as is reflected in the following table. We also considerably improved gender diversity within the Executive Committee. Gender diversity within the subtop (as defined in our DE&I Policy, but excluding the members of the Board of Directors) is 24% . As 2023 is the first reporting year where the subtop was defined for Flow Traders Ltd., there are no 2022 comparable figures.

	Female	Male	Female/Male ratio
Executive Directors	1 (2022: 0)	1 (2022:3)	50% (2022: 0%)
Non-Executive Directors	2 (2022: 2)	4 (2022: 4)	33% (2022: 33%)
Board	3 (2022: 2)	5 (2022: 7)	38% (2022: 22%)
Executive Committee[1]	2 (2022: 0)	11 (2022: 10)	15% (2022: 0%)
Subtop[2]	12 (2022: n/a)	37 (2022: n/a)	24% (2022: n/a)

1.Includes Executive Directors as they are formally part of the Executive Committee

2.Excludes members of the Board of Directors. No comparative data available.

Board rotation schedule



Meetings & attendance

The table below shows statistics concerning attendance at Board and Committee meetings, reflected as number of meetings attended out of the total number of meetings held during the applicable term of office of the respective Director during the calendar year 2023. The attendance rate during the year was 91.67% for Board meetings and 94.44%

including committee meetings and Non-Executive Director meetings. The Executive Directors attended each meeting in full or in part, except for the Non-executive Director meetings and the Remuneration & Appointment Committee meetings concerning the profit share of the Executive Directors.

	Board	Audit Committee	Remuneration & Appointment Committee	Risk Committee	Trading & Technology Committee	Non-Executive Directors	Term of office end-date / start-date
Rudolf Ferscha	15/15	4/5	6/6	4/4	4/4	2/2	n/a
Olivier Bisserier	6/6	3/3	0/0	2/2	2/2	1/1	26 April 2023 (end-date)
Roger Hodenius	4/6	0/0	2/3	2/2	2/2	0/1	26 April 2023 (end-date)
Jan van Kuijk	14/15	5/5	6/6	4/4	4/4	2/2	n/a
Linda Hovius	13/15	0/0	6/6	4/4	4/4	2/2	n/a
Ilonka Jankovich	0/0	0/0	0/0	0/0	0/0	0/0	13 January 2023 (end-date)
Karen Frank	8/9	2/2	0/0	2/2	2/2	1/1	26 April 2023 (start-date)
Paul Hilgers	8/9	0/0	0/0	2/2	2/2	1/1	26 April 2023 (start-date)
Delfin Rueda	9/9	2/2	3/3	2/2	2/2	1/1	26 April 2023 (start-date)

Remuneration report

Letter from the Chairwoman of the Remuneration & Appointment Committee
Flow Traders' remuneration philosophy
Remuneration for the Board

> Our remuneration approach is focused on providing enhanced transparency on performance to our stakeholders

Linda Hovius | Independent Non-Executive Director and Chairwomen of the Remuneration & Appointment Committee

Letter from the chairwoman of the Remuneration & Appointment Committee

Dear Shareholder,

On behalf of the Remuneration & Appointment Committee, I am pleased to present our 2023 Remuneration Report. This report includes a summary of our remuneration policy currently in place, as approved at the 2023 AGM, and the remuneration paid out in 2023 in accordance with this policy. As a result of a thorough legal and capital structure review and to support our aims in becoming more competitive as a global multi-asset liquidity provider, last year we completed an update to our corporate holding structure which includes a top holding Company in Bermuda. We have retained our existing global footprint with no change to day-to-day operations. This includes a substantial presence in the Netherlands as well as maintaining a listing on Euronext Amsterdam. This year's remuneration report reflects the reporting requirements originating from the updated EU Shareholder Rights Directive and the Dutch implementation of this Directive.

2023 Main development

2023 AGM

In 2023, we put forward our revised remuneration policy for the Executive Directors and our enhanced 2022 remuneration report (advisory vote) for the AGM's approval. 76.9% of shareholders voted in favor of the remuneration report, which has been a great recognition of our efforts in enhancing the transparency and clarity of our report. This year's report builds on the steps taken towards enhanced transparency and provides enhanced clarity on the weighting of our Company (financial and non-financial) versus individual KPI's. The revised policy for the Executive Directors was approved by 76.01% of our shareholders, meaning it obtained the required 75% super majority from the AGM. As a result, we have now commenced operating under the newly approved Remuneration policy, including important enhancements such as formally introduced share-based compensation, enhanced deferral and vesting provisions, share-ownership encouragement and a formal cap on compensation.

Leadership changes

In 2023 we have had a number of leadership changes. Firstly, Dennis Dijkstra our former Chief Executive Officer (CEO) decided not to seek reappointment in 2023 as CEO and member of the Flow Traders Ltd. In addition, one of our Co-Founders Roger Hodenius also decided not to seek reappointment as Non-Executive member of the Board. Mike Kuehnel, until then serving as Chief Financial Officer (CFO) has succeeded Dennis and became CEO effective 1 February 2023. Following Mike's appointment as CEO. Hermien Smeets-Flier joined us from Achmea Investment Management and became Executive Director of the Board and CFO on Thursday 14 September 2023, through a special general meeting during which shareholders elected her with a majority of 99.8%. In September, Folkert Joling decided to step down as Chief Trading Officer and Executive Director of the Flow Traders Ltd. Board. At the same time, also a number of other appointments were made to the Executive Committee, including a newly appointed Global Head of Risk and Global Head of Compliance. On behalf of the Board and of all Flow Traders employees I want to express our gratitude to Dennis, Folkert and Roger for their impactful contributions to the success of the Company over many years. With regard to the composition of the Board, we are very happy with our three new Non-Executive Directors (Karen Frank, Delfin Rueda and Paul Hilgers), who joined the Flow Traders Board in 2023 bringing a wealth of experience and insights. Delfin Rueda took the role of Chair of the Audit Committee and Paul Hilgers stepped in as Chair of the Risk Committee.

Organization and culture

Across 2023, the objective of the Board has been to expand the broader leadership group across regions and functions, to ensure clearer accountability as well as increasing alignment. This has been a key priority for the Remuneration & Appointment Committee, who have regularly discussed the division of roles and responsibilities in order to increase the effectiveness and efficiency of Flow Traders as well as to create opportunities for leadership to grow at different levels in the organization. Furthermore, the topic of culture and tone at the top is a recurring item on our agenda, as is DE&I and employee engagement. Engagement is an important element for the development of a culture in which employees can flourish and in light of the lower 2023 employee engagement scores, we have asked the Executive Directors to develop and implement a plan to increase employee engagement in 2024.

Company performance and remuneration

Flow Traders delivered subdued financial and trading performance in 2023 compared to 2022, reflecting a less active trading environment. We recorded Normalized Total Income in 2023 of €299.8 million and demonstrated a healthy Normalized EBITDA margin of 30.8% with Normalized EBITDA of €92.2 million. Ultimately, we posted Normalized Net Profit of €59.4 million with Normalized Basic EPS of €1.38. This allowed the Company to pay a total dividend of €0.45 per share to shareholders, in-line with our dividend policy. The Non-Executive Directors, in close consultation with, and supported by, the Executive Directors have decided that the 2023 firm-wide variable remuneration pool will be €34.7 million (2022: €86.6 million), corresponding to 32.5% of operating result in 2023.

Linda Hovius

Chairwoman of the Remuneration & Appointment Committee

Flow Traders' remuneration philosophy

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

Profit sharing

It is in our corporate DNA to share our profits fairly with our shareholders and employees, and we have done so since we were founded. Given good performance employees from any role and office are entitled to receive variable remuneration relative to their contribution to the firm as a whole. We share one singular firm-wide variable remuneration pool. The total profit pool available for all employees and the Board is 32.5% of operating profit. In addition, we have a formal cap on compensation in place for any individual Executive Director of the Board where compensation is capped at 20 times the average FTE total remuneration.

Rewarding for exceptional performance

Our remuneration consists of a relatively modest base salary and a variable remuneration component. Positive Company performance enables employees in any role to receive variable compensation relative to their contribution to the firm. The variable remuneration profit share is paid out partly in equity and directly reflects Company and personal performance. The pay-mix is skewed towards variable remuneration in good (financial) years. At the same time, if we make no profit, we do not pay-out variable remuneration – and reclaim outstanding deferrals if we sustain a loss.

Guarding long-term interests & stimulating risk awareness

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

Emphasizing share ownership

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

Social responsibility

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

Flow Traders' approach to Executive Director remuneration

Our Executive Director remuneration policy aims to attract, motivate and retain Executive Directors to lead Flow Traders and sustainably execute Flow Traders' strategy. We aim to provide total remuneration that is competitive with our predominantly international, and in many cases privately-owned, competitors and design our remuneration structures to encourage our employees to stay with us for the longer term. Our Executive Director remuneration policy reflects our mission, corporate identity and values and fosters our unique Flow Traders culture. We provide our Executive Directors a remuneration package that consists of fixed remuneration and variable remuneration. The Executive Directors do not receive material ancillary benefits beyond variable remuneration. As permitted by the remuneration policy, total remuneration of Executive Directors is formally capped at a multiple of the average employee total remuneration. We present detailed insights into our Executive Director remuneration policy in the next section.

Executive Director Remuneration at a glance

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

The table below provides insight into the main elements of our Remuneration policy

Base salary	▪ Relatively modest base salary
Variable pay	**Policy** ▪ Executive Directors may be awarded a variable remuneration entitlement in the form of a percentage of the firm-wide variable remuneration pool. ▪ No variable remuneration pool will be available where Flow Traders was not profitable in a performance year. ▪ Up to 32.5% of Flow Traders' operating result over the performance year shall be available for variable remuneration. ▪ The majority of variable compensation is deferred over multiple years to create long-term perspective and align with long-term shareholder value. ▪ Total remuneration for any individual Executive Director of the board is formally capped at 20 times the average FTE total remuneration.
	Operation ▪ Performance is measured over a one-year performance period. ▪ Variable remuneration awards are predominantly based on Flow Traders' operating profit. ▪ The performance of the Executives Directors will be assessed by the Non-Executive Board members against Company KPI's (70% weight) and individual targets (30% weight). ▪ The Company KPI scorecard consists of both financial and non-financial performance metrics.

Variable pay	**Deferral and vesting** ▪ 50% of variable remuneration is paid out in equity. ▪ To enhance the long-term perspective and alignment with long-term shareholder value, 62.5% of the variable remuneration is deferred over a period of up to four years. ▪ The cash component of the variable remuneration will vest on a pro-rata basis over a two-year period, whereby the first tranche will vest at the date of award. ▪ The equity component of the variable remuneration will vest over a 4-year period on a pro-rata basis, whereby the first tranche will vest at date of award. ▪ All equity awards that vest are subject to a holding period of one year.
	Equity awards ▪ Variable remuneration will be settled in both cash and Flow Traders' equity. ▪ 50% of any variable remuneration shall be paid out in the form of equity, which will vest over a four-year period
Encourage share ownership	▪ Executive Directors shall retain 50% of the shares granted as part of remuneration until at least 12 months have lapsed after the end of employment, equalling 25% of total variable remuneration granted.

2023 remuneration for the Executive Directors of the Board

Introduction

The remuneration (and other arrangements) for the Executive Directors are determined by the Non-Executive Directors of the Board (following proposals from the Remuneration & Appointment Committee). The Non-Executive Directors have assessed the remuneration of the Executive Directors based on their performance - both individual and as a team- and in accordance with Company performance in 2023. A detailed explanation of the assessment is included in the "Performance assessment" section on page 86.

Total remuneration

The table below shows the total remuneration awarded to individual Executive Directors in 2023.

- Flow Traders delivered a subdued financial and trading performance in 2023 compared to 2022, reflecting a less active market trading environment. We recorded Total Income in 2023 of €303.9 million and demonstrated a healthy EBITDA margin of 22% with EBITDA of €67.5 million. Ultimately, we posted Net Profit of €36.2 million with Basic EPS of €0.84.
- Despite the trading environment, we continued to make progress in terms of executing our strategic growth agenda with the further expansion of our ETP market making activities in Shanghai and Chicago, the growth of our fixed income market making capabilities, and the broadening and deepening of our digital assets footprint with the launch of AllUnity, a Euro-denominated stablecoin venture with DWS and Galaxy Digital.
- The subdued financial performance translated to a smaller variable remuneration pool in 2023 compared to 2022. The firm-wide variable remuneration pool in 2023 represents 32.5% of the operating result, in line with the existing remuneration policy.
- In line with the proposed cap on total remuneration in the 2023 remuneration policy, the hard cap on total remuneration for each Executive Director in 2023 is €3,032,000. The cap is based on average employee total pay of €151,600, calculated according to the recommendation of the Dutch Monitoring Commission.

Total remuneration of Executive Directors of the Board (in thousands of euro)

	Fixed remuneration		Variable Remuneration						Extraordinary items		Pension scheme		Total remuneration		Proportional split (%) of remuneration in fixed/variable	
Name	Base salary		Cash				Company shares'								Variable	
	2023	2022	2023		2022		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
			Upfront	Deferred	Upfront	Deferred										
Mike Kuehnel, CEO (2023 -)[1]	156	95	125	125	425	425	250	850	–	–	–	–	656	1,795	24%/76%	5%/95%
Hermien Smeets-Flier, CFO (2023 -)[2]	134	–	100	100	–	–	200	–	–	–	–	–	534	–	25%/75%	-
Dennis Dijkstra[3]	8	95	–	–	425	425	–	850	–	–	–	–	8	1,795	100%/0%	5%/95%
Folkert Joling[4]	67	95	400	–	425	425	–	850	8	8	–	–	475	1,803	14%/86%	5%/95%

1. Mike Kuehnel was appointed Chief executive Officer, succeeding Dennis Dijkstra, as per 1 February 2023, until then serving as Chief Financial Officer. Following a rebalancing of base salaries to be able to attract a new CFO externally, Mike Kuehnel's base salary was increased as of 14 September 2023. Mike Kuehnel joined Flow Traders as CFO in 2021.
2. Hermien Smeets-Flier was hired on 17 July 2023 and succeeded Mike Kuehnel as Chief Financial Officer, appointed to the Board on 14 September 2023.
3. Dennis Dijkstra stepped down as Chief Executive Officer and a member of the Board as per 1 February, 2023. The remuneration granted in capacity as CEO is shown in the table above. Given the resignation, no variable remuneration has been granted in 2023.
4. Folkert Joling stepped down as Chief Trading Officer and member of the Board as per 5 September 2023. The variable remuneration disclosed includes the total amount as agreed per the termination agreement.

For the year ended 31 December 2023 and 2022, 90% of total remuneration of Executive Directors of the Board was charged to subsidiaries through an intergroup cost-sharing arrangement.

Base salary

In 2023, we had a few leadership changes. Our former Chief Executive Officer (CEO) Dennis Dijkstra decided not to seek reappointment and was succeeded by Mike Kuehnel, until then serving as Chief Financial Officer (CFO). Succeeding Mike, Hermien Smeets-Flier joined us from Achmea Investment Management as CFO. Following these leadership changes some amendments had to be made to the base salaries of the board members, as some rebalancing was conducted to be able to attract our new CFO externally. Even after the rebalancing, the CEO and CFO continue to receive a relatively modest annual base salary for the size of their role and responsibilities of €300,000. This modest base salary remains aligned with our Remuneration Philosophy, which heavily relies on variable remuneration based on positive Company performance.

Variable remuneration

The design of our variable remuneration reflects our remuneration principles. We operate a single incentive plan that drives and rewards both annual and long-term performance with a significant focus on the long-term through the multi-year pay-out mechanism and half of the award being paid in Flow Traders equity. The value of the equity is directly linked to performance of the Flow Traders' share price from the date of grant to vesting. Further, any outstanding variable remuneration (deferred or unvested) remains at risk in full for future years.In line with our guiding principles, the Executive Directors share in the same firm-wide variable remuneration pool as all other employees. This pool of variable remuneration is primarily a function of operating results. While this structure is uncommon among listed companies, it is in line with the practice in our industry among both listed and non-listed peer companies, and necessary to be able to attract, retain and motivate individuals of the highest caliber.

Executive Directors performance assessment

To determine the Executive Directors' variable remuneration awards, the Non-Executive Directors conduct a holistic assessment of the performance of each Executive Director and the Executive Directors as a whole in accordance with a defined scorecard. In this holistic performance assessment, the Non-Executive Directors consider performance against Company targets, which have a weight of 70% and include both financial and non-financial key performance indicators (KPIs). To ensure a balanced assessment, our KPIs do not have pre-determined weightings, allowing the Remuneration Committee to determine the overall outcome and ensure appropriateness in wider circumstances. Objectives for the KPIs included in the scorecard are set prior to the beginning of the year and where appropriate quantitative targets are predefined to ensure the assessment is robust. Individual performance is assessed alongside Company performance with a 30% weighting to determine the final variable compensation outcomes. Below we present the Company KPIs and the explanation on the performance assessment as conducted for 2023. Total remuneration amounts are formally capped for any individual Executive Director of the Board at 20 times the average FTE total remuneration.

Performance assessment

Flow Traders introduced in 2022 a scorecard which demonstrates Company performance through six specific performance criteria. The criteria were chosen to align with our business, our strategy and include a range of financial and non-financial metrics. During 2023 the same Company performance criteria were applied as in 2022, with a weighting of 70%. The remaining 30% is based on individual performance metrics. Aligned with 2022, below we present the measures, targets and actual results for 2023 on the defined Company performance criteria.

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

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

We believe that the median daily NTI normalized by volatility provides a statistically clean picture of overall business growth. The distribution of daily NTI is not normally distributed but more shaped like a Poisson or Gamma distribution with a few negatives days and more higher profitability days. Due to the fact that the higher profitability days are independent, a simple average of daily NTI is statistically less relevant than the median of the daily NTI. It is Flow Traders' ambition to increase this median NTI for equal volatility scenarios. Therefore, it is necessary to normalize the observed daily NTI by the volatility. Since volatility does not have a linear effect, but a moderately exponential impact, it has been determined that the most appropriate calculation option is to divide the daily median NTI by the square root of the volatility. This exercise has been performed on our historical results and the average VIX value has been used to normalize the NTI. It is important to note that for a business with a global footprint which is exposed to multiple different asset classes, VIX is a simplified proxy for overall volatility (VIX is the implied volatility of the S&P500). However, it does provide a measure of general market sentiment.

The target value set by the Company is to have this metric increase by 10 points every year which equals an increase of approximately €50,000 per trading day. The target for this metric was set at 237 for 2023 and we achieved an actual result of 234.

2. Normalized EBITDA margin

Normalized EBITDA margin is a profitability ratio that measures how much in earnings a Company is generating before interest, taxes, depreciation, and amortization, as a percentage of the Total Income.

Normalized EBITDA and margin are based on the relevant profit share percentage of operating result for the relevant financial period without any IFRS 2 adjustments for share-based payments.

On the cost side, Normalized fixed operating expenses increased to €174.1 million in 2023 (2022: €161.6 million). The main drivers of the increase in fixed expenses related to the base salary adjustment conducted in Q2 2022 across the Company, continued technology investment, and general price inflation reflected across all expenses categorizes at year end decreased by 2.1% percent to 646. Normalized variable employee expenses decreased to €33.5 million (2022: €90.8 million) which reflects the less favorable financial performance of the business during the year and the adjusted profit sharing percentage of 32.5% which was implemented the previous year to ensure the base compensation increases were income statement neutral.

A target Normalized EBITDA of 40% was set for 2023. This is reflective of prior annual outcomes and is at a level which ensures a sustainable and growing business for all internal and external stakeholders. Flow Traders delivered a Normalized EBITDA margin of 30.8% (2022: 45.2%) with Normalized EBITDA of €92.2 million (2022: €208.2 million) which was the result of the income and cost dynamics described above.

3. Average return on shareholders' equity

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

In 2023, Flow Traders recorded average return on equity of 10.0% reflecting normalized net profit of €59.4 million and average shareholders' equity of €596.1 million. This compares to 27.0% average return on shareholders' equity delivered in 2022. The realization of a 10.0% average return on equity is the result of a lower NTI performance during the year as well as the operating expenses dynamics which reflect both fixed operating expenses as well as variable employee remuneration which is determined by the 32.5% profit share arrangement.

The target average return on shareholders' equity for 2023 was set at 20% which is an approximation of Flow Traders' cost of equity and steers towards delivering a return on shareholders' equity that is greater than the Company's cost of equity.

4. Business development

It is an ongoing goal of the Company to further grow and diversify our trading activities each year, particularly in the context of the broader market volumes. We revised the business development KPI this year to more closely align with the Company's stated growth and diversification agenda, now with four components contributing to this KPI. An important component of our trading is off-exchange with institutional counterparties and the value traded per active counterparty help measures the development in this area. As we diversify our trading into different asset classes, the Net Trading Income we derive from Fixed Income and CCC as a portion of total Net Trading Income measures the growing diversification of the business. In a similar vein, the Net Trading Income we derive from the Americas and Asia as a portion of total Net Trading Income measures the growth of the business outside of our core European market. And lastly, our own ETP value traded compared to the market ETP value traded measures our share of the overall market.

This business development score provides a relative score based on an algorithm comprised of several input levers including the number of active counterparties, off-exchange value traded, our Net Trading Income by asset class and by region, our own ETP value traded and total market ETP value traded. At the end of 2023, Flow Traders had 1,183 active counterparties and off-exchange value traded amounted to €511 billion for the year. Fixed Income and CCC accounted for 47% of total NTI and the Americas and Asia accounted for 46% of total NTI. Flow Traders ETP value traded amounted to €1,464 billion and market ETP value traded amounted to €42,997 billion.

Given these inputs and developments, Flow Traders scored 1.70 in 2023 in this KPI, compared to the 2023 target and 2022 score of 1.61.

5. Compliance awareness score

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

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

Flow Traders achieved a 100% outcome with respect to its compliance awareness score which is in line with the 2023 target set for the executives. All incidents were reported on a timely basis and Flow Traders relies on the procedures and training of the Compliance team to ensure any breach of obligations are sufficiently escalated and acted upon.

6. Engagement score

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

On the engagement score, a 7.0 was scored, this is 9% below the Company target of 7.7 for 2023. We do see it as our goal to increase the score vs the benchmark next year.

2023 performance summary

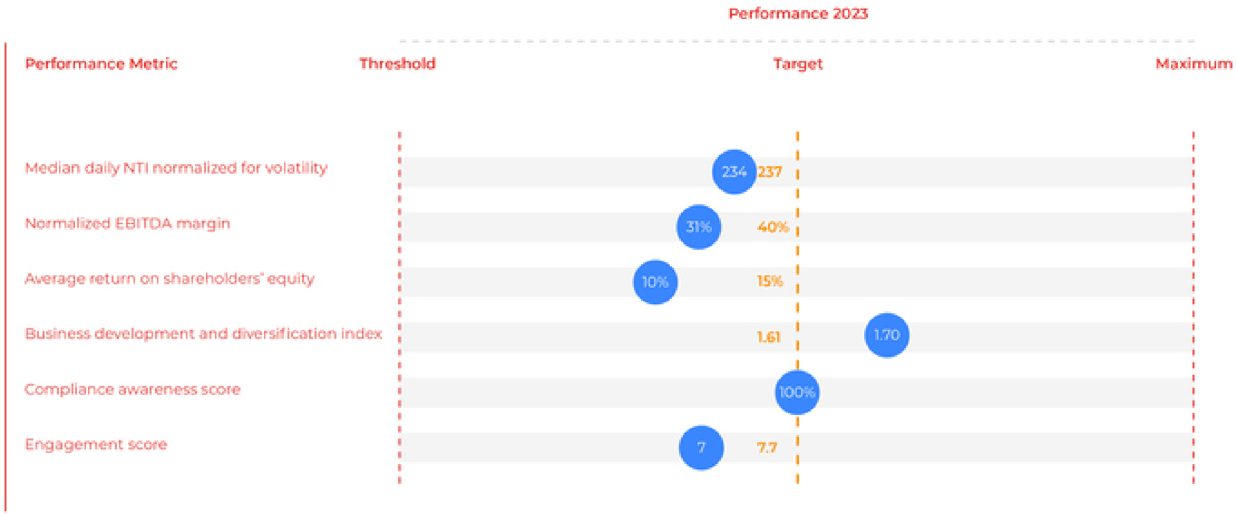
The performance on the Company scorecard in combination with the Executive Directors' individual performance have determined the individual variable compensation outcome. The weighting of the Company performance measures is 70%, while the individual measures attain to 30%. As mentioned, our KPIs do not have further pre-determined weightings, allowing the Remuneration and Nomination Committee to determine the overall outcome and ensure appropriateness in overall circumstances. Despite 2023 being a challenging year due to the subdued market trading environment, still the target levels were achieved and exceeded on our Business development index and Compliance Awareness score performance metrics.

While the results of the Median daily net trading income, EBITDA margin, Return on shareholders' equity, and Engagement score measures came in below target, performance on these metrics was still viewed to be in the acceptable range and the rationale for not reaching the targets has been understood given the market circumstances. In addition to the Company performance metrics, the individual performance for the CEO and CFO was also considered in setting the variable remuneration levels.

In addition to a lower total variable remuneration pool being available in 2023 when compared to 2022, also a lower portion of this has been awarded to the executives as a result of the performance assessment, measured against the aforementioned Company and individual performance criteria. As such we believe the variable compensation determined is set at a justified level. Aligned with our remuneration philosophy and our aim of long-term value creation, the variable compensation is partly paid out in equity deferred over multiple years.

2024 scorecard

The Non-Executive Directors of the Board have determined that the six KPIs used to assess Executive Director performance in 2023 will be retained for the 2024 performance year. The specific targets relating to each of these KPIs are commercially sensitive and accordingly the target ranges and actual performance outcomes achieved will be disclosed retrospectively together with appropriate commentary in the next annual report. The weighting of the Company versus individual targets will remain at 70% versus 30%.



Years of vesting for granted shares & share-like instruments (in thousands of euro)					
Executive Directors of the Board	2023	2024	2025	2026	2027
Mike Kuehnel, CEO					
2021	125	125	125	125	–
2022	–	213	213	213	213
2023	–	63	63	63	63
Hermien Smeets-Flier, CFO					
2023	–	50	50	50	50
Dennis Dijkstra					
2020	963	963	963	–	–
2021	181	181	181	181	–
2022	–	213	213	213	213
2023	–	–	–	–	–
Folkert Joling					
2020	963	963	963	–	–
2021	181	181	181	181	–
2022	–	213	213	213	213
2023	–	–	–	–	–
Thomas Wolff					
2020	481	481	481	–	–
2021	100	100	100	100	–
Britta Achmann					
2020	60	60	60	–	–
2021	12	12	12	12	–

Deferral and vesting of variable pay

We believe in creating a culture of ownership, risk awareness and entrepreneurial spirit and we embrace an approach which truly connects our people to the business in sharing profit and risk. To ensure that the variable remuneration award of the Executive Directors is aligned with our beliefs and contributes to long-term value creation and shareholder experience, 50% of the 2023 award to the Executive Directors is paid out in equity deferred over multiple years. This approach allows us to take a longer-term outlook on remuneration. The value of these instruments is directly linked to performance of the Flow Traders' share price from the date of grant to vesting. Further, any outstanding variable remuneration (deferred or unvested) remains at risk in full for future years. All equity-based awards are subject to a holding period of one-year post-vesting. The remaining 50% is settled in cash, paid in equal installments in 2024 and 2025.

The above approach accords with our culture and remuneration philosophy of encouraging management and employee share ownership, creating alignment with the Company's long-term success.

Comparative overview of Company performance and remuneration

The long-standing foundation of our remuneration policy reflects a relatively modest base salary and variable remuneration that is aligned with Company performance – which varies each year depending on successful or less successful (financial) years. This is clearly illustrated in the table below which shows the development of the Company performance and the awarded (full-time) remuneration of executives and average employee remuneration over the last 5 years.

Internal pay ratios

The 2023 pay ratio (CEO total pay vs average total employee pay) is 4.33 compared to 7.61 in 2022. This is well below the cap of 20 times average total employee pay.

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

(in thousands of euro)	2019	2020	2021	2022	2023
The Board: Total remuneration awarded (Actual)					
Mike Kuehnel, CEO (2023 -)	–	–	1,040	1,795	656
Hermien Smeets-Flier, CFO (2023 -)				–	534
Dennis Dijkstra, CEO (2014 - 2022)	695	7,795	1,545	1,795	41
Folkert Joling, CTrO (2018 - 2023)	695	7,803	1,553	1,803	475
Comparative Company Performance (Comparative)	**2018:2019**	**2019:2020**	**2020:2021**	**2021:2022**	**2022:2023**
Net Trading Income (NTI)	(44%)	331%	(59%)	20%	(35%)
Normalized EBITDA	(36%)	251%	(52%)	(67%)	(55%)
Basic EPS	307%	(67%)	129%	1%	11%
FTE Total Remuneration	**2018:2019**	**2019:2020**	**2020:2021**	**2021:2022**	**2022:2023**
Average FTE total remuneration	(27%)	306%	(59%)	4%	(36%)

Scenario analyses

The Board carries out yearly scenario analyses when determining the structure and level of Executive Director remuneration outcomes, in accordance with the Dutch Corporate Governance Code. This includes the calculation of remuneration under different scenarios, whereby different performance assumptions are considered. By considering different performance assumptions, the possible outcomes of variable components and the resulting impact on the total remuneration of the Executive Directors is understood and examined. The Board believes the current remuneration structure and outcomes are appropriate and aligned with shareholder experiences. The Board will continue to assess the adequacy of the remuneration structure, including performance measures used for variable remuneration components.

No pensions, loans and other benefits

In 2023, no personal loans, guarantees or related benefits were granted by the Company to the members of the Board as part of their compensation package. No loans, guarantees or similar instruments to the members of the Board were outstanding on 31 December 2023.

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

Clawback variable remuneration

Malus and clawback provisions are in place that are comprehensive, irreversible and substantially exceed regulatory requirements. No variable remuneration has been clawed back during 2023.

Temporary deviations from the remuneration policies

No temporary deviations took place from the respective policies in 2023.

Shares held by employees and Executive Board members

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

31 December 2023 shares held by Executive Directors	Number of shares	% of outstanding total shares
Mike Kuehnel (CEO)	25,000	0.1%
Total	25,000	0.1%

Non-Executive Directors of the Board remuneration

The remuneration policy for the Non-Executive Directors of the Board was adopted by the AGM on 26 April 2021 and applied from that date onwards. The table below shows the total fixed compensation awarded to the individual Non-Executive Directors.

Non-Executive Directors of the Board remuneration

Remuneration of the non-executive directors			Committee fees, annualized (€)					
	Chair	Board fee (€)	Audit Committee	Remuneration & Appointment Committee	Risk & Sustainability Committee	Trading & Technology Committee	Total annualized fees (€)	Actual fees paid, 2023 (€)
Rudolf Ferscha	Board	100,000	7,500	7,500	7,500	7,500	**130,000**	**130,000**
Jan van Kuijk	Trading & Technology	70,000	7,500	7,500	7,500	10,000	**102,500**	**102,500**
Linda Hovius	Remuneration & Appointment	70,000		15,000	7,500	7,500	**100,000**	**100,000**
Paul Hilgers	Risk & Sustainability	70,000			10,000	7,500	**87,500**	**74,058**
Delfin Rueda	Audit	70,000	15,000	7,500	7,500	7,500	**107,500**	**82,118**
Karen Frank		70,000	7,500		7,500	7,500	**92,500**	**70,660**
Olivier Bisserier	Audit Committee and Risk Committee	70,000	15,000		10,000	7,500	**102,500**	**34,167**
Roger Hodenius		70,000		7,500	7,500	7,500	**92,500**	**30,833**
Ilonka Jankovich		70,000	7,500		7,500	7,500	**92,500**	**0**
Total 2023		**660,000**	**60,000**	**45,000**	**72,500**	**70,000**	**907,500**	**624,336**

1. Paul Hilgers, Delfin Rueda and Karen Frank were elected as Non-Executive Directors at the 2023 AGM, held on 26 April 2023.Olivier Bisserier's and Roger Hodenius' term of office ended at the 2023 AGM and they decided not to go up for re-election.

2. Ilonka Jankovich stepped down as a member of the (former) Supervisory Board as per 13 January 2023

No variable remuneration shares, pensions, loans and other benefits

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

The co-founder of Flow Traders, Jan van Kuijk, is currently a member of the Board. The table below provides an overview of the shares indirectly held by him on 31 December 2023 as also reflected in the relevant AFM register.

Shares held indirectly by Non-Executive Directors

31 December 2023		% of outstanding total shares
J.T.A.G. van Kuijk (Javak Investments B.V.)	5,686,826	12.2%
Total	**5,686,826**	**12.2%**

Remuneration for other employees

Variable Remuneration

We apply an annual performance cycle. At the beginning of each calendar year, clear objectives are set depending on an employee's role, which are in line with our Company objectives for the year and our corporate key competencies: drive, entrepreneurship and teamwork. Performance is reviewed twice during an annual cycle. Individual variable remuneration payable from the collective variable compensation pool is dependent on Company and business unit performance, individual performance and the individual's contribution to the long-term success of the Company as a whole, discouraging a culture of 'star' behavior and fostering collaboration and teamwork. Flow Traders does not base variable remuneration directly on financial results achieved individually. The Non-Executive directors approve the awarding of variable remuneration. If awarded, variable remuneration is paid in cash, Company shares and Company share like instruments in one to multiple annual installments, depending on the amount of variable remuneration awarded. The deferred variable component acts as a first loss tranche to compensate for any operating loss in the subsequent year, acting as a buffer before such loss would impact shareholder equity. This serves as an important incentive for risk-aware behavior, focusing on the long-term objectives of the Company and alignment with our risk appetite. We deem the deferral period sufficient given the Company's risk profile and horizon, see for further details of our remuneration philosophy on page 81.

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

Emphasizing share ownership

Flow Traders values ownership, both in terms of mindset, behavior as well as a share in the ownership of the Company. We believe that being a shareholder aligns the interests of the Company with those of our employees. Ever since the Company went public and before, we have a history of offering our employees the opportunity to become shareholders. From 2017 until 2019, we promoted shareholding through the Flow Cash Incentive Plan (FCIP). From performance year 2020 onwards, we have begun rewarding employees directly in Company shares. The higher the variable remuneration an individual receives, the higher the proportion of variable compensation paid out in shares.

We are also maintaining our FLIP (Flow Loyalty Incentive Plan) program, whereby we award Company shares to employees marking their two year anniversary with the Company. Shares awarded under the FLIP are subject to a lock-up period. All shares awarded to employees are fully paid out from the variable compensation pool. The terms and conditions of the employee share plans are subject to review by the Executive Directors annually. As a part of these plans, shares have been and will be bought in the market.

Pension

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

Variable compensation granted

In 2023, the total amount of variable remuneration awarded to all employees including the Executive Directors was €34.7 million (2022: €86.6 million).

In 2023, Company wide average compensation (includes salary, social security costs and variable remuneration) paid per average FTE was €151.6K (2022: €235.9K), while variable remuneration per average FTE amounted to 33.8% (2022: 57.2%) of total compensation in 2023. This excludes any Executive Director remuneration.

Flow Traders Academy

At Flow Traders we are passionate about creating an international, diverse, and empowering culture, which encompasses four core values: teamwork, entrepreneurship, responsibly and drive.

We are continuously focused on empowering our employees in their personal and professional growth. We aim to equip employees with essential skills and knowledge for their roles, and continuously foster their talents.

Case study

Fostering talent and culture

Flow Traders Academy

To achieve this, we established a dedicated Flow Traders Academy, which provides tailored onboarding programs, offers various soft and hard skills training opportunities, and facilitates internal knowledge- sharing.

Over the past years, the Academy has structurally enriched the training opportunities and learning culture at Flow Traders to maximize our employees' potential. We have created internal training programs to help employees improve their business knowledge and in 2023, we introduced a consolidated training offering which aligns with our global capability frameworks and focus on developing the soft skills of our employees in each level of the framework. These initiatives help employees create and realize clearer growth paths and help them in further former their own development journey within the Company. Essential areas covered in the offerings are, but not limited to, business knowledge and skills, behavioral skills/ competencies, and leadership skills.

Graduates and interns

Interns and recent graduates are a key talent pool for Flow Traders. Graduates and interns bring enthusiasm, eagerness to learn and energy which are key ingredients for high potentials within Flow Traders. Next to this, they bring diversity (we hire more than 25% of global nationalities at Flow Traders, and the graduates are an important group for our long-term succession planning).

Therefore, we have expanded our existing Graduate Development and Internship Programs facilitated in our Amsterdam and New York locations with a new Graduate Developer Program in our Cluj office as well as a Trading Internship Program in our Hong Kong office.

As a technology enabled firm, we also facilitate opportunities for talent in technology. After successfully launching the Graduate Software Development Program in our Amsterdam office, we have seen the positive result. Many of our talented developers started as a graduate within the Product Development department.

Across all our Graduate Programs, participants receive continuous support from dedicated mentors and team leads in their personal and professional development. During the internship, students work closely with our Traders and Quantitative Researchers, and they add value by working on real trading projects.

2023 Financial statements

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Consolidated statement of financial position (in thousands of euro)

	Note	2023	2022
		As of 31 December	
Cash and cash equivalents	15	5,708	8,612
Financial assets held for trading	16	5,496,795	4,876,590
Trading receivables	17	8,101,646	6,022,355
Other assets held for trading	18	169,821	58,347
Other receivables	19	20,675	24,708
Investments measured at fair value through OCI	20	20,083	19,839
Investments measured at fair value through PL	21	6,485	1,928
Equity-accounted investments	22	4,807	4,958
Property and equipment	23	72,434	77,081
Intangible assets	24	2,678	1,967
Current tax assets	14	6,073	2,800
Deferred tax assets	14	9,945	5,503
Total assets		**13,917,150**	**11,104,688**
Financial liabilities held for trading	25	3,067,053	2,956,640
Trading payables	26	9,879,497	7,326,169
Other liabilities held for trading	27	243,765	32,115
Lease liabilities	28	53,042	54,100
Other liabilities	29	77,719	115,730
Provisions	31	4,111	–
Current tax liabilities	14	3,616	11,246
Deferred tax liabilities	14	2,509	2,372
Total liabilities		**13,331,312**	**10,498,372**
Share capital	30	162,871	162,871
Share premium	30	556	2,372
Treasury shares	30	(88,008)	(103,536)
Share based payment reserve	30	40,740	56,865
Retained earnings	30	449,336	460,804
Currency translation reserve	30	18,072	24,899
Fair value reserve	30	2,271	2,040
Total equity		**585,838**	**606,315**
Total equity and liabilities		**13,917,150**	**11,104,688**

The supplementary notes on pages 102 to 141 are an integral part of these consolidated financial statements.

Consolidated statement of profit and loss and other comprehensive income (in thousands of euro)

For the year ended 31 December

	Note	2023	2022
Gross trading income		577,097	677,205
Fees related to the trading activities		98,591	113,491
Net financial expenses related to the trading activities		178,195	103,523
Net trading income	10	**300,311**	**460,191**
Other income	11	3,565	(1,518)
Total income		**303,876**	**458,673**
Employee expenses	12	133,950	176,837
Depreciation of property and equipment	23	17,688	16,274
Amortization of intangible assets	24	606	542
Write off of (in)tangible assets	23	76	161
Other expenses	13	102,383	102,497
Operating expenses		**254,703**	**296,311**
Operating result		**49,173**	**162,362**
Impairment of equity-accounted investments	22	(4,445)	–
Share of profit/(loss) of equity-accounted investees, net of tax	22	(74)	(631)
Profit before tax		**44,654**	**161,731**
Tax expense	14	8,503	34,904
Profit for the year attributable to the owners of the Company		**36,151**	**126,827**
Other comprehensive income (loss)			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations	30	(6,827)	9,389
Items that will not be reclassified subsequently to profit or loss			
Changes in investments at fair value through other comprehensive income		231	791
Other comprehensive income for the year, net of tax		**(6,596)**	**10,180**
Net other comprehensive income for the year attributable to the owners of the Company		**29,555**	**137,007**
Earnings per share			
Basic earnings per share	9	0.84	2.92
Diluted earnings per share	9	0.81	2.76

The supplementary notes on pages 102 to 141 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (in thousands of euro)

2023

	Note	Share capital	Share premium	Treasury shares	Share based payment reserve	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2023		**162,871**	**2,372**	**(103,536)**	**56,865**	**24,899**	**2,040**	**460,804**	**606,315**
Profit		–	–	–	–	–	–	36,151	36,151
Total other comprehensive income	–	–	–	–	–	(6,827)	231	–	(6,596)
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**(6,827)**	**231**	**36,151**	**29,555**
Transactions with owners of the Company									
Dividends	30	–	–	–	–	–	–	(47,619)	(47,619)
Repurchase of shares	30	–	–	(8,761)	–	–	–	–	(8,761)
Share based payments	30	–	(1,816)	24,289	(16,125)	–	–	–	6,348
Total transactions with owners of the Company		**–**	**(1,816)**	**15,528**	**(16,125)**	**–**	**–**	**(47,619)**	**(50,032)**
Balance at 31 December 2023		**162,871**	**556**	**(88,008)**	**40,740**	**18,072**	**2,271**	**449,336**	**585,838**

Consolidated statement of changes in equity (in thousands of euro)

2022

	Note	Share capital	Share premium	Treasury shares	Share based payment reserve	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2022		**4,653**	**161,974**	**(105,644)**	**50,523**	**15,510**	**1,249**	**379,904**	**508,169**
Profit		-	-	-	-	-	-	126,827	126,827
Total other comprehensive income		-	-	-	-	9,389	791	-	10,180
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**9,389**	**791**	**126,827**	**137,007**
Transactions with owners of the Company									
Conversion of share premium to share capital	30	158,218	(158,218)	-	-	-	-	-	-
Dividends	30	-	-	-	-	-	-	(45,927)	(45,927)
Repurchase of shares	30	-	-	(15,046)	-	-	-	-	(15,046)
Share based payments	30	-	(1,384)	17,154	6,342	-	-	-	22,112
Total transactions with owners of the Company		**158,218**	**(159,602)**	**2,108**	**6,342**	**-**	**-**	**(45,927)**	**(38,861)**
Balance at 31 December 2022		**162,871**	**2,372**	**(103,536)**	**56,865**	**24,899**	**2,040**	**460,804**	**606,315**

The supplementary notes on pages 102 to 141 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows (in thousands of euro)

	Note	For the year ended 31 December 2023	2022
Cash flows from operating activities			
Profit for the year		36,151	126,827
Adjusted for:			
Depreciation of property and equipment	23	17,688	16,274
Amortization of intangible assets	24	606	542
Write off of (in) tangible assets	23	76	161
Impairment of equity-accounted investees	22	4,445	–
Share of profit/(loss) of equity-accounted investees (net of tax)	22	74	631
Equity-settled share-based payments	12	16,930	33,253
Tax expense	14	8,503	34,904
Changes in working capital			
▪ (increase)/decrease financial assets held for trading	16	(620,205)	(375,493)
▪ (increase)/decrease trading receivables	17	(2,079,291)	137,883
▪ (increase)/decrease other assets held for trading	18	(111,474)	19,775
▪ (increase)/decrease other receivables	19	4,032	(9,980)
▪ increase/(decrease) financial liabilities held for trading	25	110,413	818,568
▪ increase/(decrease) trading payables	26	2,553,328	(643,803)
▪ increase/(decrease) other liabilities held for trading	27	211,650	6,344
▪ increase/(decrease) other liabilities	29	(53,842)	(48,065)
▪ Corporate income tax paid	14	(23,711)	(24,068)
▪ Change in provisions	31	4,111	–
Cash flows from operating activities		**79,484**	**93,753**
Cash flows from investing activities			
Investments and acquisitions of financial assets held at FVOCI	20	(478)	(9,105)
Investments and acquisitions of financial assets held at FVPL	21	(1,063)	(1,936)
Investments and acquisitions of equity-accounted investees	22	(4,224)	(3,012)
Disposals or sales of financial assets held at FVOCI	20	275	1,622
Disposals or sales of financial assets held at FVPL	21	–	310
Disposals or sales of equity-accounted investees	22	78	–
Acquisition of property and equipment	23	(11,951)	(7,444)
Acquisition of intangible assets	24	(107)	(156)
Cash flows from investing activities		**(17,470)**	**(19,721)**

Cash flows from financing activities			
Dividend paid	30	(47,619)	(45,927)
Payment of lease liabilities	28	(8,310)	(9,613)
Repurchases of shares	30	(8,761)	(15,046)
Cash flows from financing activities		**(64,690)**	**(70,586)**
Effect of movements in exchange rates on cash and cash equivalents		(228)	217
Change in cash and cash equivalents		**(2,904)**	**3,663**
Change in cash and cash equivalents			
Cash and cash equivalents at opening	15	8,612	4,949
Cash and cash equivalents at close	15	5,708	8,612
Change in cash and cash equivalents		**(2,904)**	**3,663**

For the period ended 31 December 2023 the interest paid amounted to €256.4 million (2022: €115.5 million), which includes €256.1 million (2022: €115.2 million) related to trading income and €0.3 million (2022: €0.3 million) to other income. The interest received for the period 31 December 2023 is €77.9 million (2022: €10.9 million). This interest is all trading related. Within the payment of lease liabilities there is interest paid of €1.9 million (2022: €0.8 million).

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

Notes to the consolidated financial statements

All amounts in thousands of euro, unless stated otherwise.

1. Reporting entity

Flow Traders Ltd. (referred to as the "Company") is an exempted Company limited by shares registered under the Companies Act 1981 of Bermuda, as amended (the "Companies Act"). Flow Traders Ltd. was incorporated on 13 January 2023 with its registered office at Canon's Court, 22 Victoria Street, PO Box HM 179, Hamilton HM 12 Bermuda. The Company's principal place of business is located at Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands. Flow Traders Ltd. is registered with the Dutch Trade Register of the Chamber of Commerce under number 88926257 as a company formally registered abroad ("formeel buitenlandse kapitaalvennootschap"). This term is referred to in the Dutch Companies Formally Registered Abroad Act ("Wet op de formeel buitenlandse vennootschappen"), which means the Company is deemed a Dutch resident company for corporate reporting purposes in accordance with applicable Dutch laws.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). Prior to 13 January 2023, the Group's ultimate parent was Flow Traders N.V. As of 13 January 2023, Flow Traders N.V. had been legally merged via a cross border legal merger into Flow Traders S.A.; following this merger Flow Traders S.A. converted into a Bermuda limited company, Flow Traders Ltd. Flow Traders Ltd. is the legal successor and reporting entity of Flow Traders N.V. and the Group's ultimate parent.

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

The consolidated financial statements of the Group for the year ended 31 December 2023 incorporate financial information of Flow Traders Ltd., its subsidiaries and associates. The annual financial statements were authorized for issue by the Company's Board on 29 February 2024 subject to adoption by the general meeting of shareholders.

2. Predecessor and continuation accounting

a) Changes to corporate structure

On 13 January 2023, the Group completed the update to its corporate holding structure. This followed receipt of shareholder approval at an Extraordinary General Meeting held on 2 December 2022 and fulfillment of all regulatory and other customary closing conditions. As a result of the update, the Group's top holding company is now Flow Traders Ltd. The update of the corporate holding structure enables Flow Traders to become more competitive as a global liquidity provider, particularly in relation to regulatory capital management.

As part of the change of its corporate holding structure Flow Traders N.V. entered into a cross-border legal merger in which (i) all Flow Traders N.V.'s assets, liabilities, rights, obligations and other legal relationships were acquired by Flow Traders S.A. incorporated under the laws of Luxembourg, (ii) Flow Traders N.V. ceased to exist and (iii) each Shareholder received one Flow Traders S.A. share for each Flow Traders N.V. share. Following this merger Flow Traders S.A. converted into a Bermuda limited company and changed its registered address to Bermuda.

The change in the Group's corporate holding structure had no impact on the profit and loss or equity of the Company. A predecessor value method is used to determine the carrying value of all assets and liabilities that transfer as part of the merger. As at 13 January 2023 the assets and liabilities of Flow Traders N.V. are consolidated in the financial statements of Flow Traders S.A. at their carrying amount on this date, in accordance with the predecessor value method. Similarly for comparative numbers, amounts are presented as if the combination had taken place at the beginning of the earliest comparative period presented, being years 2023 and 2022.

The pooling of interests method is generally considered to involve the combining parties being presented as if they had always been combined. To this effect, the receiving entity accounts for the transaction from the beginning of the period in which the combination occurs (irrespective of its actual date) and presented comparatives to include all combining parties.

b) Capital management

Different capital requirements apply following the update of the holding structure which are expected to expand Flow Traders' strategic growth options.

Furthermore, it creates a more level playing field with global peers with respect to the regulatory capital framework. Flow Traders' regulated entities continue to be subject to supervision by their respective regulators, however Flow Traders will no longer be subject to consolidated IFR/IFD supervision. Flow Traders obtained an unconditional declaration of no objection from the Dutch Central Bank (DNB) in connection with the update of the corporate holding structure.

c) Common control

As Flow Traders N.V. and Flow Traders S.A. are under common control at the time they entered into the cross-border legal merger, IFRS 3 Business Combinations is not applicable.

3. Basis of preparation

a) Statement of compliance

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

b) Going concern basis of accounting

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

c) Functional and presentation currency

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

d) Use of estimates and judgements

The preparation of these consolidate financial statements requires management to form opinions and make estimates and assumptions that influence the reported value of assets and liabilities and of income and expenditure. The actual results may differ from these estimates.

Information about estimates and judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes;

- Note 7: Fair value measurement
- Note 12: Share based payments
- Note 31: Provisions and contingencies

The accounting treatment of digital assets and the blockchain industry have not yet been specifically addressed by IFRS guidance. If specific guidance is enacted in the future, the impact may result in changes to the Group's financial position.

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

Cash flows from operating activities are presented in the consolidated statement of cash flows using the indirect method. Cash flows from investing activities and financing activities are presented in the consolidated statement of cash flows using the direct method.

The cash flows are split into cash flows from operations, trading activities, investment activities and financing activities. Receivables from and payables to clearing organizations are included in the cash flow from operating activities. The Group has elected to classify interest received and interest paid (including interest on lease liabilities and interest arising from revenue contracts, if there is any) as cash flows from operating activities.

The Group has elected to classify interest received and interest paid as cash flows from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments other than in the course of operations, as well as acquisitions and sales of subsidiaries and associates, property and equipment. Financing activities include the payment of dividend to shareholders, the (re)-purchase of shares, the issuance and repayment of financial debt, including financial lease liabilities, and capital contributions.

f) Change in accounting

In the prior year, trading receivables and trading payables were designated at fair value through profit or loss. In the current year, it has been determined that they do not meet the criteria for that designation resulting in a change in accounting to classify these assets and liabilities at amortized cost. Due to the short-term nature of these assets and liabilities, their carrying amount is a reasonable approximation of fair value. As such, there was nil impact in the prior year and amounts.

4. Material accounting policies

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

General

a) Basis of consolidation

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

Subsidiaries

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

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

Equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over its financial and operating activities. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method and are recognized initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Business combinations

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

b) Foreign currency

Foreign currency transactions

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

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

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

Foreign operations

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

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

c) Cash and cash equivalents

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

d) Financial assets and liabilities

Recognition

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

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

Classification

The Group classifies its financial assets into the following categories:

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

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

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

Financial assets and liabilities held for trading

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

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

Trading receivables and payables

Such assets and liabilities are recognized initially at fair value minus/plus any directly attributable transaction costs. Subsequently, these assets and liabilities are measured at amortized cost.

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

Investments measured at fair value through other comprehensive income are non-derivative equity investments that the Group considers long-term strategic investments. Investments measured at fair value through other comprehensive income are recognized initially at fair value. Transaction costs are recognized in other comprehensive income as part of the change in fair value at the next remeasurement. They are never reclassified into profit or loss.

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

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

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

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

Other financial liabilities

Non-derivative financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Hedge of a net investment in foreign operations

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

Offsetting

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

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

Fair value measurement

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

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

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group prices its daily trading positions based on estimated prices whereby the price differences are recorded through the profit or loss account. Those estimated prices can differ from quoted market prices. The Group's risk and mid-office department monitors whether all differences can be substantiated.

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

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

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

e) Other assets held for trading

Other assets held for trading comprise the amount of digital assets that the Group holds as a broker-trader. The Group applies IAS 2 for its digital assets and these are measured at fair value less cost to sell with changes in value recognized profit and loss.

For the determination of the fair value, the Group collects reference price points on an on-going basis from multiple crypto exchanges and active markets. If assets are not actively traded the valuation is based upon quoted prices or observable inputs from similar assets.

f) Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

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

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

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

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

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

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are recorded in property and equipment and intangible assets on the statement of financial position.

g) Intangible assets

Recognition and measurement

Intangible assets are amortized on a straight-line basis in profit or loss over the estimated useful lives of each component. The estimated useful life of significant intangible assets is 5 years.

h) Impairment

Non-derivative financial assets

The allowance for expected credit losses (“ECL allowance”) for all loans and other debt financial assets not held at fair value through profit and loss is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL).

For other receivables, the Group applies a simplified approach in calculating ECLs as these receivables relate to operating activities of the Group. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However in certain cases, the Group may reconsider a financial asset to be in default when internal or external information indicated that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

i) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash variable compensation or (profit-sharing) structures if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

j) Share based payments

The fair value of equity-settled transactions granted to employees is determined by the fair value of the shares at the date when the grant is made. When employees render services as consideration for equity instruments, the expense is recognized in employee expenses, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled (the vesting period). The awards vest in tranches on various dates over a total period of up to five years. Graded vesting is applied where needed. Vesting is conditional upon the employee being actively employed by the Group on the vesting date. If the employee is terminated or resigns, any unvested tranches of the award will be forfeited. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The fair value of share appreciation rights (SARs) granted to employees, which are cash-settled, is recognized in employee expenses, together with a corresponding increase in other liabilities, over the period during which the service conditions are fulfilled (the vesting period). The liability is remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in profit or loss. Estimates used are reassessed at the end of each reporting period.

k) Other liabilities held for trading

As part of its trading activities, the Company enters into digital asset payables. The borrowed digital assets payables are measured at fair value through profit or loss.

l) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

m) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities on the statement of financial position measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term or in case of other reassessments or modifications.

n) Income recognition

Net trading income comprises gross trading income less fees and net financial expenses related to the trading activities.

The fees and net financial expenses are directly linked to the trading activity and are therefore directly recognized in the profit and loss account under trading income.

o) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. Current tax payable also includes any withholding tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will be revised in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and management judgement. This assessment relies on estimates and assumptions and may involve judgement about future events. New information may become available that would cause the Group to change its judgement regarding the adequacy of existing tax liabilities or the collectability of tax assets. Such changes will impact tax expense in the period that such a change in estimate is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity which intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date.

p) Treasury shares

The Group's own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

5. New standards and interpretations

All accounting policies are the same as those applied in the Group's consolidated financial statements for the year ending 31 December 2022. In addition to the policies disclosed as part of the financial statements for the year ending 31 December 2023, Flow Traders has applied its accounting policy with respect to predecessor and continuation accounting as outlined in note 2.

New amendments and interpretations apply for the first time in 2023, but do not have a material impact on the consolidated financial statements of the Group. Additionally, the accounting standards issued but not yet effective related to IAS 1 and IFRS 16 will not have a material effect on the Group.

a) Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

The following policies were previously disclosed as significant accounting policies but have been removed from the financial statements as they were not considered material accounting policies under the amended IAS 1:

- Business combinations
- Goodwill
- Non-current assets held for sale

a) Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The Group had not previous taken the initial recognition exemption and, therefore, there was no impact on the statement of financial position or to opening retained earnings as of 1 January 2023.

b) Global minimum top-up tax

The Group has adopted International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exemption from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognized at that date, the retrospective application has no impact on the Group's consolidated financial statements.

6. Operating segments

The chief operating decision makers of the Group examine performance from a regional perspective and have identified three reportable segments of its global trading business: Europe, the Americas and Asia.

Europe consists of activities in the Netherlands with institutional trading activities in France, UK, Italy, trading activities in Jersey and IT activities in Romania. Americas consists of the subsidiaries in the USA. Asia contains our subsidiaries in Hong Kong and Singapore and a Chinese representative office in Shanghai. The executive directors of the Board consider this segmentation to be relevant to understand the Group financial performance because it allows investors to understand the primary method used by management to evaluate the operating performance and decision making about allocation of resources and trading capital.

The Group measures results on an IFRS basis and reconciles the total segment results on net trading income, profit before tax and net profit. Significant transactions and balances between geographic regions occur primarily as result of Group operating companies incurring the operating expenses such as employee compensation, communication, software development and data processing and overhead costs for the purpose of providing services to affiliated operating companies (line items intercompany recharge income and expenses).

The Group's trading assets and liabilities attributable to each segment are reported to management on the basis of net trading capital. Consequently, the reported total assets in each segment are net of the segment's financial liabilities held for trading, trading payables and other liabilities held for trading.

Segment reporting

For the year ended 31 December 2023	Europe	Americas	Asia	Total
Gross trading income	**323,773**	**175,391**	**77,933**	**577,097**
Fees related to the trading activities	59,270	31,168	8,153	98,591
Net financial expenses related to the trading activities	102,265	61,018	14,912	178,195
Net trading income	**162,238**	**83,205**	**54,868**	**300,311**
Other income	3,575	(10)	–	3,565
Total Income	**165,813**	**83,195**	**54,868**	**303,876**
Intercompany recharge	22,344	–	–	22,344
Total revenues	**188,157**	**83,195**	**54,868**	**326,220**
Employee expenses	83,376	32,112	18,462	133,950
Intercompany recharge	–	10,737	11,607	22,344
Other expenses	64,670	25,914	11,799	102,383
Total operating expenses	**148,046**	**68,763**	**41,868**	**258,677**
EBITDA	**40,111**	**14,432**	**13,000**	**67,543**
Depreciation of property and equipment	9,290	4,786	3,612	17,688
Amortization of intangible assets	566	38	2	606
Write off of (in) tangible assets	33	43	–	76
Operating result	**30,222**	**9,565**	**9,386**	**49,173**
Result/(impairment) of equity-accounted investees	(470)	(4,049)	–	(4,519)
Profit before tax	**29,752**	**5,516**	**9,386**	**44,654**
Tax expense	7,447	1,061	-5	8,503
Profit for the year	**22,306**	**4,455**	**9,391**	**36,151**
Assets	**360,757**	**277,114**	**88,964**	**726,835**
Liabilities	**63,818**	**59,424**	**17,755**	**140,997**
Capital expenditure	**1,982**	**520**	**1,154**	**3,657**
FTE	**450**	**111**	**85**	**646**

Segment reporting

For the year ended 31 December 2022

	Europe	Americas	Asia	Total
Gross trading income	427,136	173,711	76,359	677,205
Fees related to the trading activities	65,098	37,397	10,996	113,491
Net financial expenses related to the trading activities	46,534	46,827	10,163	103,524
Net trading income	**315,504**	**89,487**	**55,200**	**460,191**
Other income	(89)	(1,429)	–	(1,518)
Total Income	**315,415**	**88,058**	**55,200**	**458,672**
Intercompany recharge	17,183	–	–	17,183
Total revenues	**332,598**	**88,058**	**55,200**	**475,856**
Personnel expenses	112,436	42,829	21,572	176,837
Intercompany recharge	–	7,191	9,992	17,183
Other expenses	66,902	23,998	11,597	102,497
Total operating expenses	**179,338**	**74,018**	**43,161**	**296,517**
EBITDA	**153,260**	**14,041**	**12,039**	**179,339**
Depreciation of property and equipment	7,794	4,579	3,900	16,273
Amortization of intangible assets	482	44	16	542
Write off of (in) tangible assets	7	132	23	162
Operating result	**144,977**	**9,286**	**8,100**	**162,362**
Result/(impairment) of equity-accounted investees	(568)	(63)	–	(631)
Profit before tax	**144,409**	**9,223**	**8,100**	**161,731**
Tax expense	32,842	1,517	545	34,904
Profit for the year	**111,567**	**7,706**	**7,555**	**126,828**
Assets	**440,603**	**263,499**	**83,734**	**787,836**
Liabilities	**87,196**	**69,231**	**25,094**	**181,521**
Capital expenditure	**1,982**	**520**	**1,154**	**3,657**
FTE	**456**	**119**	**85**	**660**

7. Fair value measurement

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between independent market participants at the measurement date.

The Group measures fair values using the following fair value hierarchy, depending on the inputs used for making the measurements.

- Level 1: fair value of financial instruments based upon inputs that are quoted, unadjusted, market prices in active markets for identical instruments;
- Level 2: inputs other than quoted prices included within Level 1, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not considered active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes unobservable inputs that have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments, for example unlisted equity securities.

The fair values of financial assets and financial liabilities that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Group determines fair values using other valuation techniques.

When the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, it applies judgement in determining appropriate portfolio-level adjustments such as bid-ask spreads. Such adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio.

Similarly, when the Group measures portfolios of financial assets and financial liabilities on the basis of net exposure to the credit risk of a particular counterparty, it takes into account any existing arrangements that mitigate the credit risk exposure (e.g. master netting agreements with the counterparty).

a. Sensitivity analysis table

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable input and fair value measurement
Investments measured at Fair value through profit and loss	Market approach	Management performance adjustment (50% - 75%)	The estimated fair value would increase (decrease) if Management concluded the performance adjustment were (higher) or lower
		Illiquidity discount (65%-75%)	Management concluded the discount for liquidity were (higher) or lower
Investments measured at Fair value through OCI	Market approach	Management performance adjustment (50% - 75%)	The estimated fair value would increase (decrease) if Management concluded the performance adjustment were (higher) or lower
		Illiquidity discount (65%-80%)	Management concluded the discount for liquidity were (higher) or lower
Other liabilities held for trading	Market approach	Implied Volatility (80%-120%)	If implied volatility were to increase, the fair value would increase

A reasonably possible alternative assumption to the management performance adjustment is an increase or decrease of the percentage by 25 percent. For investments measured at FVTPL, this would not have a material effect. For investments measured at FVOCI, this would increase/decrease the fair value by a total of €227k. A reasonably possible alternative assumption to the illiquidity discount is an increase or decrease of the percentage by 5 percent. For investments measured at FVTPL, this would increase/decrease the total fair value by €837k. For investments measured at FVOCI, this would increase/decrease the total fair value by a €125k.

A reasonably possible alternative assumption for applying the range of implied volatility would be to apply a 120 percent implied volatility for all other liabilities held for trading measured using a significant unobservable input of implied volatility. This would result in a decrease in total fair value other liabilities held for trading by €190k. If those instruments were to all have an 80 percent implied volatility, the impact would be a decrease in total fair value of other liabilities held for trading of €1.1m.

b. Financial assets and liabilities held for trading

The valuation of trading positions, both long and short positions, is determined by reference to last traded prices from identical instruments from the exchanges at the reporting date. Such financial assets and liabilities are classified as Level 1.

A substantial part of the financial assets and liabilities held for trading which are carried at fair value are based on theoretical prices which can differ from quoted market prices. The theoretical prices reflect price adjustments primarily caused by the fact that the Group continuously prices its financial assets and liabilities based on all available information. This includes prices for identical and near-identical positions, as well as the prices for securities underlying the Group's positions, on other exchanges that are open after the exchange on which the financial asset or liability is primarily traded closes. Consequently, such financial assets and liabilities are classified as Level 2.

For offsetting (delta neutral) positions, the Group uses mid-market prices to determine fair value.

c. Investments measured at fair value through other comprehensive income ('OCI')

The fair value of investments measured at fair value through other comprehensive income is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique and are classified as Level 2 or Level 3, conditional upon the regular availability of quoted closing bid prices.

d. Investments measured at fair value through profit and loss

The fair value of investments measured at fair value through profit and loss is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique and are classified as Level 2 or Level 3, conditional upon the regular availability of quoted closing bid prices.

e. Other assets held for trading

Other assets held for trading comprises the amount of digital assets that the Group holds as a broker-dealer. The Group applies IAS 2 for its digital assets and these are measured at fair value through profit and loss. As the Company uses its own fair value models based on quoted prices or observable inputs for the valuation of the digital assets, these assets are classified as Level 2.

f. Other liabilities held for trading

The Group borrows digital assets as part of its trading strategy. The borrowed digital assets are measured at fair value through profit or losses. As the Company uses its own fair value models based on quoted prices, observable inputs or unobservable inputs for the valuation of the borrowed digital assets, these liabilities are classified as Level 2 and Level 3.

g. Fair value hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities according to their fair value hierarchy.

Fair value hierarchy

At 31 December 2023	Level 1	Level 2	Level 3	Total
Long positions in equity securities - trading	28,166	5,189,803	–	5,217,969
Long positions in debt securities - trading	–	277,814	–	277,814
Mark to market derivatives assets	17	995	–	1,013
Financial assets held for trading	**28,183**	**5,468,612**	**–**	**5,496,795**
Other assets held for trading	–	169,821	–	169,821
Investments measured at fair value through PL	–	–	6,485	6,485
Investments measured at fair value through OCI	–	1,196	18,887	20,083
Total long positions	**28,183**	**5,639,629**	**25,372**	**5,693,184**
Short positions in equity securities- trading	44,850	2,598,156	–	2,643,006
Short positions in debt securities- trading	–	423,394	–	423,394
Mark to market derivatives liabilities	3	650	–	653
Financial liabilities held for trading	**44,853**	**3,022,200**	**–**	**3,067,053**
Other liabilities held for trading	5,081	169,212	69,472	243,765
Total short positions	**49,934**	**3,191,412**	**69,472**	**3,310,818**

Fair value hierarchy

	Level 1	Level 2	Level 3	Total
				At 31 December 2022
Long positions in equity securities - trading	96,214	4,337,438	–	4,433,652
Long positions in debt securities - trading	–	434,853	–	434,853
Mark to market derivatives assets	274	7,811	–	8,085
Financial assets held for trading	**96,488**	**4,780,102**	**–**	**4,876,590**
Other assets held for trading	–	58,347	–	58,347
Investments measured at fair value through PL	–	–	1,928	1,928
Investments measured at fair value through OCI	–	1,381	18,458	19,839
Total long positions	**96,488**	**4,839,830**	**20,386**	**4,956,704**
Short positions in equity securities-trading	33,671	2,483,631	–	2,517,302
Short positions in debt securities- trading	–	431,195	–	431,195
Mark to market derivatives liabilities	66	8,077	–	8,143
Financial liabilities held for trading	**33,737**	**2,922,903**	**–**	**2,956,640**
Other liabilities held for trading	–	19,889	12,226	32,115
Total short positions	**33,737**	**2,942,792**	**12,226**	**2,988,755**

In 2023, no transfers in or out of level 3 took place (2022: nil). The following table show the movement in level 3 assets. Please also refer to note 20, 21 & 22. The following investments consist of equity investments.

Level 3 Investments

Carrying amounts at 31 December 2023

	FVPL	FVOCI	Total
Net book amount 1 January	1,928	18,458	20,386
Additions	1,063	478	1,541
Disposals	–	(275)	(275)
Unrealized gain/(loss)	3,525	1,048	4,573
Effect of movement in foreign exchange differences	(31)	(822)	(853)
Net book amount 31 December	**6,485**	**18,887**	**25,372**

Level 3 Investments

Carrying amounts at 31 December 2022

	FVPL	FVOCI	Total
Net book amount 1 January	1,716	8,209	9,925
Additions	1,936	9,114	11,050
Disposals	(310)	(1,622)	(1,932)
Unrealized gain/(loss)	(1,518)	2,283	765
Effect of movement in foreign exchange differences	104	474	578
Net book amount 31 December	**1,928**	**18,458**	**20,386**

Other Liabilities held for trading

Fair value at 31 December

Level 3

	2023	2022
Net book amount 1 January	12,226	–
Additions	51,374	12,226
Disposals	(3,259)	–
Unrealized gain/(loss)	9,131	–
Fair value at 31 December	**69,472**	**12,226**

8. Hedge of net investments in foreign operations

Included in financial liabilities held for trading at 31 December 2023 was a borrowing of USD 19.3 million (2022: USD 19.9 million) which has been designated as a hedge of the net investment in the United States and Singapore subsidiaries, which have their functional currency in USD. This borrowing is being used to hedge the Group's exposure to the USD foreign exchange risk on this investment. Gains or losses on the retranslation of this borrowing are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the USD borrowing. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the borrowing. The hedging gain recognized in other comprehensive income before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognized in profit or loss.
The impact of the hedging instrument recorded in financial liabilities held for trading on the statement of financial position is as follows:

Foreign currency denominated borrowings

For the year ended 31 December 2023

Notional amount (US$000)	Carrying amount (€000)	Change in fair value used for measuring ineffectiveness for the period(€000)
19,300	**17,472**	**695**

Foreign currency denominated borrowings

For the year ended 31 December 2022

Notional amount (US$000)	Carrying amount (€000)	Change in fair value used for measuring ineffectiveness for the period(€000)
19,900	**18,646**	**7,555**

Net investment in foreign subsidiaries

For the year ended 31 December 2023

	Change in fair value used for measuring ineffectiveness (€000)	Foreign currency translation reserve (€000)
Investment in foreign subsidiaries	**(695)**	**(695)**

Net investment in foreign subsidiaries

For the year ended 31 December 2022

	Change in fair value used for measuring ineffectiveness (€000)	Foreign currency translation reserve (€000)
Investment in foreign subsidiaries	**7,555**	**7,555**

Impact to currency translation reserve

For the year ended 31 December 2023

	Change in fair value used for measuring ineffectiveness	Continuing hedges	Discontinued hedges
Investment in SG subsidiaries	981	477	–
Investment in US subsidiary	(288)	–	(2,178)
Total	**695**	**477**	**(2,178)**

Impact to currency translation reserve

For the year ended 31 December 2022

	Change in fair value used for measuring ineffectiveness	Continuing hedges	Discontinued hedges
Investment in SG subsidiaries	239	505	–
Investment in US subsidiary	7,316	1,890	–
Total	**7,555**	**2,395**	–

9. Earnings per share

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit for the year attributable to ordinary shareholders and the number of ordinary shares outstanding.

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

Diluted earnings per share is determined by adjusting the basic earnings per share for the effects of all dilutive share-based payments to employees.

Earnings per share

	For the year ended	
	2023	2022
Profit for the year	36,151	126,827
Profit attributable to ordinary shareholders	**36,151**	**126,827**
Weighted average number of ordinary shares	43,223,129	43,476,991
Dilutive effect of share-based payments	1,358,066	2,435,078
Weighted average number of ordinary shares for diluted net profit	**44,581,195**	**45,912,069**
Basic earnings per share	**0.84**	**2.92**
Diluted earnings per share	**0.81**	**2.76**

10. Net trading income

Gross trading income comprises the realized and unrealized income on financial instruments, digital assets and certain fees which the Group receives as a liquidity provider from exchanges and issuers of products.

Fees related to the trading activities consist of expenses such as exchange fees, clearing fees and other trading related fees. Net financial expenses related to the trading activities mainly relate to interest expense on the credit facilities with the prime brokers calculated on the drawn amount during the year.

11. Other income

Other income includes gains and losses from investments measured at fair value through profit and loss. For further details please refer to note 21.

12. Employee expenses

	For the year ended	
	2023	2022
Wages and salaries	59,758	56,224
Social security charges	6,522	5,834
Recruitment and other employment costs	9,735	11,104
Variable compensation paid in cash	41,005	70,420
Variable compensation paid in shares	16,930	33,253
Employee expenses	**133,950**	**176,837**

Share-based payments

Shares of the Company are awarded to employees as part of their variable compensation. Variable remuneration shares are awarded on a gross basis and net settled, such that the Company settles income tax obligations in cash on behalf of the employees. Company loyalty and sign-on package shares are awarded on a net basis, which gives rise to income tax obligations settled in cash by the Company on the employee's behalf. The Group expects to pay €10.3m to settle the tax obligations on behalf of the employees in 2024 (2023: €10.7m).

In either case the Group is responsible for withholding wage taxes upon vesting in the Netherlands and in most other countries of operations. The estimated amount of wage taxes can be up to 50%, for which future cash outflows may be covered by the sale of treasury shares.

Following the update to the Group's corporate structure at 13 January 2023 the change in the issuer of the shares from Flow Traders N.V. to Flow Traders Ltd. including the name of the company, legal seat and ISIN constitutes a modification to share-based payments. The Group measured the fair value of the outstanding share options based on the closing share price at 13 January 2023 and concluded that this change was a non-beneficial modification and continued to measure the fair value at original grant date. No incremental expenses related to the fair value of the share options was included in profit or loss.

Share-based payment expense per plan

	For the year ended	
	2023	2022
Variable remuneration share plans	15,975	31,169
Company loyalty and sign-on package share plans	954	2,085
Total expenses arising from equity settled share-based payments	**16,930**	**33,253**
Expenses arising from cash settled share-based payments	1,744	3,554
Total expenses arising from share-based payments	**18,673**	**36,807**

Total share awards outstanding per plan (number of shares)

	At 31 December	
		2022
Company loyalty and sign-on package share plans	111,590	163,418
Variable remuneration share plans	1,902,516	2,935,616
Total number of shares outstanding	**2,014,106**	**3,099,034**

a) Variable remuneration share plans - equity settled

Under the variable remuneration share plans, shares are granted to employees as part of their variable compensation. The shares vest in four equal installments during the first quarter of the subsequent year over a period of three or four years subject to the condition that the employee remains employed on the vesting date.

Employees are granted shares based on a fixed monetary value. As part of the 2023 variable remuneration plan the Company awarded shares to employees based on a fixed monetary value of €3.2 million. The number of shares granted are estimated based on the monetary value divided by the fair value of the share price at grant date. The final number of shares granted are determined based on the volume weighted average price (VWAP) of the first open period of the following year, resulting in an updated calculation of the shares awarded, as is shown in the tables below. These awards have a nil exercise price.

Prior year variable remuneration plans have been adjusted as follows:

Variable remuneration share plan year	2022	2021	2020
Fixed monetary value	27,432	20,943	96,318
Fair value share price at grant date	€23.26	€33.10	€28.58
VWAP share price of first open period	€26.64	€28.91	€32.20

The following table illustrates the number of shares and movements in share awards during the year. The expense recognized during the year was €16.0 million (2022: €31.2 million).

Number of shares

	For the year ended	
	2023	2022
Outstanding at 1 January	**2,935,616**	**2,601,716**
Granted during the year	184,693	1,179,378
Changes due to dividend reinvestment	91,405	78,977
Vested during the year	(1,054,589)	(859,556)
Forfeited during the year	(261,567)	(179,347)
Changes in shares recalculated based on final VWAP	6,958	114,448
Outstanding at 31 December	**1,902,516**	**2,935,616**

b) Company loyalty and sign-on package share plans - equity settled

Under the Company loyalty and sign-on package share plans, shares are granted as a part of variable compensation to certain employees. The shares vest over a period of one to five years, depending on the share plan and agreement with the employee, subject to the condition that the employee remains employed on the vesting date.

The fair value of the share options is estimated at the grant date. The fair value of shares granted to employees during 2023 is estimated at grant date at €1.1 million (2022: €2.0 million), reflecting a weighted average fair value of shares granted of €22.9 (2022: €26.8). The exercise price of the share option is equal to the market price of the underlying shares on the date of grant. The expense recognized during the year was €1.0 million (2022: €2.1 million).

Number of shares

	For the year ended	
	2023	2022
Outstanding at 1 January	**163,418**	**162,471**
Granted during the year	60,064	74,700
Changes due to dividend reinvestment	2,695	4,559
Vested during the year	(90,252)	(65,376)
Forfeited during the year	(24,335)	(12,936)
Outstanding at 31 December	**111,590**	**163,418**

c) Share appreciation rights - cash settled

Certain employees are awarded share appreciation rights (SARs) as part of their variable remuneration, settled in cash. The SARs vest in equal installments over a period of four to five years subject to the condition that the employee remains employed on the vesting date. The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs. The carrying amount of the liability relating to the SARs at 31 December 2023 was €8.6 million (2022: €10.4 million). The expense recognized during the year was €1.7 million (2022: €3.6 million). At year end there are no vested SARs that are unpaid.

13. Other expenses

	For the year ended 2023	2022
Technology	64,416	61,171
Housing	5,499	3,718
Regulatory costs	2,716	3,073
Advisors and assurance	5,002	4,910
Strategic advisory costs	4,304	14,057
Fixed exchange costs	7,178	8,161
Travel expenses	2,679	2,634
Various expenses	10,589	4,774
Other expenses	**102,383**	**102,497**

The total of our operating expenses under the EU Taxonomy Regulation comprises of technology, housing, fixed exchange and other expenses. The total for 2023 was €87,682 (2022: €77,826).

14. Taxation

	For the year ended 2023	2022
Tax recognized in profit or loss	**8,503**	**34,904**
Current tax expense	14,033	33,402
Movement deferred tax asset	(4,442)	2,125
Movement deferred tax liability	(134)	60
Adjustment for prior years	(954)	(684)
Tax expense excluding share of tax of equity-accounted investees	**8,503**	**34,904**

Reconciliation of the weighted average statutory income rate to the Group's effective income tax rate is as follows:

Reconciliation of effective tax rate

	For the year ended 2023	2022
Profit before tax	44,654	161,730
Dutch standard tax rate	25.8%	25.8%
Income tax expected	11,521	41,727
Actual income tax charge	8,503	34,904
In percentage	19.0%	21.6%
Difference in tax expense	**(6.8)%**	**(4.2)%**

Reconciliation of effective tax rate

For the year ended 31 December

	2023 (€)	2023	2022 (€)	2022
Dutch standard tax rate	11,521	25.8%	41,727	25.8%
Different weighted average statutory rate of group	(2,410)	(5.4%)	(1,749)	(1.1%)
Income (partly) exempted	(2,654)	(5.9%)	(10,401)	(6.4%)
Other non deductible costs	2,045	4.6%	5,327	3.3%
Subtotal	**(3,018)**	**(6.8%)**	**(6,823)**	**(4.2%)**
Effective tax rate	**8,503**	**19.0%**	**34,904**	**21.6%**

The effective tax rate differs from the (nominal) statutory tax rate. This difference is mainly caused by applying the participation exemption and Dutch innovation box regime. In addition the effective tax rate is impacted by non-deductible share plan costs that occur in each region.

Effective tax rate per region

An overview of the effective tax rate per region is presented in the table below.

	For the year ended 31 December 2023	
	Statutory tax rate	Effective tax rate
Europe	25.8%	25.0%
Americas	21.0%	19.2%
Asia	16.5%	(0.1%)
Group		19.0%

	For the year ended 31 December 2022	
	Statutory tax rate	Effective tax rate
Europe	25.8%	22.7%
Americas	21.0%	16.4%
Asia	16.6%	6.7%
Group		21.6%

Current tax assets and liabilities per region

	At 31 December	
	2023	2022
Assets		
Europe	4,744	622
Americas	706	2,036
Asia	623	142
Total current tax assets	**6,073**	**2,800**
Liabilities		
Europe	1,725	10,412
Americas	1,322	99
Asia	569	735
Total current tax liabilities	**3,616**	**11,246**

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	At 31 December	
	2023	2022
Assets		
Deferred tax assets	9,945	5,503
Liabilities		
Property and equipment	(395)	(500)
Investments measured fair value through OCI	(1,581)	(1,064)
Other assets	(533)	(808)
Net asset/(liability)	**7,436**	**3,131**

Taxes paid per region

An overview of the taxes paid is presented in the table below.

	For the year ended 31 December 2023				
	Corporate income tax	Value added tax	Payroll tax	Dividend WHT	Total
Europe	21,547	1,248	43,310	6,460	72,566
Americas	1,532	9	1,712	–	3,253
Asia	632	(1)	61	–	692
Total	**23,711**	**1,256**	**45,083**	**6,460**	**76,511**

	For the year ended 31 December 2022				
	Corporate income tax	Value added tax	Payroll tax	Dividend WHT	Total
Europe	23,824	1,464	58,776	5,255	89,319
Americas	62	9	1,940	–	2,011
Asia	181	36	2	–	219
Total	**24,067**	**1,509**	**60,717**	**5,255**	**91,548**

15. Cash and cash equivalents

	At 31 December	
	2023	2022
Europe	1,946	1,837
Americas	309	203
Asia	3,453	6,572
Total cash and cash equivalents	**5,708**	**8,612**

Cash and cash equivalents are available on demand and used by the Group in the management of its short term commitments.

16. Financial assets held for trading

	At 31 December	
	2023	2022
Long position in equity securities-trading	5,217,969	4,433,651
Long position in debt securities-trading	277,814	434,853
Mark to market derivatives assets	1,012	8,086
Total financial assets held for trading	**5,496,795**	**4,876,590**

The table above shows the fair values of derivative financial instruments recorded as assets.

The Group enters into derivative contracts such as futures, forwards, swaps and options for trading and economic hedge purposes. Futures contracts are transacted at standardized amounts on regulated exchanges and are subject to cash margin requirements. Forwards are customized contracts transacted in the over-the-counter market. Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index .The Group's derivative assets and liabilities are generally not offset in the statement of financial position unless the IFRS netting criteria are met. The Group's trading capital exposures including derivative contracts is monitored on daily basis as part of its overall risk management framework.

Please also refer to note 17, 25 and 26.

17. Trading receivables

	At 31 December	
	2023	2022
Receivables for securities sold	7,831,027	5,466,900
Due from brokers and exchanges	268,340	553,610
Unsettled mark to market derivatives assets	2,279	1,844
Total trading receivables	**8,101,646**	**6,022,354**

In accordance with the Group's policy of trade date accounting for regular way sale and purchase transactions, receivables for securities sold represent amounts of receivables for securities that are sold, but not yet settled as at the reporting date and amounts due from brokers and exchanges. Trading receivables are measured at amortized cost. Given the short-term nature of these assets, their carrying amount is a reasonable approximation of fair value. Additionally, the expected credit loss is immaterial.

Please also refer to note 16, 25 and 26.

18. Other assets held for trading

	At 31 December	
	2023	2022
Other assets held for trading	169,821	58,347
Total other assets held for trading	**169,821**	**58,347**

The carrying amount of other assets held for trading at year end was €169.8 million (2022 €58.3 million). This amount includes digital assets traded on centralized and decentralized exchanges.

19. Other receivables

	At 31 December	
	2023	2022
Prepayments	7,361	9,978
Dividend withholding tax	1,688	1,152
Security deposits	3,146	3,017
Receivable from employees	256	977
Other receivables	8,224	9,583
Total other receivables	**20,675**	**24,708**

20. Investments measured at fair value through other comprehensive income

	At 31 December	
	2023	2022
Net book amount 1 January	19,839	9,282
Acquisitions / investments	478	9,114
Disposals	(275)	(1,622)
Unrealized gains/(losses)	447	2,563
Effect of movements in exchange rate	(406)	502
Total Investments measured at fair value through OCI	**20,083**	**19,839**

Total gains/(losses) on investments measured at fair value through other comprehensive income is presented in the Changes in investments at fair value through other comprehensive income line on the Consolidated statement of profit and loss and other comprehensive income.

21. Investments measured at fair value through profit and loss

	At 31 December	
	2023	2022
Net book amount 1 January	1,928	1,716
Acquisitions / investments	1,063	1,936
Disposals	–	(310)
Remeasurement recognized in profit or loss	3,565	(1,518)
Effect of movement in foreign exchange differences	(72)	104
Total Investments measured at fair value through PL	**6,485**	**1,928**

Total gains/(losses) on investments measured at fair value through profit and loss in the Other income line on the Consolidated statement of profit and loss and other comprehensive income.

22. Equity-accounted investees

At 31 December 2022, equity-accounted investees were presented as Investment in associates on the Statement of Financial Position. As of 31 December 2023, equity-accounted investees includes both investments in associates and joint ventures. As such, the presentation on the Statement of Financial Position is now Equity-accounted investees.

a) Individually immaterial equity accounted investees

	At 31 December	
	2023	2022
Net book amount 1 January	4,958	2,670
Investments	–	3,012
Cash distribution	(78)	(9)
Impairment	(4,445)	(354)
Result from equity-accounted investees	(43)	(298)
Effect of movement in foreign exchange differences	222	(63)
Total investments in individually immaterial equity-accounted investees	**614**	**4,958**

The Group recognized an impairment of €4.3 million in its investment in an associate, LedgerEdge Inc. As of 31 December 2023, the estimated recoverable amount of LedgerEdge Inc. is nil and there is no expectation of reversal in future periods as the company and its subsidiary are in the process of liquidation.

b) Joint Venture

The Group has invested in a joint venture in which the Group has joint control and 17.43% ownership interest through voting preferred shares. The Group, along with the other investors identified in the Shareholder Agreement as Major Investors, must each approve (unanimous consent) of matters in regard to the relevant activities of the joint venture. This results in collective control of the arrangement.

The Group does not consider the assessment of control a significant judgement under IAS 1 given the nature of those contractual terms and the activities which require agreement from each major investor. As per the shareholders' agreement, the Group is considered a major investor.

The investee is developing a trading technology platform in the Asian Pacific region. In accordance with acquisition agreement, the Group may make an additional investment dependent on future events.

The following table summarizes the joint venture's financial statements for the period ending 30 November 2023. The Group uses the 30 November 2023 financial statements due to operational constraints of the investee.

	At 31 December	
	2023	2022
Percentage ownership Interest	**21.60%**	–
Non-current assets	2,690	–
Current Assets (inc. €4.8m in cash)	5,760	–
Current financial liabilities	(28)	–
Non-current financial liabilities	–	–
Net assets	**8,423**	–
Gain /(loss) on foreign exchange translation		–
Group's share of net assets (ownership %)	**1,819**	–
Goodwill	**2,373**	–
Carrying amount of interest in joint venture	**4,193**	–
Loss from continuing operations	**(145)**	–
Other comprehensive income	–	–
Total comprehensive Income (ownership %)	**(31)**	–

23. Property and equipment

	Hardware	Office fixtures	Office space right-of-use assets	Hardware right-of-use assets	Total
Cost					
Balance at 1 January 2022	33,911	10,214	23,401	12,586	80,113
Additions	3,017	4,426	42,041	3,085	52,570
Disposals	(3,183)	(5,140)	(1,870)	(3,381)	(13,574)
Exchange rate differences	988	573	1,266	298	3,124
Balance at 31 December 2022	**34,734**	**10,073**	**64,838**	**12,588**	**122,233**
Balance at 1 January 2023	34,734	10,073	64,838	12,588	122,307
Additions	4,802	7,149	1,070	2,191	15,212
Disposals	(7,838)	(4,127)	(661)	(2,533)	(15,159)
Effect of movements in exchange rates	(410)	(176)	(1,687)	(76)	(2,423)
Balance at 31 December 2023	**31,288**	**12,919**	**63,560**	**12,170**	**119,937**
Depreciation and impairment losses					
Balance at 1 January 2022	12,777	6,410	13,277	8,040	40,504
Depreciation for the year	5,617	1,734	5,665	3,419	16,435
Disposals	(3,287)	(3,494)	(1,870)	(4,900)	(13,551)
Exchange rate differences	468	342	619	335	1,764
Balance at 31 December 2022	**15,575**	**4,992**	**17,691**	**6,894**	**45,152**
Balance at 1 January 2023	15,575	4,992	17,691	6,894	45,192
Depreciation for the year	6,339	1,509	7,405	2,511	17,764
Disposals	(7,394)	(3,874)	(746)	(2,533)	(14,547)
Exchange rate differences	(238)	(71)	(514)	(43)	(906)
Balance at 31 December 2023	**14,282**	**2,556**	**23,836**	**6,829**	**47,503**
Carrying amounts					
At 1 January 2022	21,134	3,804	10,124	4,546	39,609
At 31 December 2022	19,159	5,081	47,147	5,694	77,081
At 31 December 2023	18,802	10,363	39,724	3,545	72,434

Right-of-use assets are disclosed in more detail in note 28 and must be considered along with software right-of-use assets in note 24. Assets that have been fully depreciated and are considered obsolete are disposed of, the Group does not generate sale proceeds from disposed assets. The Depreciation for the year line item includes €0.07 million in written off tangible assets for the year ended 31 December 2023 (2022: € 0.161 million).

24. Intangible assets

	Software	Software right-of-use assets	Goodwill	Total
Cost				
Balance at 1 January 2022	2,257	638	502	3,397
Additions	156	3	–	159
Disposals	(223)	(172)	–	(395)
Exchange rate differences	22	1	–	23
Balance at 31 December 2022	**2,212**	**470**	**502**	**3,184**
Balance at 1 January 2023	2,212	470	502	3,184
Additions	107	1,228	–	1,335
Disposals	(258)	–	–	(258)
Exchange rate differences	(6)	–	–	(6)
Balance at 31 December 2023	**2,055**	**1,698**	**502**	**4,255**
Depreciation and impairment losses				
Balance at 1 January 2022	754	298	–	1,052
Depreciation for the year	432	110	–	542
Disposals	(220)	(172)	–	(392)
Exchange rate differences	15	–	–	15
Balance at 31 December 2022	**981**	**236**	**–**	**1,217**
Balance at 1 January 2023	981	236	–	1,216
Depreciation for the year	425	181	–	606
Disposals	(209)	–	–	(209)
Exchange rate differences	(37)	–	–	(3)
Balance at 31 December 2023	**1,160**	**417**	**–**	**1,610**
Carrying amounts				
At 1 January 2022	1,503	340	502	2,345
At 31 December 2022	1,231	234	502	1,967
At 31 December 2023	895	1,281	502	2,678

Right-of-use assets are disclosed in more detail in note 28 and must be considered along with office space and hardware right-of-use assets in note 23. Assets that have been fully depreciated and are considered obsolete are disposed of, the Group does not generate sale proceeds from disposed assets.

Goodwill

In December 2010 the Group obtained control of TradeSense Solutions B.V. and its subsidiary Flow Traders Technologies SRL (formerly TradeSense Solutions SRL), a software development company with special focus on trading in electronic markets. The goodwill amounted to €0.5 million.

There were no additions or impairments to the goodwill in 2023 and 2022.

25. Financial liabilities held for trading

	At 31 December	
	2023	2022
Short positions in equity securities-trading	2,643,006	2,517,302
Short positions in debt securities-trading	423,394	431,195
Mark to market derivatives liabilities	653	8,143
Total financial liabilities held for trading	**3,067,053**	**2,956,640**

Please also refer to note 16, 17 and 26.

26. Trading payables

	At 31 December	
	2023	2022
Payables for cash market products	7,906,239	5,694,655
Credit facilities	1,970,248	1,629,316
Unsettled mark to market derivatives liabilities	3,010	2,199
Total trading payables	**9,879,497**	**7,326,169**

Due to the short-term nature of these liabilities, their carrying amount is a reasonable approximation of fair value. Please also refer to note 16, 17 and 25.

Payables for securities bought

In accordance with the Group's policy of trade date accounting for regular sale and purchase transactions, payables for securities bought represent amounts payables for securities that were purchased, but not yet settled as at the reporting date. The amount payable is based on the net unsettled amount per clearing institution.

Credit Facilities

The Group maintains portfolio financing facilities with its prime brokers to facilitate the trading activities (i.e. to finance the purchase and settlement of financial instruments). The drawn amounts on these facilities continuously fluctuate based on our trading positions at any given moment.

The Group entered into interest-bearing credit facilities with ABN AMRO Clearing Bank N.V. (AACB), totaling €2,825 million per year end, comprising of a EUR denominated facility of €2,350 million and a USD denominated facility of $540 million. In addition, the Group entered into interest-bearing credit facilities for portfolio margin financing with Bank of America Merrill Lynch (BA ML), Goldman Sachs, Barclays Bank, Mizrahi-Tefahot Bank. These facilities can be modified or terminated at any time. The facilities are exclusively for the financing of positions of the financial instruments traded in the ordinary course of the trading activities using the various prime brokers.

Our prime brokers require the Group to post cash to cover the haircut or margin requirements (representing a minor portion of our portfolio's size, which is variable and calculated on a daily basis depending on portfolio size and composition) in cash or securities as security for our positions held with the relevant prime broker. The positions are subject to pledge and collateral arrangements.

Covenants

Pursuant to the main covenants included in our facilities, the Group is required to comply with a net liquidation balance that exceeds the haircut calculated by the prime broker. Both the net liquidation balance and haircut are variable and calculated on a daily basis, depending on portfolio size and composition. The main covenants prescribe certain maximum portfolio-to loan size (variable and calculated on a daily basis, depending on portfolio composition). In addition, for our Asian operations they require us to maintain a solvency ratio of at least 4%, calculated by shareholders' equity divided by credit limit.

The main covenants also require the Group to supply our prime brokers with financial statements and other information, including information on our trading activities and trading counterparties. Furthermore, they require us to maintain all relevant authorizations and memberships required in order to conduct our business, and comply with all applicable laws, rules and regulations and place restrictions on mergers and disposition of our assets outside the ordinary course of our business.

The Group has not had any defaults or other breaches with regard to any liabilities during 2023 or 2022.

27. Other liabilities held for trading

	At 31 December	
	2023	**2022**
Other liabilities held for trading	243,765	32,115
Total other liabilities held for trading	**243,765**	**32,115**

Per year end the Group had other liabilities held for trading with a total value of €243.8 million (2022: €32.1 million) comprising of loans denominated in digital currencies or held with digital asset brokers.

28. Leases

The Group has lease contracts for office space, software and hardware with lease terms between one and ten years.

Set out below are the carrying amounts of the Group's right-of-use assets (included under property and equipment and intangible assets) and lease liabilities and the movements during the period:

	At 31 December 2023	
	Right-of-use assets	Lease liabilities
As at 1 January 2023	**53,075**	**54,100**
Additions	4,489	6,431
Depreciation expense	(10,097)	–
Disposals	–	–
Interest expense	–	2,296
Payments	–	(8,309)
Exchange rate differences	(1,121)	(1,476)
As of 31 December 2023	**46,346**	**53,042**

	At 31 December 2022	
	Right-of-use assets	Lease liabilities
As at 1 January 2022	**15,010**	**16,175**
Additions	45,129	43,403
Depreciation expense	(9,194)	–
Disposals	1,518	–
Interest expense	–	589
Payments	–	(9,613)
Exchange rate differences	612	3,546
As of 31 December 2022	**53,075**	**54,100**

In relation to the lease liabilities for an amount of €6.6 million (2022 €5.9 million) there are liens on the property plant & equipment, mainly related to hardware assets. For more information, please refer to notes 23 and 24 for further details of the right-of-use assets.

29. Other liabilities

	At 31 December	
	2023	2022
Long-term variable compensation payable	13,328	27,782
Subtotal non-current liabilities	**13,328**	**27,782**
Wages and variable compensation payable	46,267	62,096
Wage tax payable	969	1,400
Creditors and accruals	17,155	24,452
Subtotal current liabilities	**64,391**	**87,948**
Total other liabilities	**77,719**	**115,730**

Current and non-current variable compensation payable include amounts payable to employees related to the cash portion of variable remuneration and share appreciation rights (SARs) (see note 12- Employee expenses, note 31 Provisions and contingencies). As set out in the Remuneration report, the cash portion of variable remuneration and the SARs programs are deferred and paid in multiple installments. If the Group faces operational losses these variable compensation installments may be reduced or forfeited.

30. Equity

Share capital and share premium

All ordinary shares rank equally with regard to the Company's residual assets. There are no preferred shareholders.

	At 31 December	
	2023	2022
In issue 1 January	46,534,500	46,534,500
Treasury shares	(3,422,732)	(3,699,872)
Total	**43,111,768**	**42,834,628**

Ordinary shares

Holders of the Company's ordinary shares are entitled to dividends and are entitled to one vote per share at general meetings of the Company.

On 2 December 2022 the Company increased the issued and paid up share capital from €4,653,450 to €162.870.750 with 46,534,500 shares with a nominal value of €3.50 each instead of €0.10 each. The share capital increase was carried out against the Company share premium account. During the year the authorized capital of the Company was increased from €10 million to €350 million consisting of 100 million common shares of which 46,534,500 shares are issued.

Treasury shares

As at 31 December 2023 Flow Traders Ltd and its subsidiaries held 3,422,732 (2022: 3,699,872) of ordinary shares (treasury shares). Treasury shares held by the Group are not cancelled and are recognized at cost and deducted from Equity. No gain or loss is recognized in the P&L on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any differences between the carrying amount and the consideration, if reissued, is recognized in equity. The purchases of treasury shares on the market are intended for hedging of our employee share plan obligations or for capital management purposes.

Share-based payment reserve

The share based payment reserve is used to recognize the grant date fair value of shares granted to employees including the value of reinvested dividends on unvested shares. At the delivery of the shares to the employees the shares will be reclassified reducing the Share Based Payment Reserve and increasing the Share Premium Account. Please also refer to note 12 - Employee Expenses.

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. This also includes the hedge results.

Fair value reserve

The fair value reserve comprises the fair value movements on all Investments measured at fair value through other comprehensive income of the Group.

General distributions

Pursuant to Article 24.1 of the Company's Articles of Association, the Board, with the approval of the Non-Executive Directors, has decided that of the profit for 2023 (totaling €36.2 million), an amount of € 19.5 million shall be added to the reserves. The remaining amount of € 16.7 million is at the disposal of the General Meeting of Shareholders (General Meeting).

Dividends

The Board declared a total cash dividend of €0.45 per share and this will be paid out to shareholders for the financial year 2023, subject to a 15% dividend withholding tax. An interim cash dividend of €0.30 per share was paid out in August 2023. This means that the final cash dividend proposal for a non-binding advisory vote to the General Meeting on 13 June 2024 is €0.15 per share.

31. Provisions and contingencies

The Group operates in various legal, administrative, tax and regulatory jurisdiction. From time to time, the Group is involved in proceedings concerning matters arising within the normal course of business. The outcomes of these proceedings are difficult to assess and may involve significant judgement and estimation uncertainty.

Provisions

The Group have estimated and recognized provisions for a total of €4.1 million as of 31 December 2023 (2022: nil) related to regulatory claims. This amount is presented in Provisions on the Statement of Financial Position. The amount raised relates to alleged violations of trading regulations, the outcome of which is uncertain. The Group estimated the provision using assumptions based on observable historical settlements from similar regulators and for similar alleged violations in combination with internal recalculations of relevant trading activities. The provisions are recognized within Other Expenses in the Statement of Profit or Loss for the year ended 31 December 2023. The carrying value of the provision is most sensitive to the assumption based on historical cases. A reasonably possible 20% change in that assumption would result in a €360k increase or decrease in the provisions' carrying value.

	Legal	Total
As at 1 January 2023	–	–
Provisions made during the year	4,111	4,111
Provisions used during the year	–	–
Provisions reversed during the year	–	–
Unwind of discount	–	–
As of 31 December 2023	**4,111**	**4,111**

The Group's judgement is that the settlement of these amounts will be within 12 months of 31 December 2023. The amount of provisions for the year ending 31 December 2022 was nil.

Cash incentive provided to employees

Up until and including 2019, eligible employees could participate in an employee incentive plan and were eligible for a cash incentive depending on their share position in the Company. One of the conditions for this cash incentive is that the employee needs to be employed at the Company at time of the payment of the cash incentive. Payments will be made in the first, second, third, fourth and fifth year of the plan. Based on IAS 19, costs related to the cash incentive may not be recognized until the employee fulfills the service obligation. Therefore these costs will be recognized in future years in profit and loss. In 2023 the Company recognized €0.4 million of costs relating to this plan (2022: €1.8 million).

As from 2020 certain employees receive part of their variable compensation in share appreciation rights (SARs). The SARs vest in equal installments over a period of four to five years subject to the condition that the employee remains employed on the vesting date. The SARS are expenses and recognized in the financial statements in line with the IFRS 2 Share based payment - cash settled accounting rules (refer also to note 12 - Employee Expenses).

The contingent liability from these plans are as follows:

	2024	2025	2026	2027	Total
SARs 2020	105	35	–	–	140
SARs 2021	247	323	107	–	677
SARs 2022	336	222	–	–	558
Total	**688**	**580**	**107**	**–**	**1,375**

Guarantees

Flow Traders B.V., Flow Traders US Holding LLC, Flow Traders US LLC and Flow Traders US Institutional Trading LLC (collectively “Guarantors”) have provided several guarantees for the obligations of Flow Traders US Institutional Trading LLC, Flow Traders US Holding LLC and Flow Traders US LLC (collectively “Beneficiaries) to external counterparties in relation to trading relationships. Obligation under the guarantees require Guarantors to fulfil claims of the Beneficiaries once it has not fulfilled one of its obligations directly related to the trading relationships. These guarantees are in effect for periods ranging from 1 year to an indefinitive term as of the signing date of the agreement, which can be withdrawn with 1 week notice.

Contingent Liabilities

The Group’s calculation of tax liabilities involves dealing with uncertainties in the application of complex tax laws in a multitude of jurisdictions across EMEA, Asia and the Americas. In this context, it is possible that tax exposures which have not yet materialized may result in different interpretation of local rules. As of 31 December 2023, management concluded that it is probable that the tax authority in the Netherlands will accept our treatment of interest limitation rules (article 15b paragraph 6(c)). It is possible that different interpretation of local rules may result in tax exposures from timing differences.

Contingent Assets

Flow Traders Investment Limited (FTIL) held both digital assets and fiat currency on FTX Trading Ltd.’s (FTX) digital asset exchange prior to FTX filing bankruptcy in November 2022. As a result of that bankruptcy, FTIL derecognised their balances held on FTX’s platform during the year ended 31 December 2022. FTIL subsequently filed a customer claim with the bankruptcy estate in September 2023. As a result of the filing, FTIL is an FTX Debtor under the bankruptcy proceedings.

In October 2023, FTX announced a proposed settlement plan which included a Preference Settlement Amount. The Preference Settlement Amount, if approved, would allow FTX Debtors the opportunity to resolve any liabilities and claims with FTX on a net basis. As of 31 December 2023, the Group has concluded that an inflow of economic benefit from the Preference Settlement Amount is probable, but not virtually certain (hence, no asset has been recognized as of 31 December 2023). Additionally, the financial effect is impractical to estimate as there are unknown resolutions to specifics of the Preference Settlement Amount. In addition to the Preference Settlement Amount, the Group is also exploring options for a sale of its claim.

32. Related parties

General

The executive and non-executive directors of the Board are considered the persons responsible for managing, controlling and supervising the Group. During the year ended 31 December 2023, the Group engaged with Roger Hodenius, a former non-executive director of the Board (cessation of appointment in April 2023), as an advisor. There were no amounts paid for this engagement during the year ended 31 December 2023.

Board and non-executive directors compensation

The Board and non-executive director compensation for 2023 and 2022 comprises base salaries and variable compensation paid in cash is short-term in nature.

Remuneration of the executive and non-executive directors **2023**

	Base salary	Cash from profit-share	Share-based payments	Extra-ordinary	Total
Executives	399	733	333	8	**1,472**
Non-executives	901				**901**

Remuneration of the executive and non-executive directors **2022**

	Base salary	Cash from profit-share	Share-based payments	Extra-ordinary	Total
Management Board	499	2,650	2,650	16	**5,815**
Supervisory Board	620				**620**

Flow Traders Foundation

As one of Flow Traders' Non-Executive Board members sits on the Board of the Flow Traders Foundation ("Foundation"), the Foundation is considered a related party.

In 2020 Flow Traders established the Flow Traders Foundation, a Charity or Foundation ("Stichting") to better structure its historic engagement in giving to others in society who need (financial) help. During 2020 Flow Traders established the funding to make sure that a significant financial basis has been laid so that the Foundation has the financial means to make not only an annual but also a structural impact and meets its purpose.

In 2023 Flow Traders contributed a total value of €0.5 million (2022: €0.6 million) related to the Multiyear right to appoint charities the Foundation supports as the main shirt sponsor of a Dutch professional football club. The Company also reserved an amount from the 2023 variable remuneration pool for employees for donation to the Foundation of €0.2 million in 2023 (2022: €0.4 million).

In addition, as part of donation agreements between certain Non-Executive Directors to the Board and the Foundation, the Foundation is obligated to invest the donations received from this member into shares of the Company. In 2023 the Foundation received a donation of €0.5 million from current and former Non-Executive Board members, which it used to purchase 21,151 shares in Flow Traders Ltd. against a share price of €23.64.

33. Group companies

Subsidiaries

	Country of incorporation	Ownership interest	
		2023	2022
Flow Traders B.V.	Netherlands	100%	100%
Flow Traders Technologies B.V.	Netherlands	100%	100%
INIT Capital B.V.	Netherlands	100%	100%
Flow Traders Investments B.V.	Netherlands	100%	100%
Flow Traders Holding LLC	USA	100%	100%
Flow Traders U.S. Holding LLC	USA	100%	100%
Flow Traders U.S. LLC	USA	100%	100%
Flow Traders U.S. Institutional Trading LLC	USA	100%	100%
FTTNY LLC	USA	100%	100%
Flow Traders Asia Pte. Ltd.	Singapore	100%	100%
Flow Traders Hong Kong Ltd	Hong Kong	100%	100%
Flow Traders Hong Kong Services Ltd	Hong Kong	100%	100%
Flow Traders UK Services Ltd	United Kingdom	100%	100%
Flow Traders London Ltd	United Kingdom	100%	100%
Flow Traders Technologies SRL	Romania	100%	100%
Flow Traders Investments Limited	Jersey	100%	100%

Other branches

The Group has the following branches:

	Trading Name	Country
Paris	Flow Traders B.V. (Paris Branch)	France
Milan	Flow Traders B.V. (Milan Branch)	Italy
Shanghai representative office	Flow Traders Hong Kong Ltd. (Shanghai)	China
Hong Kong	INIT Capital B.V. (Hong Kong)	China
Seoul	Flow Traders Asia Pte. Ltd. (Branch)	Korea
Chicago	Flow Traders U.S. LLC	United States

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which its subsidiaries operate. Please refer to the Capital Management section of this report for more information.

34. Financial risk management

Overview

The Group is exposed to the following risks arising from financial instruments:

- Operational risk;
- Credit risk;
- Market risk;
- Foreign exchange risk;
- Interest Rate risk;
- Liquidity risk;
- Concentration risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of our liquidity and capital.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Our Group Operational Risk framework contributes to raise awareness of these risks to all our employees and promotes a risk mitigation culture in all our processes. This includes documenting of procedures and periodically updating of this documentation.

The risk governance and independence of the Risk team ensures that our risk appetite is appropriately implemented, monitored and reported to management on a regular basis. We maintain an internal operational risk event database that captures any incident that may have occurred (irrespective if it led to a financial loss/profit or not). We routinely perform an in-depth analysis of these incidents in order to avoid a reoccurrence.

Every year, we conduct Risk Control Self Assessments (RCSA) across the organization to update what our main inherent risks are and which could be the most impactful in order to manage them to be within our risk appetite.

Any breach of risk appetite is escalated to management. A decision is then made as to whether we should mitigate, defer or accept the breach. If mitigation is considered to be the appropriate action, a Taskforce is put in place to bring back the residual risk scoring within our risk appetite. This ongoing vigilance ensures we dedicate the appropriate amount of time and resources to improve our control environment in a consistent and risk-based manner.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and can also arise from the settlement of off-exchange transactions.

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. These amounts significantly exceed expected loss in the event of counterparty default, as expected loss takes into account the likelihood of such an event and collateral or security. The likelihood of counterparty default is deemed to be remote due to the creditworthiness of the counterparties and the central counterparties. The maximum exposure to credit risk at the reporting date was as follows:

Carrying amount	At 31 December	
	2023	2022
Cash and cash equivalents	5,708	8,612
Trading receivables	8,101,419	6,022,354
Other receivables	20,675	24,708

Credit risk related to transactions on exchanges is limited since these are guaranteed by the central counterparty or clearing house related to that exchange. Members of these clearing houses are required to deposit substantial amounts of cash, bonds or equities as collateral for any failure to settlement of trading. While still a limited part of our business, there is an inherent risk related to transactions on digital asset exchanges and protocols, both centralized and decentralized. Additionally, this risk is mitigated by strict onboarding procedures and limiting the value traded on exchange to minimize the maximum risk.

The Group manages credit risk through its Risk department that provide specific guidelines, rules and procedures for identifying, measuring and reporting credit risk.

Policies include amongst others;

- limits for individual product types
- limits per counterparty
- limits on the duration of the exposure
- limits for settlement types
- strict monitoring procedures for late settlements
- limits to exchanges

Creditworthiness of counterparties is continuously assessed and counterparty exposures are monitored on an intraday basis.

Offsetting financial assets and financial liabilities

The disclosures set out in this paragraph include financial assets and financial liabilities that:

- are offset in the Group's statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, securities borrowing and securities lending agreements. Financial instruments, such as loans and deposits, are not disclosed in this paragraph unless they are offset in the statement of financial position.

The ISDA and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right to offset recognized amounts for the parties to the agreement that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events.

In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The Group has outsourced collateral management to its prime brokers. It can receive and grant collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives;
- sale and repurchase, and reverse sale and repurchase agreements; and
- securities lending and borrowing.

The Group receives and grants collateral in the form of cash and marketable securities as set out in notes 17 and 26 in respect of derivatives (including swaps). Such collateral is subject to standard industry terms including, where appropriate, an ISDA Credit Support Annex. This means that securities received/granted as collateral can be pledged or sold during the term of the transaction, but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

Offsetting

The Group has various netting agreements in place with counterparties to manage the associated credit risks. Such arrangements primarily include: securities borrowing and lending arrangements, and over-the-counter and exchange traded derivatives. These netting agreements and similar arrangements generally enable the counterparties to offset liabilities against available assets received in the ordinary course of business and/or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it, thus, reducing credit exposure. However, the offsetting criteria in IFRS 9 are not met in all cases.

								At 31 December 2023
	Offsetting recognized on the statement of financial position			Netting potential not recognized on the statement of financial position		Assets not subject to netting arrangements		Maximum exposure to risk
	Gross assets/ liabilities before offset	offsetting with gross liabilities (IAS 32)	Net positions recognized on the statement of financial position	Netting Potential	Positions after consideration of netting potential	Positions not subject to netting arrangements	Positions recognized in the statement of financial position	After consideration of netting potential
Financial assets								
Long positions, cash market products and amounts receivable from clearing agent	14,704	(1,105)	13,598	(12,947)	652	–	13,598	652
Other assets held for trading	–	–	–	–	–	170	170	170
Total financial assets	**14,704**	**(1,105)**	**13,598**	**(12,947)**	**652**	**170**	**13,768**	**822**
Financial liabilities								
Short positions, cash market products amounts payable to clearing agents, and borrowings	14,052	(1,105)	12,947	(12,947)	–	–	12,947	–
Other liabilities held for trading	–	–	–	–	–	244	244	244
Total financial liabilities	**14,052**	**(1,105)**	**12,947**	**(12,947)**	**–**	**244**	**13,190**	**244**

At 31 December 2022

	Offsetting recognized on the statement of financial position			Netting potential not recognized on the statement of financial position		Assets not subject to netting arrangements		Maximum exposure to risk
	Gross assets/ liabilities before offset	offsetting with gross liabilities (IAS 32)	Net positions recognized on the statement of financial position	Netting Potential	Positions after consideration of netting potential	Positions not subject to netting arrangements	Positions recognized in the statement of financial position	After consideration of netting potential
Financial assets								
Long positions, cash market products and amounts receivable from clearing agent	12,002	(1,103)	10,899	(10,283)	616		10,899	616
Other assets held for trading						58	58	58
Total financial assets	**12,002**	**(1,103)**	**10,899**	**(10,283)**	**616**	**112**	**10,957**	**674**
Financial liabilities								
Short positions, cash market products amounts payable to clearing agents, and borrowings	11,386	(1,103)	10,283	(10,283)	–		10,283	–
Other liabilities held for trading						32	32	32
Total financial liabilities	**11,386**	**(1,103)**	**10,283**	**(10,283)**	**–**	**32**	**10,315**	**32**

Market risk

The market risk for the Group relates to the risk of the value of a financial instrument fluctuating because of changes in factors including, but not limited to, interest rates, volatilities, currency rates, future dividend expectations and equity prices. The Risk department monitors market risk exposure on a continuous intraday basis. Based on the limits set per product or the aggregated risk for the Group, limit breaches will trigger action from the Risk department in order to reduce the risk back to within our preset limits.

In addition to the Group's Risk department, the trading positions are also monitored daily by Operations. The applicable haircut and margins are computed by the Group's prime brokers. The Risk department computes the haircut using internal models enabling intraday monitoring. Limits are set on both capital- and credit usage. Long and short trading positions include securities and derivatives such as: shares, American Depository Receipts (ADR's) s), options, warrants, futures, forward rate agreements (FRA's), exchange-traded products (ETP) and digital assets. All traded financial instruments are liquid instruments. Therefore, our portfolio can always be liquidated within a short time frame and with a limited cost impact.

The Group seeks to hedge its trading positions to minimize its risk for adverse price movements and does not engage in long or short only positions. The direction of market movements, i.e. what the Group considers directional market risk taking, is not relevant for the Group because of our market-making trading strategy. Due to the manner in which the Group hedges foreign currency, interest rate risk and other price risk, the directional market risk is close to zero. Therefore, no sensitivity analysis has been disclosed.

The overall market risk (including interest rate risk, credit risk, foreign currency risk and settlement risk) of the financial assets and liabilities held for trading are captured in the risk and margin requirements which the Group is required to post at its prime brokers and clearing firms. The consolidated margin and haircut requirements over 2023 are shown in the Capital management paragraph. Although the positions are fully hedged, a minimum risk close to zero remains as a result of inefficiencies in the models of the prime brokers.

Market risk factors relating to digital assets and liabilities

In a similar matter to traditional assets, the price of a digital asset or liability fluctuates according to its supply and demand. We manage this risk by holding digital assets in the same proportion as liabilities (long/short delta neutral book). Per year end we had a total exposure to digital assets of € 0.2 million (2022: € 0.4 million).

Foreign currency risk

The Group is exposed to currency risk arising from trading positions denominated in a currency other than the respective functional currencies of the Group entities, primarily the Euro, as well as United States dollars and Singapore dollars.

Foreign currency risk also arises on net investments in foreign operations, as well as net results of these foreign operations during the year. The Group manages foreign currency risk through daily monitoring of the positions by currency. Generally, the Group seeks to hedge foreign currency exposures in currencies other than the functional currency. The Group does use financial instruments to hedge the translation risk related to net investments in foreign operations or net results of foreign operations. Due to the manner in which the Group hedges foreign currency risk, the directional foreign currency risk is close to zero. Therefore, no sensitivity analysis has been disclosed.

Interest rate risk

Interest rates will affect future profitability of the fair value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches of arranged interest rates of assets and liabilities. The Group has limits in place on interest rate gaps for stipulated periods. These limits ensure that interest rate risks are hedged. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits. All financial instruments are held for trading purposes and are accounted for at fair value on the statement of financial position. Positions carried on the statement of financial position are short term and listed on exchanges and therefore liquid and tradable.

As mentioned in the paragraph trading payables, the Group has a credit facility available to facilitate the trading positions accounted for on the statement of financial position. In order to match the liquidity and short holding period of these trading positions, the facility has an interest rate payable, which is floating. The Group runs a limited risk on the floating interest due to the fact that the interest is also embedded in the funding and financing of the long/short positions and in the ETP of the future. Due to the manner in which the Group hedges interest rate risk, the directional interest rate risk is close to zero. Therefore, no sensitivity analysis has been disclosed.

Other price risk

Equity price risk and commodity price risk arises from trading positions as well as the Group's investments in investments measured at fair value through other comprehensive income or through profit and loss. In addition, for its option positions, the implied volatility of the underlying contract is an additional risk factor. Other factors to consider are time and dividend expectations.

The Group manages other price risks by defined limits in terms of individual positions per product and aggregate position per trading desk relating to the size of the exposure, concentrations, pricing and valuation parameters and natural hedging between these long and short positions. As the Group is active in liquidity provision and does not speculate on directional moves in underlying values, the net delta positions of the portfolios should be close to zero.

In addition to daily internal monitoring measures, applicable haircut and margins are computed by the Group's prime brokers. The haircut analysis measures all positions, individual and correlated, and reflects the different risk components. The third-party haircut calculation confirms the internal assessment that completes the Group's overview of the risks that it is exposed to on a daily and overnight basis. An overview of the overall market risk is presented under the earlier "Market risk" section.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's cash position, as well as the other available credit lines with prime brokers, is monitored on a daily basis.

Maturity based on contractual undiscounted cash flows is as follows:

	At 31 December 2023		
	Carrying amount	Contractual cash flow	3 months or less
Payable for securities bought	7,906,238	7,906,238	7,906,238
Credit facilities	1,970,248	1,970,248	1,970,248
Unsettled mark to market derivatives liabilities	3,011	3,011	3,011
Total trading payables	**9,879,497**	**9,879,497**	**9,879,497**

	At 31 December 2022		
	Carrying amount	Contractual cash flow	3 months or less
Payable for securities bought	5,694,655	5,694,655	5,694,655
Credit facilities	1,629,316	1,629,316	1,629,316
Unsettled mark to market derivatives liabilities	2,199	2,199	2,199
Total trading payables	**7,326,169**	**7,326,169**	**7,326,169**

Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The Group's policies and procedures and the broad geographic and industry spread of its activities limit its exposure to any concentration risk. Additionally management has established credit limits for geographic and counterparty exposures, which are monitored on a daily basis. We monitor the distribution of assets and off-balance sheet items by geographic region and industry sector on an ongoing basis.

Maturity analysis of financial assets and liabilities

The following table shows an analysis of the assets and liabilities according to when they are expected to be recovered or settled.

Maturity Analysis					At 31 December 2023
	Total	Receivable/ payable on demand	Within 3 months	3 months to 1 year	>1 year
Assets					
Cash and cash equivalents	5,708	5,708	–	–	–
Financial assets held for trading	5,496,795	5,496,795	–	–	–
Trading receivables	8,101,647	8,101,647	–	–	–
Digital assets held for trading	169,820	169,820	–	–	–
Other receivables	20,675	–	15,479	1,688	3,508
Investments fair value through OCI	20,083	–	–	–	20,083
Investments fair value through PL	6,485	–	–	–	6,485
Equity-accounted investments	4,807	–	–	–	4,807
Property and equipment	72,434	–	–	–	–
Intangible assets	2,678	–	–	–	–
Current tax assets	6,073	–	–	6,073	–
Deferred tax assets	9,945	–	–	–	9,945
Total assets	**13,917,150**	**13,773,970**	**15,479**	**7,761**	**44,828**
Liabilities					
Financial liabilities held for trading	3,067,053	3,067,053	–	–	–
Trading payables	9,879,497	9,879,497	–	–	–
Digital liabilities held for trading	243,765	164,062	6,811	65,263	7,629
Lease liabilities	53,041	–	1,684	4,486	46,871
Other liabilities	81,830	–	42,277	26,225	13,328
Current tax liabilities	3,616	–	–	3,616	–
Deferred tax liabilities	2,506	–	–	2,506	–
Total liabilities	**13,331,308**	**13,110,612**	**50,772**	**102,096**	**67,828**

Maturity Analysis					At 31 December 2022
	Total	Receivable/ payable on demand	Within 3 months	3 months to 1 year	>1 year
Assets					
Cash and cash equivalents	8,612	8,612	–	–	–
Financial assets held for trading	4,876,590	4,876,590	–	–	–
Trading receivables	6,022,355	6,022,355	–	–	–
Other assets held for trading	58,347	58,347	–	–	–
Other receivables	24,707	–	21,366	1,153	3,392
Investments measured at fair value through OCI	19,839	–	–	–	19,839
Investments measured at fair value through PL	1,928	–	–	–	1,928
Equity-accounted investments	4,958	–	–	–	4,958
Property and equipment	77,081	–	–	–	–
Intangible assets	1,967	–	–	–	–
Current tax assets	2,800	–	–	2,800	–
Deferred tax assets	5,503	–	–	–	5,503
Total assets	**11,104,687**	**10,965,904**	**21,366**	**3,953**	**35,620**
Liabilities					
Financial liabilities held for trading	2,956,640	2,956,640	–	–	–
Trading payables	7,326,169	7,326,169	–	–	–
Other liabilities held for trading	32,115	–	32,115	–	–
Lease liabilities	84,611	–	53,584	–	31,027
Variable compensation payable	54,100	–	1,212	4,085	48,803
Other payables	31,119	–	–	31,119	–
Current tax liabilities	11,246	–	–	11,246	–
Deferred tax liabilities	2,372	–	–	–	2,372
Total liabilities	**10,498,372**	**10,282,809**	**86,911**	**46,450**	**82,202**

Liquidity and capital resources

Besides equity, the principal source of funds has been liquidity provided by the prime brokers through uncommitted credit lines and margin financing, as well as cash generated from our operating activities. As of 31 December 2023, the Group held €5.7 million in cash and cash equivalents compared to €8.6 million as of 31 December 2022. These balances are maintained primarily to support operating activities, including ensuring that the Group has sufficient short-term access to liquidity, and capital expenditures.

The Group maintains a highly liquid statement of financial position, with a large portion of its total assets consisting of cash, highly liquid marketable securities and short-term trading receivables (arising from securities transactions).

The Group actively manages its liquidity on an intraday basis and maintains significant portfolio financing facilities with the prime brokers in order to facilitate trading. These facilities are secured by cash and cash equivalents, as well as all financial assets in accounts held at the respective prime brokers. The Group has no outstanding borrowings other than the portfolio financing facilities with prime brokers.

Capital management

Regulatory capital requirements

As a result of the corporate restructuring per 13 January 2023 the Group is not subject to consolidated capital requirements under the EU Directive Investment Firm Regulation (IFR) and Investment Firm Directive (IFD). Regulated Flow Traders subsidiaries do comply with the local capital requirement regulations as monitored by their respective National Competency Authority (NCA).

The Board monitors the return on capital as well as the level of dividends to shareholders while complying with prime broker and regulatory capital requirements. The available capital in the trading companies is monitored on a daily basis to ensure that requirements are met at all times and sufficient capital is available to support the Group's strategy. Trading capital as at 31 December 2023 was €583.7 million (31 December 2022 €651.0 million).

35. Non-Financial Risks

The disclosure of non-financial risks, including information requests by the AFM and DNB to investigate compliance with Dutch Money Laundering and Terrorist Financing (Prevention) Act ("Wwft"), has been including on page 35.

36. Subsequent events

No material subsequent events have occurred since 31 December 2023 that require recognition or disclosure in this year's financial statements

37. Authorization of consolidated financial statements

Amsterdam, 29 February 2024

Executive Directors

- Mike Kuehnel (Chief Executive Officer)
- Hermien Smeets-Flier (Chief Financial Officer)

Non-Executive Directors

- Rudolf Ferscha (Chairman)
- Jan van Kuijk (Vice-Chairman)
- Linda Hovius
- Delfin Rueda
- Paul Hilgers
- Karen Frank

Flow Traders Ltd.

Parent Company balance sheet (Before result appropriation in thousands of euro)

For the year ended 31 December

	Note	2023	2022 (restated)
Assets			
Equity-accounted investments	1	562,534	574,564
Total non-current assets		**562,534**	**574,564**
Cash and cash equivalents		23	591
Receivables from related parties	2	38,567	54,663
Other receivables		267	880
Current tax assets		236	–
Total current assets		**39,093**	**56,134**
Total assets		**601,627**	**630,698**
Liabilities			
Liabilities to related parties	3	5,380	881
Other liabilities	6	3,393	3,625
Current tax liabilities	4	1,182	10,288
Total current liabilities		**9,955**	**14,794**
Deferred tax liabilities		–	729
Other non-current liabilities		5,835	8,860
Total non-current liabilities	5	**5,835**	**9,589**
Total liabilities		**15,790**	**24,383**
Equity			
Share capital	7	162,871	162,871
Share premium	7	556	2,372
Fair value reserve	7	2,271	2,040
Currency translation reserve	7	18,072	24,899
Retained earnings	7	219,594	200,479
Other legal reserves	7	206,516	164,119
Treasury shares	7	(88,009)	(103,536)
Share based payment reserve	7	40,740	56,865
Results for the year	7	23,226	96,206
Total Equity before result appropriation		**585,837**	**606,315**
Total equity and liabilities		**601,627**	**630,698**

Parent Company income statement (in thousands of euro)

For the year ended 31 December

	Note	2023	2022 (restated)
Intercompany revenue	8	4,778	13,430
Intercompany expenses		380	313
Personnel expenses	9	3,726	6,331
Other expenses	10	3,005	14,977
Operating expenses		**6,731**	**21,308**
Operating result		**(2,333)**	**(8,192)**
Profit before tax		**(2,333)**	**(8,192)**
Tax expense	11	(901)	(1,544)
Share in result from participating interests, after taxation	1	37,583	133,475
Profit for the year		**36,151**	**126,827**

Notes to the parent company financial statements

All amounts in thousands of euro, unless stated otherwise.

Principles for the measurement of assets and liabilities and the determination of the result

In setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its parent Company financial statements, the Group applies the option provided in section 2:362 (8) of the Netherlands Civil Code. The principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the parent Company financial statements are the same as those applied for the consolidated IFRS -EU financial statements. Participating interests over which the Company has significant influence, are measured at equity value. Please see notes to consolidated statements chapter 1 to 4 for a description of the Group's IFRS -EU principles.

The profit from participating interests consists of the Company's share in the results of these participating interests. Results on transactions, comparing the transfer of assets and liabilities between (i) the Group and its participating interests on (ii) between participating interests themselves, are not recognized.

Restatement of prior period error

Intercompany Cost-Sharing Arrangement

During 2023, the Company identified that management-related expenses incurred by the Company which should have been recharged to subsidiaries through a cost-sharing arrangement ("Arrangement"). The Arrangement allows for the recharge of expenses to Flow Traders Holdings LLC and Flow Traders B.V.. The Arrangement allocates a percentage of expenses to each subsidiary ("Cost Base") as well as an additional mark-up ("Mark-up"). The Company concluded that the financial effects of the Arrangement only became material from the year ended 31 December 2018 onwards. The Company also identified that it had not recognized expenses to which it pays a recharge to Flow Traders B.V. ("Upstream expense"). The Upstream Revenue is a result of certain employees in Flow Traders B.V. providing services to Flow Traders Ltd. (e.g. investor relations).

There was nil impact to the opening total equity before result appropriation as of 1 January 2022. This is a result of the following factors:

- The effect on profit after tax was nil for the period as the increase in intergroup revenue by an amount of €37.7m was equally offset by a combination of the decrease in share of results from equity-accounted investments by an amount of €31.3m, the increase in expenses due to the Upstream expense of €0.9m and an increase in tax expense by an €5.5m.

- There was no impact to the Balance Sheet due to the offsetting of the increase in investment in subsidiary by €31.2m, due to the Company receiving payment in-kind for the Arrangement, by the decrease from the impact of its share in the results of the subsidiary. Additionally, the Company was in the same fiscal unity group of the impacted subsidiary resulting in a nil impact to tax liabilities.

There was nil impact to the closing total equity before result appropriation as of 31 December 2022. This is a result of the following factors:

- The effect on profit after tax was nil for the period as the increase in intergroup revenue by an amount of €13.4m was equally offset by a combination of the decrease in share of results from equity-accounted investments by an amount of €10.9m, the increase in expenses due to the Upstream expense of €0.3m and the increase in tax expense by an €2.2m.

- There was no impact to the Balance Sheet due to the offsetting of the increase in investment in subsidiary by €10.9m, due to the Company receiving payment in-kind for the Arrangement, by the decrease from the impact of its share in the results of the subsidiary. Additionally, the Company was in the same fiscal unity group of the impacted subsidiary resulting in a nil impact to tax liabilities.

Finally, given the restated intergroup expenses, there was a change in presentation of the intergroup revenue and intergroup expenses in the Income Statement. The change in presentation is to present the gross revenues and gross expenses where they had previously been stated net. There was nil impact to Intergroup Result and Profit for the year as a result of this change in presentation for any of the periods presented.

Reclassification of current liabilities to non-current liabilities
Long-term bonus payables of €8.86m had previously been incorrectly presented as current liabilities in the 31 December 2022 financial statements. These liabilities have been reclassified in the comparative figures to be presented Other non-current liabilities within total non-current liabilities. The reclassification has nil impact on the profit and loss or changes in equity. The relevant notes (Note 5 and Note 6) have also been restated to incorporate the reclassification.

Reclassification of retained earnings into other legal reserves
As of 31 December 2023, it was determined that a portion of retained earnings should be reclassified into an other legal reserves as required by the Dutch Civil Code (see note 16). As a result, retained earnings as of 1 January 2022 and 31 December 2022 have been restated to reclassify €164.1m of retained earnings into the other legal reserve. Of the €164.1m, €117.4m was reclassified as of 1 January 2022 and €46.7m was reclassified during the year ending 31 December 2022. The reclassification is reflected in the Company's balance sheet and Note 7. There was nil impact to net profit/(loss). There was nil impact to net assets.

1. Equity accounted investments

	For the year ended	
	2023	2022
Equity - accounted investments	562,534	574,564
Total investments in group companies	**562,534**	**574,564**

The movements of the investments in Group companies is as follows:

	For the year ended	
	2023	2022
Balance at 1 January	**574,564**	**549,979**
Changes:		
▪ exchange rate differences	(6,844)	9,389
▪ revaluation reserve	231	791
▪ share in result of investments	37,583	133,474
▪ dividend declared	(43,000)	(130,000)
▪ addition		10,931
Balance at 31 December	**562,534**	**574,564**

2. Receivables from related parties

	At 31 December	
	2023	2022
Share based payment receivable subsidiaries	38,406	53,965
Current accounts	32	30
Receivables from employees	129	668
Balance at 31 December	**38,567**	**54,663**

Per 31 December 2023, the parent Company had mainly share based payment receivables towards Flow Traders B.V. for € 23.6 million (2022: € 32.9 million), Flow Traders US LLC € 8.5 million (2022: € 12.7 million) and Flow Traders Hong Kong Services Ltd for € 4.4 million (2022: € 5.5 million).

3. Liabilities to related parties

	At 31 December	
	2023	2022
Intercompany loans from group companies	5,380	881
Balance at 31 December	**5,380**	**881**

The liabilities to group companies pertain mainly to an intercompany loan from Flow Traders Holding LLC of € 5.4 million (2022: € 0.9 million).

4. Current tax liabilities

	At 31 December	
	2023	**2022**
Corporate income tax	1,182	10,288
Total current tax liabilities	**1,182**	**10,288**

5. Non-current liabilities

	At 31 December	
	2023	**2022 (restated)**
Long term bonus payable	5,835	8,860
Deferred tax liabilities	–	729
Subtotal non-current liabilities	**5,835**	**9,589**

6. Other liabilities

	At 31 December	
	2023	**2022 (restated)**
Wages and bonuses payables	1,963	2,561
Wages tax payable	413	33
Other current liabilities	1,017	1,031
Subtotal current liabilities	**3,393**	**3,625**

7. Equity

Statement of changes in equity (in thousands of euro)

2023

	Share capital	Share premium	Treasury Shares	Share based payment reserve	Currency translation reserve	Fair value reserve	Other legal reserves (restated)	Retained earnings (restated)	Net Profit / (loss)	Total
Balance at 1 January 2023	**162,871**	**2,372**	**(103,536)**	**56,865**	**24,899**	**2,040**	**164,119**	**200,479**	**96,206**	**606,315**
Profit	–	–	–	–	–	–	–	–	36,151	36,151
Total other comprehensive income	–	–	–	–	(6,827)	231	–	–	–	(6,596)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(6,827)**	**231**	**–**	**–**	**36,151**	**29,555**
Transactions with owners of the Company										
Transfer to retained earnings	–	–	–	–	–	–	–	96,206	(96,206)	–
Transfer to other legal reserve	–	–	–	–	–	–	42,397	(42,397)	–	–
Dividends	–	–	–	–	–	–	–	(34,632)	(12,988)	(47,620)
Repurchase of shares	–	–	15,528	–	–	–	–			15,528
Share based payments	–	(1,816)		(16,125)	–	–	–			(17,941)
Total transactions with owners of the Company	**–**	**(1,816)**	**15,528**	**(16,125)**	**–**	**–**	**42,397**	**19,177**	**(109,194)**	**(50,033)**
Balance at 31 December 2023	**162,871**	**556**	**(88,008)**	**40,740**	**18,072**	**2,271**	**206,516**	**219,656**	**23,163**	**585,837**

The Board declared a total cash dividend of €0.45 per share and this will be paid out to shareholders for the financial year 2023, subject to a 15% dividend withholding tax. An interim cash dividend of € 0.30 per share was paid out on 19 August 2023. This means that the final cash dividend proposal for a non-binding advisory vote to the General Meeting of 13 June 2024 is € 0.15 per share.

*please see note 16 for additional information about legal reserves.

Statement of changes in equity (in thousands of euro)

2022

	Share capital	Share premium	Treasury Shares	Share based payment reserve	Currency translation reserve*	Fair value reserve*	Other legal reserve (restated)*	Retained earnings (restated)	Net Profit / (loss)	Total
Balance at 1 January 2022	**4,653**	**161,974**	**(105,644)**	**50,523**	**15,510**	**1,249**	**117,417**	**191,103**	**71,384**	**508,169**
Profit	–	–	–	–	–	–	–	–	126,827	126,827
Total other comprehensive income	–	–	–	–	9,389	1,936	–	–	–	11,325
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**9,389**	**791**	**–**	**1,145**	**126,827**	**138,152**
Conversion of share premium to share capital	158,218	(158,218)	–	–	–	–	–	–	–	–
Transfer to retained earnings							–	71,384	(71,384)	–
Transfer to other legal reserve	–	–	–	–	–	–	46,702	(46,702)	–	–
Dividends	–	–	–	–	–	–	–	(15,306)	(30,621)	(45,927)
Repurchase of shares	–	–	(15,046)		–	–	–	–	–	(15,046)
Share based payments	–	(1,384)	17,154	6,342	–	–	–	–	–	22,112
Total transactions with owners of the Company	**158,218**	**(159,602)**	**2,108**	**6,342**	**–**	**–**	**46,702**	**8,231**	**(102,005)**	**(40,006)**
Balance at 31 December 2022	**162,871**	**2,372**	**(103,536)**	**56,865**	**24,899**	**2,040**	**164,119**	**200,479**	**96,206**	**606,315**

*please see note 16 for additional information about legal reserves.

8. Intergroup revenues

The Company generates revenues providing management services to its subsidiaries (customers). There were no other sources of revenue from contracts with customers.

The Company's performance obligation is to provide management services throughout the course of the year. The consideration for these services is recognized on a cost-plus margin arrangement, where the cost base is determined based on the costs incurred to provide the services. Revenue is recognized as and when the control of the services is transferred to the customers.

9. Employee expenses

	For the year ended	
	2023	2022
Wages and salaries	950	1,119
Social security charges	29	58
Recruitment and other employment costs	511	58
Variable compensation paid in cash and shares	2,236	5,096
Total employee expenses	**3,726**	**6,331**

10. Other expenses

	For the year ended	
	2023	2022
Advisors and assurance	2,365	14,494
Regulatory costs	66	56
Shareholder meeting costs	149	178
Various expenses	426	249
Other expenses	**3,006**	**14,977**

11. Taxation

	For the year ended	
	2023	2022
Tax recognized in profit or loss	**(901)**	**(3,708)**
Current tax expense	(390)	(4,437)
Movement deferred tax asset	–	–
Movement deferred tax liability	–	729
Adjustment for prior years	(511)	–
Tax expense	**(901)**	**(3,708)**

Reconciliation of effective tax rate

	For the year ended	
	2023	2022
Profit before tax	(8,224)	(21,287)
Dutch standard tax rate	25.8%	25.8%
Income tax expected	(2,122)	(5,492)
Actual income tax charge	(901)	(3,707)
In percentage	11.0%	17.4%
Difference in tax expense	**(14.8%)**	**(8.4%)**

The effective tax rate differs from the (nominal) statutory tax rate. This difference is mainly caused by applying the Dutch innovation box regime and by non-deductible share plan costs.

12. Other contingent liabilities

Fiscal unity

The parent Company formed part of the Group fiscal unity for corporate income tax purposes until January 2023. All companies in the fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity. The parent Company's tax assets or liabilities face the tax authorities on behalf of the fiscal unity. The parent Company is no longer part of the Group's fiscal unity after January 2023.

Cash incentive provided to employees

As from 2020 certain employees receive part of their variable compensation in share appreciation rights (SARs). The SARs vest in equal installments over a period of four to five years subject to the condition that the employee remains employed on the vesting date. The SARS are expenses and recognized in the financial statements in line with the IFRS 2 Share based payment - cash settled accounting rules (refer also to note 9 - Employee Expenses).

The contingent liability from these plans are as follows:

	2024	2025	2026	2027	Total
SARs 2021	24	35	–	–	59
SARs 2022	65	93	107	–	265
SARs 2023	–	–	–	–	–
Total	**89**	**128**	**107**	**–**	**324**

Claims

The Company is not involved in any significant legal procedures and/or claims.

There are no other contingent liabilities.

13. Related parties

For more information, refer to note 32 related parties in the consolidated financial statements.

14. Profit appropriation

For more information, refer to note 9 earnings per share and note 30 equity in the consolidated financial statements.

15. Auditor fees

With reference to Section 2:382a (1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by Ernst & Young Accountants LLP and its member firms and affiliates to the Group, its subsidiaries and other consolidated entities, which did not include tax advice:

For the year ended 2023	Ernst & Young Accountants LLP	Other EY member firms and affiliates	Total EY
Statutory audit of annual accounts	650	85	735
Other assurance services	350	7	357
Tax advice	–		
Other non audit services			
Total auditor fees	**1,000**	**92**	**1,092**

For the year ended 2022	Ernst & Young Accountants LLP	Other EY member firms and affiliates	Total EY
Statutory audit of annual accounts	382	78	459
Other assurance services	28	16	43
Other non audit services	49	0	49
Total auditor fees	**458**	**94**	**552**

16. Legal Reserve

As per the Dutch Civil Code requirement, the Company has a legal reserve which is comprised of foreign currency translation reserve, fair value reserve and our minimum regulatory capital requirements across the Company's subsidiaries (Other legal reserve).

17. Subsequent events

There were no material or significant subsequent events of the Company which require disclosure.

Authorization of Company financial statements

Amsterdam, 29 February 2023

Executive Directors

- Mike Kuehnel (Chief Executive Officer)
- Hermien Smeets-Flier (Chief Financial Officer)

Non-Executive Directors

- Rudolf Ferscha (Chairman)
- Jan van Kuijk (Vice-Chairman)
- Linda Hovius
- Delfin Rueda
- Paul Hilgers
- Karen Frank

2023

Other Information

FLOW TRADERS

Investor Relations

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

Investor Relations contact information

Eric Pan	Head of Investor Relations
Telephone	+31 207 996 180
E-mail	investor.relations@flowtraders.com

Share information

Flow Traders Ltd. (formerly known as Flow Traders N.V.) shares are listed on Euronext Amsterdam and are included in the Amsterdam Midcap Index (AMX), carrying a weight of 1.18 percent as of the end of 2023. Flow Traders shares are also included in several other indices issued by leading index providers, such as MSCI (MSCI Netherlands IMI 25/50 Price Return USD Index), FTSE (FTSE Developed ex US All Cap Net Tax Index) and Euronext (Euronext AEX All-Share Index, AEX All-Tradable Index, Euronext 150 Index, AEX Financials Index).

Introduction and key figures

Key share information	
ISIN*	NL0011279492
Bloomberg ticker:	FLOW NA
Reuters ticker:	FLOW.AS
Number of shares outstanding	46,534,500
Number of shares in treasury	3,422,732
Free float**	70%
Market cap at year end (€)	€835,759,620

Source: Euronext as per 31 December 2023

* ISIN as of 16 January 2023: BMG3602E1084

Share price performance	
Opening price 2 January 2023	€21.72
Annual highest price (closing)	€26.90
Annual lowest price (closing)	€16.07
Closing price 29 December 2023	€17.96

Source: Euronext.

Performance and key figures

Key share information	
Normalized earnings per share	€1.38
Normalized P/E ratio	13.0x
Interim dividend per share	€0.30
Final dividend per share	€0.15
Total dividend per share	€0.45
Dividend yield	2.5%
Year-end share price*	€17.96

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

Financial calendar

Financial calendar	
Q1 Trading Update	25/04/2024
Annual General Meeting	13/06/2024
Final dividend 2023 ex-div. date	17/06/2024
Final dividend 2023 record date	19/06/2024
Final dividend 2023 payment date	21/06/2024
Q2 / H1 results release	25/07/2024

Double materiality

In 2023 we refreshed the materiality assessment which was conducted in late 2020. A double materiality assessment was conducted as a critical input for the ESG sustainability strategy to be implemented in the course of 2024. Based on the guidance from the European Sustainability Reporting standards (ESRS), the double materiality assessment (DMA) reflects the impact materiality and the financial materiality.

Double Materiality Process

The DMA was conducted by a cross-business project team, assessing - by means of group dialogue - 120 ESG topics from nearly 90 sub-sub topics stipulated by the ESRS 1 standard, enriched with around 30 additional topics from examples of IROs provided in the ESRS topical standards. Flow Traders' double materiality process consists of eight steps as outlined below:

1. Understanding context

Stakeholders that are or could be affected by Flow Traders, and stakeholders that affect or could affect Flow Traders are central to the materiality assessment process. We have the following five stakeholder groupings: political & regulatory, suppliers, own organization, institutional counterparties, financial & social interest. To understand their concerns and how their interests may be impacted, we continuously engage with these stakeholders to support identification of impacts, risks, and opportunities that should be considered in the materiality assessment. We collect insights for improvement actions and receive feedback on strategy, performance and progress.

2. Determining potentially relevant sustainability matters topics

We monitor the sustainability context of our activities and business relationships by reviewing relevant sources of information about our industry and peers, international standards and (upcoming) legislation, media and ESG rating agencies. Based on these analyses, insights from stakeholder engagement and internal impact and risk assessments, an initial list of potential material sustainability matters per value chain actor is drafted.

3. Identifying impacts, risks and opportunities

We use the insights gained from stakeholder engagements during the year and other relevant sources to identify sustainability matters and impacts, risks and opportunities (IROs) that are relevant to us. Impacts include positive and negative, actual and potential, and short- and long-term impacts from our operations and across our value chain. Risks and opportunities relate to our ability to continue to use or obtain the resources needed in our business processes and our ability to rely on relationships needed in business processes on acceptable terms. Risks and opportunities may pertain to financial capital, intellectual capital, human capital, social and relationship capital, and natural capital. When identifying material IROs, all relevant direct and indirect value chain actors were considered. However, in accordance with the ESRS IRO guidance, the relationships that are likely to be associated with material IROs are those which we have leverage or may be able to exert influence.

4. Assessing the impact materiality

To identify the sustainability matters that are most relevant to us and our stakeholders, the materiality assessment is conducted on the most granular level, so-called sub-sub topics. We assess the materiality of positive and negative impacts resulting from our business activities, based on the scale, scope, and irremediable character (the severity) including the likelihood that the event will occur, and the level of stakeholder concern. For potential negative human-rights related impacts, severity takes precedence over likelihood.

5. Assessing the financial materiality

To identify the sustainability matters that are most relevant to us related to (potential) future financial effects, we applied the sub-sub topics identical as in step 4. We assess the anticipated financial effect of each risk and opportunity based on magnitude and likelihood. The magnitude of the financial effect considers effects on the ability to continue to use resources, including access, availability and prices. It also includes our ability to continue to rely on relationships, and taking into account reputational effects and potential actions by stakeholders in the short, medium and long term. Likelihood reflects the probability that a risk or opportunity event will occur.

6. Deciding on thresholds for materiality

The assessment results in a materiality score for each impact, risk and opportunity, and we use these impact scores to apply thresholds for materiality. Thresholds are determined separately for negative impacts, positive impacts, risks and opportunities. For creating an overview of material sustainability matters, impacts, risks and opportunities are clustered into material sustainability matters. Sustainability matters may be material from the impact perspective, the financial perspective or both.

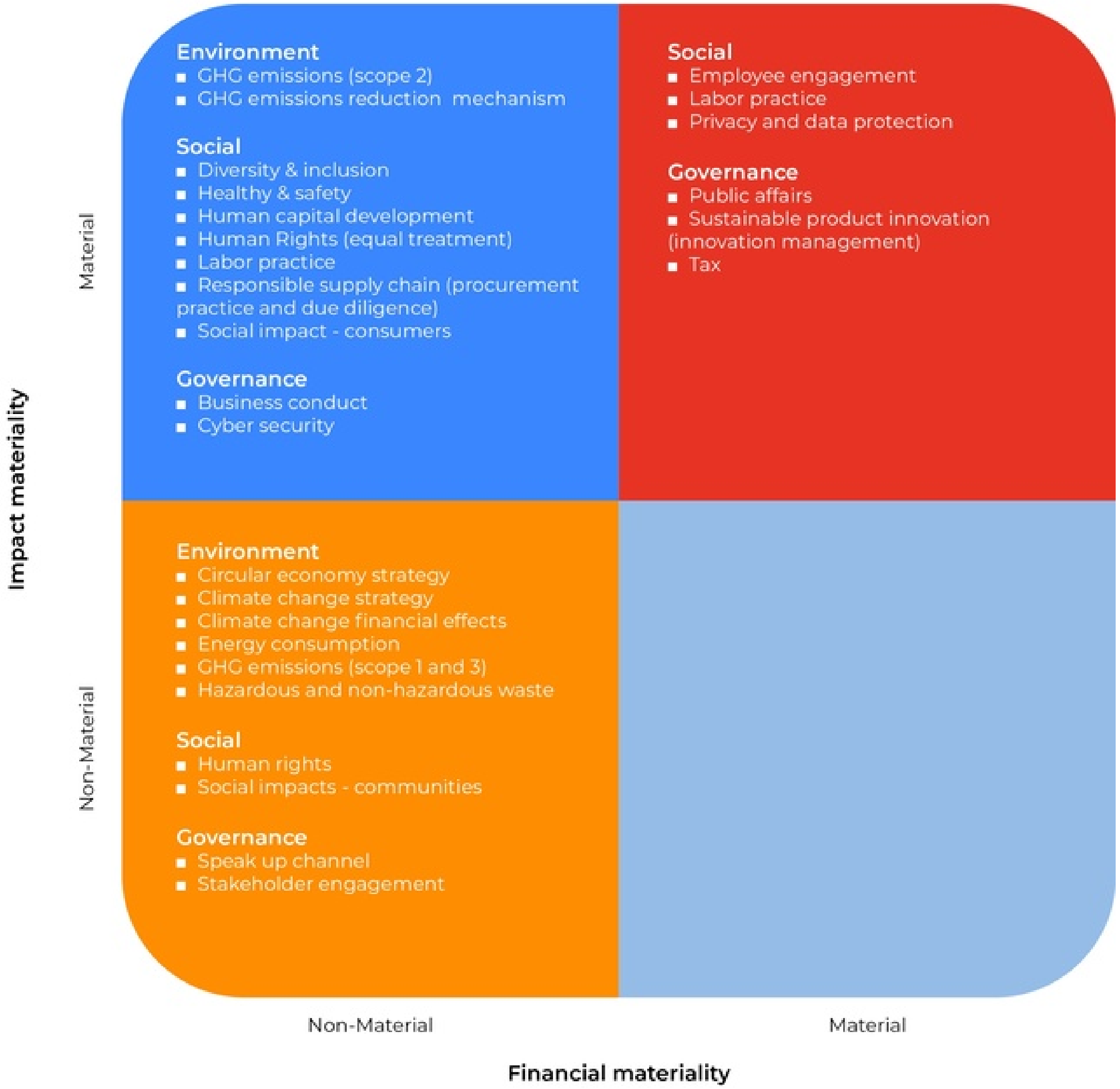
7. Strategic implications

The outcomes of the materiality assessment serve as input for the ESG sustainability strategy. Material ESG sustainability matters are linked to themes in the ESG sustainability strategy, and the relevant value drivers for each of those strategic themes. If new material ESG sustainability matters are identified, they are added to the ESG sustainability strategy. If new ESG sustainability risks are identified, they are included in our risk inventory and managed in line with our Enterprise Risk Management Framework. We define measures to manage the related impacts, risks and opportunities for each material ESG sustainability topic, including metrics, targets, policies and action plans.

8. Results of the 2023 Double Materiality Assessment

Initial results of the Double Materiality Assessment, conducted by a cross-business project team, ascertained 17 material ESG topics. We have engaged with our stakeholders in the value chain to obtain their input. Two amendments were made after the results from stakeholder validation.

The double materiality matrix including the impact areas and strategic themes were approved and signed-off by the Board. The double materiality matrix, as shown on the right, can be seen with the material ESG topics contained in the upper two boxes. No topics were identified which is deemed material from solely a financial material perspective.



Our impact areas

We want to grow our business and increase our positive impact while minimizing our negative impacts on the environment and people. When identifying the materiality of each ESG topic we looked at the area in our value chain where positive or negative impacts, or both are likely to occur and those actors which we have leverage or may be able to exert influence. By doing this, we keep our focus on the ESG topics where we can have the greatest impact.

Read more about the actors in our value chain in section “Our value chain”.

ESG Strategic Theme	ESG material topic	ESRS topic	Upstream value chain		Own organisation	Downstream value chain	
			Political & regulatory parties	Suppliers (tier-1)	Flow Traders	Institutional counterparties	Financial & social interest groups
Environment			Identified material impacts (positive, negative or both)				
Environmental footprint	GHG emissions – scope 2 (electricity)	E1			negative		
	GHG emissions – reduction mechanism	E1		positive	positive		
Social							
Sustainable employment	Diversity and inclusion	S1			positive		
	Employee engagement	S1			positive		
	Human capital development	S1			positive		
	Human rights (incl. equal treatment)	S1			negative		
	Labor practices	S1			positive		
	Health and safety	S1			negative		
	Privacy and data protection	S1, G1		both	both	both	
Responsible supply chain	(ESG) Due diligence	S2, IRO		both	both	both	
	Procurement practice	S2, IRO		positive	positive		
Governance							
Good governance	Business conduct	G1	positive	positive	positive	positive	positive
	Public affairs	G1	both		both	both	both
	Tax	G1, SBM, IRO	both		both		
	Cyber security	G1, SBM, IRO			both	both	
Sustainable green transition	Innovation management	G1, SBM, IRO		positive	positive	positive	
	Social impact	S3, S4, G1			positive	positive	positive

About the non-financial indicators

Reporting scope

The sustainability ESG related data indicators and value creation model disclosed in this 2023 Annual Report is based on the material topics identified through the 2020 materiality assessment.

In 2023, a double materiality assessment was conducted as a critical input for the ESG sustainability strategy to be implemented in the course of 2024. As the DMA guidance from the ESRS were formalized late 2023, in this 2023 Annual Report we report on the results of the DMA and the strategic pillars, after which in 2024 we will work on developing the strategy and deployment plans for each of the five pillars.

The non-financial indicators generally covers Flow Traders worldwide performance from 1 January 2023 to 31 December 2023.

Reporting methodology

The non-financial data disclosed in this report is derived from various sources, and the way data is processed differs across our operating subsidiaries and departments. This causes a degree of uncertainty, because of limitations in measuring and estimating data. We continue to work on improving our ESG sustainability data control environment and data collection processes.

Remarks on GHG emissions data indicators

The CO_2e emissions reported are in line with the greenhouse gas (GHG) Protocol. For scope 1 and scope 2 emissions, Flow Traders applies the operational control approach for the consolidation of its CO_2e emissions footprint. This means that Flow Traders accounts for all emissions from the operations over which it has control.

The operations, i.e. office locations, as presented below have therewith been included in this CO_2e emissions footprint calculation.

Office	Country	Region
Amsterdam	Netherlands	Europe
London	United Kingdom	Europe
Paris	France	Europe
Milan	Italy	Europe
Cluj	Romania	Europe
Hong Kong	China	Asia
Shanghai	China	Asia
Seoul	South Korea	Asia
Singapore	Singapore	Asia
New York	Americas	Americas
Chicago	Americas	Americas

In addition to the office locations, the use of server space from data centers is particularly relevant to Flow Traders' business activities. These have been included in the scope 3 CO_2e emissions footprint calculation. Due to the confidentiality of the information, the locations of the data centers will not be disclosed.

Data quality

The calculated CO_2e footprint of GHG emissions emitted, through Flow Traders own business activities and those through its value chain, contains several factors of uncertainties, primarily due to limitations in the availability of actual emissions data.

The table on next the page provides an overview of the uncertainties and data limitations for each emission category included in the calculation.

Facilitated emissions

Capital Markets sit at the nexus of financial flows that must increasingly be directed towards more sustainable practices if we are to avoid the worst effects of climate change. Furthermore, a capital market issuances that occurs in a particular year will impact the climate for many subsequent years. Actors within these markets have an opportunity to help those financial flows move into activities that minimize climate impact. The PCAF Facilitated Emissions Standard allows financial institutions to consistently measure and disclose emissions associated with capital market business activities.

The Facilitated Emissions Standard aims to increase transparency across this category of financial transactions. The standard covers the primary issuance of capital markets instruments and loan syndication. A primary issuance refers to new securities to provide debt-based or equity-based financing, including new issuance of various types of bonds issued for general purposes, common stock, equity and debt investments in private companies, preferred shares, and syndicated loans.

We have review the PCAF framework and concluded that facilitated emissions are not applicable to Flow Traders, whereas Flow Traders operated in the secondary markets and does not involve with primary issuance of capital or financial instruments.

GHG Protocol emissions category	Uncertainty and data limitations	Reporting scope	CO_2e emissions 2023
Scope 1: Heating (natural gas)	Calculation based on secondary data method, by: ▪ Average natural gas consumption (in m^3) per m^2 office floor, for commercial (office) buildings after 1994; ▪ The m^2 office floor is based on the lease contract; ▪ Multiplied by the emission factor of natural gas to CO_2e.	Applicable to Amsterdam and Cluj only	231 tCO_2e
Scope 1: Company cars	Calculation based on primary data method, by: ▪ Distance driven in KM; ▪ Multiplied by average emission factors of car (unknown).	World wide	1 tCO_2e
Scope 2: Electricity (location-based)	Calculation based on primary data method, by: ▪ Amsterdam office: average electricity consumption (in kWh) per m^2 office floor, for commercial (office) buildings after 1994 multiplied by country specific emission factor of the electricity grid; ▪ New York, Singapore, Hong Kong, London, Cluj office: actual electricity consumption (in kWh) as provided by the landlord on the invoices, multiplied by country specific emission factor of the electricity grid; ▪ Other offices: estimate based on floor size	World wide	966 tCO_2e
Scope 3: Cat. 1 – Purchased services from data center server space	Calculation based on secondary data method, by: ▪ Total server space capacity purchased (from contract agreement / invoice) in kVa (kilo volt ampere); ▪ Converted kVa to full year kWh; ▪ The percentage of electricity consumption from renewable and non-renewable sources are as provided by the data center supplier; ▪ Multiplied by country specific emission factor of the electricity grid	World wide	274 tCO_2e
Scope 3: Cat. 1 – Purchased goods from hardware	Calculation based on primary data method, by: ▪ Spend-based method for scope 3 calculation; ▪ Total hardware related spend includes servers, storage hardware, networking peripherals, switches, laptops, screens, data communication, computers, racks and other hardware; ▪ Multiplied by supply chain industry (NACE) specific emission factors.	World wide	864 tCO_2e
Scope 3: Cat. 2 - Capital goods	Relevant, but not included due to data not available	–	unknown
Scope 3: Cat. 3 - Fuel- and energy-related activities	Not relevant to the business activities	n/a	n/a

GHG Protocol emissions category	Uncertainty and data limitations	Reporting scope	CO_2e emissions 2023
Scope 3: Cat. 4 - Upstream transportation and distribution	Not relevant to the business activities. Emissions from transportation of cat. 1 - Purchased goods and services, are already included in the cat. 1 cradle-to-gate calculation.	n/a	n/a
Scope 3: Cat. 5 - Waste generated in operations	Relevant, but not included due to data not available.	–	unknown
Scope 3: Cat. 6 – Business travel	Calculation based on primary data method, by: ▪ Itinerary of travel by air or railway; ▪ US: the distance and CO_2 emissions per flight are calculated using the US data source from ICAO; ▪ EMEA: the distance and CO_2 emissions per travel as provided by the travel service agency; ▪ Asia (Singapore and Hong Kong): the distance and CO_2 emissions per travel as provided by the travel service agency	World wide	1,293 tCO_2e
Scope 3: Cat. 7 – Employee commuting	This category includes Amsterdam office employees only, based on assumption distance from home to office and commute by car.	Amsterdam	527 tCO_2e
Scope 3: Cat. 8 - Upstream leased assets	Not relevant under operational control approach. These are considered in scope 1 and 2.	n/a	n/a
Scope 3: Cat. 9 - Downstream transportation and distribution	Not relevant to the business activities.	n/a	n/a
Scope 3: Cat. 10 - Processing of sold products	Not relevant to the business activities.	n/a	n/a
Scope 3: Cat. 11 - Use of sold products	Not relevant to the business activities.	n/a	n/a
Scope 3: Cat. 12 - End-of life treatment of sold products	Not relevant to the business activities.	n/a	n/a
Scope 3: Cat. 13 - Downstream leased assets	Not relevant to the business activities.	n/a	n/a
Scope 3: Cat. 14 - Franchises	Not relevant to the business activities.	n/a	n/a
Scope 3: Cat. 15 - Investments	Relevant, but not included due to data not available.	–	unknown

EU Taxonomy

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

The EU Taxonomy Regulation was adopted by the European Parliament in June 2020 and is now binding throughout the EU. Over the past two years, FY 2021 and FY 2022, Flow Traders has reported EU Taxonomy eligibility of the total assets (% GAR eligibility). With the change of the corporate legal structure, in which the top holding company moved from the Netherlands to Bermuda as of 13 January 2023, the reporting landscape changed as follows:

- Flow Traders Ltd. (Bermuda) is the top holding
- Flow Traders Ltd. is legal successor of Flow Traders N.V. (Netherlands)
- substantial presence of Flow Traders B.V. (operating trading subsidiary) remains in the Netherlands

Consequently, Flow Traders Ltd is deemed non-financial undertaking, reporting on % taxonomy aligned turnover, CapEx and OpEx. Given that Flow Traders Ltd. is listed on the regulated market in Euronext Amsterdam, it is in scope of the corporate reporting in accordance with the NFRD and Accounting Directive, therefore EU Taxonomy reporting is required.

However, Flow Traders B.V. does not fall within the scope of the Accounting Directive. Therefore the NFDR and EU Taxonomy requirements are not applicable to Flow Traders B.V.

Reporting approach for FY 2023

The EU Taxonomy reporting for FY 2023 can be considered as a bridging exercise, whereby for 2023 only the activities of Flow Traders Ltd. are in scope. Unlike Flow Traders B.V., none of the activities of Flow Traders Ltd. meet the definition of 'Financial undertaking' as mentioned in Article 1 of the Delegated Act Article 8 Regulation. Therefore, in 2023 Flow Traders Ltd. should apply Annex II reporting for non-financial undertakings.

For the financial year 2023, Flow Traders Ltd. is required to report on the following EU Taxonomy KPIs: % Taxonomy-aligned turnover, % Taxonomy-aligned CapEx and % Taxonomy-aligned OpEx

Reporting approach as of FY 2024

In 2024, when the NFRD transforms into the CSRD, the threshold criteria in the Accounting Directive will also change to align with the CSRD thresholds. From FY 2024 onwards Flow Traders B.V. will be considered as a financial undertaking and accordingly will be in scope for the EU Taxonomy . This means that Flow Traders Ltd., applying consolidated reporting, will report EU Taxonomy KPIs %GAR from 2024 onwards.

EU Taxonomy report 2023

The European Parliament and the Council have prioritized economic activities that can make the most relevant contribution. The Climate Delegated Act sets criteria for economic activities in the sectors that are most relevant for achieving climate neutrality. The Climate Delegated Act identified more than 80 activities in 13 sectors. Currently not all sectors and related economic activities are covered by the Taxonomy Regulation and its delegated acts.

The EU Taxonomy uses the European industry classification system (NACE) as orientation to indicate eligible economic activities. The NACE code for Flow Traders Ltd. is K64.2.0 - Activities of holding companies.

We report a nil value for the EU Taxonomy KPIs revenue, CapEx and OpEx alignment percentage for 2023. As of 31 December 2023, the economic activities of Flow Traders Ltd. are not (yet) covered by the sectors in the EU Taxonomy. Therefore, the technical screening criteria for Taxonomy eligibility for Flow Traders are not determined and available, thus the percentage Taxonomy-aligned for financial activities cannot be assessed. Flow Traders Ltd. is therefore not able to determine Taxonomy aligned activities and calculate the Taxonomy reporting KPIs (% turnover, CapEx and OpEx) for 2023 reporting. Hence the tables on pages 163 - 163 cannot be completed.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Our total Turnover under the EU Taxonomy Regulation comprises of the following line items in the Consolidated Financial Statement:

- Net trading income (Note 10)

Financial year N	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy -aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy -aligned)																			
Activity 1	n/a	0	–%														–%	E	
Activity 2	n/a	0	–%														–%		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	–%														–%		
Of which enabling		0	–%														–%	E	
Of which transitional		0	–%														–%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Activity 1	n/a	0	–%														–%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	–%														–%		
A Turnover of Taxonomy-eligible activities (A.1+A.2)		0	–%														–%		
B TAXONOMY - NON - ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities	n/a	€300.31	100%																
TOTAL	n/a	€300.31	100%																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Our total CapEx under the EU Taxonomy Regulation comprises of the following line items in the Consolidated Financial Statement:

- Additions in property and equipment (Note 23)
- Additions in intangible fixed assets (Note 24)
- Additions to right-of-use assets (Note 28)

Financial year N	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy -aligned (A.1.) or -eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy -aligned)																			
Activity 1	n/a	0	–%														–%	E	
Activity 2	n/a	0	–%														–%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	–%														–%		
Of which enabling		0	–%														–%	E	
Of which transitional		0	–%														–%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Activity 1	n/a	0	–%														–%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	–%														–%		
A CapEx of Taxonomy-eligible activities (A.1+A.2)		0	–%														–%		
B TAXONOMY - NON - ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities	n/a	17,617	100%																
TOTAL	n/a	17,617	100%																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

The EU Taxonomy Regulation defines the denominator of the OpEx KPI as direct non-capitalized costs that relate to R&D, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Our total OpEx under the EU Taxonomy Regulation comprises of the following line items in the Consolidated Financial Statement:

- Technology expenses (Note 13)
- Housing expenses (Note 13)
- Fixed exchange expenses (Note 13)
- Other expenses (Note 13)

Financial year N	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy -aligned (A.1.) or - eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy -aligned)																			
Activity 1	n/a	0	–%														–%	E	
Activity 2	n/a	0	–%														–%		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	–%														–%		
Of which enabling		0	–%														–%	E	
Of which transitional		0	–%														–%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Activity 1	n/a	0	–%														–%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	–%														–%		
A OpEx of Taxonomy-eligible activities (A.1+A.2)		0	–%														–%		
B TAXONOMY - NON - ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities	n/a	€87,682	100%																
TOTAL	n/a	€87,682	100%																

Independent auditor's report

To: the shareholders and the board of Flow Traders Ltd.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Flow Traders Ltd (hereinafter also referred to as the company or Flow Traders), registered in Bermuda. The financial statements comprise the consolidated and parent company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Flow Traders Ltd as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying parent company financial statements give a true and fair view of the financial position of Flow Traders Ltd as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2023
- The following statements for 2023: the consolidated statement of profit or loss and other comprehensive income, the consolidated statements of changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

The parent company financial statements comprise:

- The parent company balance sheet as at 31 December 2023
- The parent company income statement for 2023
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing, and in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Flow Traders Ltd in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

The ViO and VGBA are at least as demanding as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (the IESBA Code).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Flow Traders is a global financial technology-enabled multi-asset class liquidity provider with its core business in Exchange Traded Products, which includes fixed income, currencies, digital assets and commodities. Flow Traders is structured in components and we tailored our group audit approach accordingly. In our audit, we paid specific attention to a number of areas driven by the nature of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality	
Materiality	€ 2.2 million (2022: €8.0 million)
Benchmark applied	5% of profit before tax (rounded)
Explanation	Based on our professional judgement and our perception of the financial information needs of the users of the financial statements, a benchmark of 5% of profit before tax is an appropriate quantitative indicator of materiality as profit before tax best reflects the financial performance of Flow Traders. We determined materiality consistently with the previous financial year, as a result our materiality reflects the decrease in profit before tax as compared to previous financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee of the board (hereinafter: the Audit Committee) that misstatements in excess of € 0.1 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Flow Traders is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities, Flow Traders Ltd (parent company), Flow Traders BV and Flow Traders U.S. LLC, and we issued group audit instructions to all component teams in scope. We have:

- Performed audit procedures ourselves at group entities Flow Traders Ltd and Flow Traders BV
- Used the work of another (non-EY) auditor when auditing the group entity Flow Traders U.S. LLC
- Used the work of other EY Global member firms and the same non-EY auditor to perform specific audit procedures at other group entities and account balances.

On a regular basis, we interacted with the component teams during the various stages of the audit. Based on our risk assessment, we visited the component team for Flow Traders U.S. LLC and we reviewed the local working papers and conclusions. Moreover we are also directly involved in parts of the audit procedures by auditing certain accounts centrally for Flow Trader U.S. LLC and communicate regularly with the component's management.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the business of providing liquidity to financial markets. We included specialists in the areas of IT audit, forensics, sustainability, share based payments, derivatives and investments valuation, tax and transfer pricing, and have made use of our own experts in the area of auditing digital assets and certain disclosures that include capital requirements.

Our focus on climate-related risks

The board summarized Flow Traders' ESG (environmental, social and governance) focus areas and reported in the section ESG at a glance of the management report how the company is addressing climate-related and environmental risks also taking into account related regulatory and supervisory guidance and recommendations.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks are taken into account in estimates and significant assumptions. Furthermore, we read the management report and considered whether there is any material inconsistency between the non-financial information in the annual report and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2023.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board's process for responding to the risks of fraud and monitoring the system of internal control and how the Risk Committee exercises oversight, as well as the outcomes. We refer to Section Our risk management of the board report for the board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, the global whistleblower policy and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 7 to the financial statements. We have also used data analytics to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions. We evaluated that there are risks of fraud in the gross trading income recognized on financial assets and liabilities held for trading, as management may override controls around fair value measurement. We describe the audit procedures responsive to this risk in our key audit matter "Fair value measurement of financial assets and liabilities held for trading".

Furthermore, we identified a risk related to the private keys of digital asset wallets being misappropriated or compromised. We describe the audit procedures responsive to this risk in our key audit matter "Existence and valuation of digital assets".

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources, risk management and regional directors and the Audit Committee.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

Flow Traders is subject to many laws and regulations from market regulators and for its trading activities on exchanges worldwide where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or instructions. We refer to section 'Our risk management' section of the management report for the areas identified by the board with a risk of non-compliance with regulations and Note 31 'Provisions and contingent liabilities' to the financial statements.

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board and the Audit Committee, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in Note 3 'Basis of preparation' section b) 'Going concern basis of accounting' to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board, exercising professional judgment and maintaining professional skepticism. We considered whether the board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

The update in the corporate structure of Flow Traders on 13 January 2023 was a (one-time) key audit matter in our 2022 auditor's report. Taking into account the company's growing portfolio of (long-term) investments and the changed composition of this portfolio, a new key audit matter has been defined in relation to the valuation of (long-term) investments. Also, we have defined the reliability and continuity of the IT environment to be a key audit matter

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Fair value measurement of financial assets and liabilities held for trading	
Risk	At 31 December 2023 the Financial assets held for trading amount to € 5.5 billion (2022: € 4.9 billion) and the Financial liabilities held for trading amount to € 3.1 billion (2022: € 3.0 billion), as disclosed in Note 16 and Note 25 to the financial statements, respectively. Flow Traders' fair value measurement of financial assets and liabilities held for trading is based on internally determined theoretical prices as disclosed in Note 7 to the financial statements. These prices can differ from closing prices at various stock exchanges or prices from clearers, due to market illiquidity, variety in opening hours of the stock exchanges and the prices used for identical or near-identical positions. The fair values recorded require judgment which represents an increased risk of improper adjustments in fair valuation, directly impact the gross trading income. Therefore, we considered the valuation of financial assets and liabilities held for trading a key audit matter.
Our audit approach	Our audit procedures included, amongst others, assessing the appropriateness of Flow Traders' accounting policies related to valuation of financial assets and liabilities according to IFRS 9 "Financial Instruments" and IFRS 13 "Fair Value Measurement". In addition, we obtained an understanding of the valuation process, including verifications done by the company. We evaluated the design and implementation of internal controls relevant to fair value measurement. We performed risk-based sample testing on the valuation of individual positions by evaluating the internally determined prices against market prices from independent sources. Furthermore, we evaluated the presentation and disclosure in the financial statements for compliance and consistency with IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 on disclosure requirements for financial assets and liabilities held for trading, including the fair value hierarchy.
Key observation s	Based on our procedures performed, we consider the fair value of the financial assets and liabilities held for trading to be reasonable as at 31 December 2023

Existence and valuation of digital assets	
Risk	At 31 December 2023, the cryptocurrencies portfolio (digital assets) amounts to € 169.8 million (2022: € 58.3 million) as disclosed in Note 18 Other assets held for trading. Digital assets are exchangeable directly between two parties through decentralized networks that record transaction and position data, which is publicly observable on the blockchain. These are digital assets kept in private wallets, which are each safeguarded by a private key. As these private keys grant access to the digital assets, the safeguarding of these keys are of high importance and there is an increased risk of misappropriation of these digital assets. Contradictory to digital assets kept in private wallets, direct trades on centralized exchanges and related positions in digital assets cannot be observed on the blockchain, as the digital assets on these centralized exchanges are stored in commingled wallets. Ownership has to be established based on legal terms. These exchanges are unregulated and due to the lack of transparency of transactions and positions there is an increased risk to existence and valuation of indicated positions. Reference is made to the information on digital assets in Note 34 Financial risk management. Due to the risks involved for both digital assets kept in private wallets and in commingled wallets, we considered the existence and valuation of digital assets held a key audit matter.

Our audit approach	Our audit procedures included, amongst others, assessing the appropriateness of Flow Traders' accounting policies related to the classification and measurement of the digital assets under EU-IFRSs. We evaluated the design and implementation of controls related to digital assets, including reviews performed by the Risk and Operations and the Compliance departments in onboarding exchanges as well as trading in certain digital assets, involving our own experts in the area of digital assets. Furthermore, we evaluated the design and implementation of the daily trades reconciliation controls and procedures for deposits and withdrawals with cryptocurrency exchanges. We also evaluated the design and implementation of controls around the safeguarding of the private keys. For assets in private wallets, we tested Flow Traders' reconciliation of digital asset ending balances from its books to the blockchain and investigated any unusual and other reconciling items. We further verified that Flow Traders has access to its wallets, and therefore its digital assets, before and after the reporting date. For digital assets held on centralized exchanges, we observed the positions at the majority of the exchanges at year-end to verify the existence thereof. We further tested the valuation of individual positions by comparing the internally determined prices to independent sources as at 31 December 2023.
Key observations	Based on the procedures performed, we did not identify any material audit findings in relation to the existence and valuation of digital assets as at 31 December 2023.

Valuation of (long-term) investments accounted for at fair value	
Risk	Flow Traders invests in private companies across all geographies, with an emphasis on three key themes: platform, data, and connectivity. These investments include warrants, tokens and equity stakes in the companies of which most are in the start-up and scale-up phase. At 31 December 2023, the investments measured at fair value through OCI and Profit or Loss totaled to € 26.6 million (2022: € 21.8 million), as disclosed in Note 20 and Note 21 to the financial statements, respectively. As described in Note 7 to the financial statements, management estimates the fair value of (long-term) investments accounted for at fair value, by applying reference to their quoted closing bid price at the reporting date or if unquoted, determined using a valuation technique using market observable and unobservable inputs and assumptions. Management judgment is required for these assumptions, which includes performance adjustments and discounts for liquidity. Determining the fair value of investments using unobservable inputs and assumptions is a complex process and requires judgment from the board as these investments exhibit higher estimation uncertainty. Due to the matters described, we considered the valuation of investments accounted for at fair value a key audit matter.

Our audit approach	With involvement of our specialists, we obtained an understanding and evaluated the design and implementation of controls over the estimation of the valuation of the (long-term) investments and the appropriateness of the valuation methodologies applied, including the review of Flow Traders policies in line with The International Private Equity and Venture Capital Valuation (IPEV) Guidelines and IFRS 13 “Fair Value Measurement”. Next to this, we verified the existence of these investments as of 31 December 2023 through external confirmations. We evaluated the reasonableness of inputs used in the valuation models and assumptions made by the board as part of their valuation process, by performing validation procedures using external data where relevant and underlying source documentation. For a sample of investment valuations, we obtained the valuation models and compared objective inputs used in the models to agreements or underlying source documents as provided by the Company. Furthermore, we tested the mathematical accuracy of the valuation models. In addition, we evaluated subsequent events and transactions and considered whether they corroborated or contradicted the year-end estimates. Finally, we evaluated the completeness and accuracy of the disclosures related to the fair value measurement of these investments in conformity with EU-IFRSs.
Key observation s	Based on our procedures performed we consider the valuation of investments accounted for at fair value as at 31 December 2023 to be reasonable.

Reliability and continuity of the IT environment	
Risk	Flow Traders’ activities and financial reporting are highly dependent on the reliability and continuity of the IT environment. Effective general IT controls with respect to change management, logical access, infrastructure and operations, support the integrity and continuity of the IT systems as well as the operating effectiveness of the automated controls. As described in the Operational risk section in Note 34 in the financial statements for Flow Traders, the level of investment in technology is important to mitigate technology risks as well as having resilient and robust internal systems and controls. There is a risk that the general IT control measures may not always operate as intended. The dependency on the IT environment could lead to undetected misstatements in financial reporting. Therefore we considered the reliability and continuity of the IT environment a key audit matter.

Our audit approach	With the help of IT audit professionals, who are an integral part of the audit team, we assessed the reliability and continuity of the IT environment to the scope necessary for the audit of the financial statements. In this context, we obtained an understanding of the main IT processes and evaluated the design and existence of general IT controls. We performed these procedures for the IT applications relevant to the scope of our audit as well the IT tools in support of the IT processes. We also performed specific procedures in response to findings on the documentation of the existence of general IT controls related to manage change for entity programmed changes regarding user acceptance testing. We also obtained an understanding and evaluated the design of Flow Traders' IT operations measures in place. For the applications that are supplied by third parties, we evaluated the monitoring process of Flow Traders for these service providers. Furthermore, we gained insight into the procedures, internal controls and reports that Flow Traders carries out with regard to cybersecurity.
Key observation s	Based on our procedures performed, we did not identify any risks materializing from design and existence of general IT controls impacting the reliability and continuity of the IT environment in the context of our audit of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code, the Dutch Standard 720 and ISA 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The board is responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Supervisory Board as auditor of Flow Traders N.V., as predecessor of Flow Traders Ltd on 19 May 2016, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

European Single Electronic Reporting Format (ESEF)

Flow Traders Ltd has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by the company, complies in all material respects with the RTS on ESEF.

The board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee undertakes preparatory work for the board's decision-making regarding the supervision of the integrity and quality of the company's financial reporting. Working within the board, the Audit Committee is charged in particular with the supervision with respect to the provision of financial information by the company.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing and ISAs, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 29 February 2024

Ernst & Young Accountants LLP

Signed by A. Snaak

Provisions in the Bylaws governing the appropriation of profit:

The provisions in the Bylaws governing the appropriation of profit read as follows:

Dividends and other payments

1. Dividends and Distributions. Subject to these Bye-laws, the Board may from time to time declare dividends or distributions out of contributed surplus to be paid to the Shareholders according to their rights and interests, including such interim dividends as appear to the Board to be justified by the position of the Company. The Board, in its discretion, may determine that any dividend shall be paid in cash or shall be satisfied, subject to Bye -Laws 5.2, 35.1 and 35.2, in paying up in full shares in the Company to be issued to the Shareholders credited as fully paid or partly paid or partly in one way and partly the other. The Board may also pay any fixed cash dividend which is payable on any shares of the Company half yearly or on such other dates, whenever the position of the Company, in the opinion of the Board, justifies such payment. In making any determination regarding the declaration of a dividend or distribution out of contributed surplus, the Board must, in addition to any other obligations or duties under the Companies Acts or these Bye-Laws, consider the Stakeholder Interests.

2. Implementation. Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide: (a) all dividends or distributions out of contributed surplus may be declared and paid according to the amounts paid up on the shares in respect of which the dividend or distribution is paid, and an amount paid up on a share in advance of calls may be treated for the purpose of this Bye-Law as paid-up on the share; (b) dividends or distributions out of contributed surplus may be apportioned and paid pro rata according to the amounts paid-up on the shares during any portion or portions of the period in respect of which the dividend or distribution is paid.

3. Deductions. The Board may deduct from any dividend, distribution or other monies payable to a Shareholder by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.

4. No Interest. No dividend, distribution or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

5. Method of Payment. (a) Subject to Bye-Law 33.5(b), any dividend, distribution or interest, or part thereof payable in cash, or any other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post or by courier addressed to the holder at their address in the Register or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at their registered address as appearing in the Register or addressed to such person at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register in respect of such shares, and shall be sent at their or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two (2) or more joint holders may give effectual receipts for any dividends, distributions or other monies payable or property distributable in respect of the shares held by such joint holders. (b) All dividends, distributions or interests in respect of shares held by a securities depository, including Euroclear Nederland, shall be paid by placing those dividends, distributions or interest at the disposal of such securities depository, subject to and in accordance with the regulations of such securities depository.

6. Unclaimed Amounts. Any dividend or distribution out of contributed surplus unclaimed for a period of five (5) years from the date of declaration of such dividend or distribution shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend, distribution, interest or other sum payable on or in respect of the share into a

separate account shall not constitute the Company a trustee in respect thereof.

7. In-Kind Satisfaction. The Board may also, in addition to its other powers, direct payment or satisfaction of any dividend or distribution out of contributed surplus wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and where any difficulty arises in regard to such distribution or dividend, the Board may settle it as it thinks expedient, and in particular, may authorize any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution or dividend purposes of any such specific assets and may determine that cash payments shall be made to any Shareholders upon the footing of the values so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Board, provided that such dividend or distribution may not be satisfied by the distribution of any partly paid shares or debentures of any company without the sanction of a Resolution.

Reserves

8. Reserves. The Board may before declaring any dividend or distribution out of contributed surplus, set aside such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any sums which it may think it prudent not to distribute.

Capitalization of profits

9. Capitalization. The Board may from time to time resolve to capitalize all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account and accordingly that such amount be set free for distribution amongst the Shareholders or any class of Shareholders who would be entitled thereto if distributed by way of dividend and in the same proportions, on the footing that the same be not paid in cash but be applied either in or towards paying up amounts for the time being unpaid on any shares in the Company held by such Shareholders respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid amongst such Shareholders, or partly in one way and partly in the other, provided that for the purpose of this Bylaw, a share premium account may be applied only in paying up of unissued shares to be issued to such Shareholders credited as fully paid.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The Board is responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Glossary

AGM	Annual General Meeting of shareholders
AML	Anti-Money Laundering
AMX	Amsterdam Midcap Index
AP	Authorized Participant
APM	Alternative Performance Metrics
APT	Dutch Association of Proprietary Traders
AuM	Asset Under Management
AuM CAGR	Asset Under Management Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CID procedure	Counterparty Identification Procedures
CRD IV	EU Capital Requirements Directive (2013/36/EU)
CRR	EU Capital Requirements Regulation (575/2013)
CSDR	Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories
CTO	Chief Technology Officer
CTrO	Chief Trading Officer
DNB	Dutch Central Bank
EBITDA	Earnings before interest tax deprecation & amortization
EPS	Earnings per share
ERM	Enterprise Risk Management
ESG	Environmental, social and governance
ETC	Exchange-Traded Commodities
ETF	Exchange-Traded Funds
ETN	Exchange-Traded Notes
ETP	Exchange traded product
EY	Ernst & Young Accountants LLP, the Company's external auditor
General Meeting	Annual General Meeting of Shareholders
FCIP	Flow Cash Incentive Plan
FIA EPTA	FIA European Principal Traders Association
FIA PTG	FIA Principal Traders Group
FICC	Fixed income, currency and commodities
FLIP	Flow Loyalty Incentive Plan
FSI Schemes	Fast Semi-Iterative schemes
FWD	Forward
FX	Forex (Currency trading)
IA	Internal audit function
IFD	Directive (EU) 2019/2034 on the prudential supervision of investment firms
IFR	Regulation (EU) 2019/2033 on the prudential requirements of investment firms
IR	Investor Relations
KPI	Key Performance Index
MiFID II	Markets in Financial Instruments Directive (Directive 2014/65/EU; as amended)
NDF	Non-Deliverable Forward
NTI	Net Trading Income
NTI CAGR	Net Trading Income Compound Annual Growth Rate
OECD	Organization for Economic Cooperation and Development
OTC	Over the counter
QFII	Qualified Foreign Institutional Investor China
RMF	Risk Management Framework
ROE	Return on Equity, net normalized profit divided by average equity
RSA	Risk (self-) assessments
SDG	Sustainable Development Goals
UN	United Nations
VWAP	Volume weighted average price

Colophon

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This document contains “forward-looking statements” which relate to, without limitation, our plans, objectives, strategies, future operational performance, and anticipated developments in the industry in which we operate. These forward-looking statements are characterized by words such as “anticipate”, “estimate”, “believe”, “intend”, “plan”, “predict”, “may”, “will”, “would”, “should”, “continue”, “expect” and similar expressions, but these expressions are not the exclusive means of identifying such statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause circumstances or our actual results, performance or achievements to be materially different from any future circumstances, results, performance or achievements expressed or implied by such statements. Such factors include, among other things, reduced levels of overall trading volume and lower margins; dependence upon prime brokers, ETP issuers, trading counterparties, CCPs and custodians; losing access to an important exchange or other trading venue; occurrence of a systemic market event; incurrence of trading losses; failures or disruption of our trading platform or our or third-party technical infrastructure; risks associated with operational elements of our business and trading generally; ineffective risk management systems, processes and strategies; intense competition in our business; dependence on continued access to sources of liquidity; capacity constraints of computer and communications systems; dependence on third-party software, infrastructure or availability of certain software systems; damage to our reputation and the reputation of our industry; loss of key staff or failure to attract and retain other highly skilled professionals; changes to applicable regulatory requirements; compliance with applicable laws and regulatory requirements, including those specific to our industry; enhanced media and regulatory attention and its impact upon public perception of us or of companies in our industry; and other risks. The forward-looking statements contained in this document are based on assumptions, beliefs and expectations that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given the risks and uncertainties associated with forward-looking statements, you are cautioned not to place undue reliance on such forward-looking statements. Such forward-looking statements speak only as of the date on which they are made. Accordingly, other than as required by applicable law or the rules of the stock exchange on which our securities are listed, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking statements should not be regarded as a representation or warranty by us or any other person with respect to the achievement of the results set out in such statements or that the underlying assumptions used will in fact be the case. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. Statements regarding the market, industry and trends, including the FX market and development in ETP Assets under Management in certain markets, ETP value traded in certain markets and Flow Traders’ competitive position are based on outside data and sources.

This document contains “forward-looking statements” which relate to, without limitation, our plans, objectives, strategies, future operational performance, and anticipated developments in the industry in which we operate. These forward-looking statements are characterized by words such as “anticipate”, “estimate”, “believe”, “intend”, “plan”, “predict”, “may”, “will”, “would”, “should”, “continue”, “expect” and similar expressions, but these expressions are not the exclusive means of identifying such statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause circumstances or our actual results, performance or achievements to be materially different from any future circumstances, results, performance or achievements expressed or implied by such statements. Such factors include, among other things, reduced levels of overall trading volume and lower margins; dependence upon prime brokers, ETP issuers, trading counterparties, CCPs and custodians; losing access to an important exchange or other trading venue; occurrence of a systemic market event; incurrence of trading losses; failures or disruption of our trading platform or our or third-party technical infrastructure; risks associated with operational elements of our business and trading generally; ineffective risk management systems, processes and strategies; intense competition in our business; dependence on continued access to sources of liquidity; capacity constraints of computer and communications systems; dependence on third-party software, infrastructure or availability of certain software systems; damage to our reputation and the reputation of our industry; loss of key staff or failure to attract and retain other highly skilled professionals; changes to applicable regulatory requirements; compliance with applicable laws and regulatory requirements, including those specific to our industry; enhanced media and regulatory attention and its impact upon public perception of us or of companies in our industry; and other risks. The forward-looking statements contained in this document are based on assumptions, beliefs and expectations that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given the risks and uncertainties associated with forward-looking statements, you are cautioned not to place undue reliance on such forward-looking statements. Such forward-looking statements speak only as of the date on which they are made. Accordingly, other than as required by applicable law or the rules of the stock exchange on which our securities are listed, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking statements should not be regarded as a representation or warranty by us or any other person with respect to the achievement of the results set out in such statements or that the underlying assumptions used will in fact be the case. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. Statements regarding the market, industry and trends, including the FX market and development in ETP Assets under Management in certain markets, ETP value traded in certain markets and Flow Traders’ competitive position are based on outside data and sources.