

14 March 2023

Dear Shareholders,

At Flow Traders' next Annual General Meeting (AGM) to be held on 26 April 2023, we will seek your support for the updated, significantly enhanced remuneration policy for the Executive Directors of the Board.

I would like to take this opportunity to share with you how we have taken on board stakeholders' feedback into account when developing our proposed remuneration policy.

Stakeholder engagement following the 2022 AGM

Dutch regulation requires the support of at least 75% of votes cast for a remuneration-related resolution to be adopted. As the remuneration policy for the (former) Management Board of Flow Traders N.V. at the 2022 AGM did not reach this threshold with 57% of shareholders voting for the policy, the Remuneration & Appointment Committee conducted consultations with shareholders and proxy advisors to see whether we could further align our remuneration practices to shareholder expectations. The non-Executive Directors of the Board have taken the feedback seriously and welcome an open dialogue with all stakeholders on every aspect of remuneration.

We recognize the evolution of the corporate governance landscape in recent years. We believe that the principles that underlie our remuneration approach are increasingly relevant to society. From the start, we have shared economic success with all our employees, and in doing so, we align employee pay, including the Executive Directors' pay, with the interests of shareholders and our financial performance. We aim to pay levels of total pay that are competitive with our predominantly international, and in many cases privately-owned, competitors and design our remuneration structures to encourage all our employees to stay with the company for the longer term.

While keeping the main principles in our remuneration philosophy intact, we are proposing a new remuneration policy for the Executive Directors at the 2023 AGM with several improvements. The new remuneration policy also includes enhancements compared to the policy proposed at the 2022 AGM. In line with what we proposed at the 2022 AGM, we are proposing to introduce a variable pay cap for each individual Executive Director and introduce significant deferral and vesting provisions for variable remuneration, where half of any award will be paid in the form of Flow Traders' equity. Furthermore, we introduced a company KPI scorecard to disclose performance over the year.

In line with Dutch regulation, if the 75% threshold is not reached, the current remuneration policy will remain in place. This 2016 remuneration policy for the Executive Directors limits us from awarding any variable remuneration in the form of shares, has no deferral provisions or shareholding guidelines, and does not have a cap on variable remuneration for each Executive Director. As such, should the proposed policy not receive the required 75% approval at the upcoming AGM, we will not be able to implement the key improvements our shareholders have been asking for.

Proposed 2023 remuneration policy

The feedback from these shareholder consultations is reflected in our proposed 2023 remuneration policy and we are proposing to:

- Introduce share-based compensation;
- Enhance deferral and vesting provisions;
- Encourage share ownership;
- Reduce the remuneration pool;
- Introduce a cap on individual Executive Director’ remuneration;
- Provide a KPI scorecard for performance assessment of the Executive Directors.

The table below shows in more detail how we have incorporated feedback into our proposed 2023 remuneration policy and changes we have made to enhance the transparency in our remuneration report.

Main feedback from stakeholders	How we have acted upon this feedback
<p>The policy appears to have a short-term focus</p>	<ul style="list-style-type: none"> ▪ Long-term value creation and share ownership are cornerstones of our remuneration philosophy. We propose to further align our remuneration policy with our philosophy and to defer a significant part of any variable remuneration award (62.5%) for a multi-year period (up to 4 years). A significant part (50%) of the variable remuneration is paid out in equity and is subject to a holding period of one year after vesting ▪ In addition to already operating above market standard claw back provisions, we propose to introduce post-termination transfer restrictions ▪ We propose that our Executive Directors shall retain 50% of the shares granted as part of remuneration (after tax) until at least 12 months have lapsed after the end of employment ▪ We have further enhanced our disclosure practices in our remuneration report, with the aim to better explain the design of our remuneration policy and in particular the working of our variable remuneration plan, including better disclosure around the performance KPI scorecard and deferral and vesting schedule for the Executive Directors
<p>Executive Director variable remuneration is uncapped</p>	<ul style="list-style-type: none"> ▪ 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. We reduced the size of the variable remuneration pool from 40% to a maximum of 32.5% of the operating profit in any given year. In addition, we introduced a hard cap on individual variable remuneration award levels for each Executive Director of 20 times the average employee pay. The average employee pay will be calculated in accordance with the recommendation of the Dutch Monitoring Commission ▪ This translates to a hard cap of €4,718,000 on variable remuneration for each Executive Director in 2022. The total remuneration of each Executive Director is well within this limit

Transparency and disclosure on pay-for-performance can be improved

- Following shareholder feedback, we introduced a KPI scorecard for the Executive Directors with both financial and non-financial performance measures. The financial measures will ensure that any remuneration awarded considers multiple aspects of financial performance and not only operating profit, while non-financial measures will be selected to ensure sustained long-term performance. The annual targets will be set in the context of Flow Traders' long-term strategic goals
- We have restructured our remuneration report and proposed remuneration policy with the aim to better explain the working of our variable remuneration plan by including more details on the methodology, dynamics, KPIs and performance assessment of the Executive Directors
- We believe these changes will increase the transparency and certainty for shareholders and the Executive Directors

Remuneration decisions in 2022

In addition to shareholder engagement and reviewing our remuneration policy, we have also assessed other aspects of our remuneration practices. The Non-Executive Directors, in close consultation with the Remuneration & Appointment Committee, have made the following decisions:

- In line with our remuneration principle of rewarding for exceptional performance only, we did not award any base salary increases to the Executive Directors in 2022
- We have decided that the total company-wide variable remuneration pool size will amount to 32.5% of the operating profit, as we have proposed in the 2023 remuneration policy. Following an assessment of the performance of the Executive Directors, the Non-Executive Directors decided to award 6.1% of the variable remuneration pool to the Executive Directors
- The variable remuneration awards for the Executive Directors will be deferred in accordance with the deferral and vesting provisions proposed in the 2023 remuneration policy. However, as the current remuneration policy does not allow for share-based awards, the equity portion of the award will be paid in share-like instruments
- Any deferred and unvested awards remain at risk until vesting

For further details, please see our 2022 remuneration report. We do acknowledge that proxy advisors and other advisory groups face a difficult challenge gauging our business and remuneration model, particularly in comparison with other Dutch-listed companies who happen to have similar sized market capitalizations. As the vast majority of our peers in a global competitive arena are privately held businesses, who employ remuneration structures similar to ours, we regularly find Flow Traders being assigned to peer groups which do not reflect our characteristics as a financial market maker and liquidity provider with a global business. This also applies to management compensation comparisons, which, if appropriately taking into account actual competitors and multi-year periods, show that we are in line with industry peer compensation levels. The Non-Executive Directors strongly encourage shareholders to review our proposal and to make an informed decision, based on

their own assessment of Flow Traders' business model and competitive dynamics, and in light of the significant proposed enhancements.

We will continue to consult with shareholders on policy and on any significant developments and take stakeholders' views into account before presenting proposals. The Remuneration and Appointment Committee and the Non-Executive Directors believe that ongoing dialogue with all of our stakeholders is of key importance and we will continue to review their feedback when looking to further refine our remuneration approach over time. Should you have any queries, please do get in touch with Eric Pan, Investor Relations Manager, at +31 (0) 20 799 6180 / investor.relations@flowtraders.com.

Linda Hovius
Chair of the Remuneration & Appointment Committee