
BOARD REPORT FLOW TRADERS S.A.

WITH RESPECT TO THE

COMMON DRAFT TERMS OF THE CROSS-BORDER MERGER

BETWEEN

FLOW TRADERS N.V. & FLOW TRADERS S.A.

F L O W ■ **T R A D E R S**

21 October 2022

REPORT OF THE BOARD OF FLOW TRADERS S.A.

THE UNDERSIGNED:

- a. Dennis Dijkstra;
- b. Folkert Joling;
- c. Britta Achmann; and
- d. Mike Kühnel,

being all the directors of the board of directors of **Flow Traders S.A.**, a company (*société anonyme*), incorporated under the Laws of Luxembourg, with registered office at 46A Avenue John F. Kennedy L-1855 Luxembourg, the Grand Duchy of Luxembourg, and registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés*) under number B271704 (the "**Company**" or "**FT SA**", the board of directors of the Company, the "**Board**" and the individual members thereof, a "**Director**"), acknowledge the following:

General

- (A) **Flow Traders N.V.**, is a public limited liability company (*naamloze vennootschap*) under the Laws of the Netherlands, with corporate seat in Amsterdam, the Netherlands, and address at Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands, and registered with the Dutch trade register under number: 34294936 ("**FT NV**").
- (B) FT SA is a wholly owned subsidiary of FT NV.
- (C) FT NV shall be merged with and into FT SA and will cease to exist, while by operation of Law, FT SA, as the absorbing company, shall receive all assets and liabilities, rights, obligations and other legal relationships of FT NV that are susceptible for transfer under universal succession of title (the "**Merger**").
- (D) As further explained in, and subject to the qualifications in, this Board Report, as a result of the Merger each FT NV shareholder will receive one FT SA Share for each FT NV Share they hold at the Effective Time.

Board Report

- (E) This Board Report within the meaning of 1021-5 of the law of 10 August 1915 on commercial companies, as amended ("**LCL**") has been prepared by the Board.
- (F) This Board Report will be made available (i) on FT NV's corporate website (www.flowtraders.com) and (ii) for inspection by persons eligible under Dutch and Luxembourg Law at the offices of FT NV and FT SA.

HEREBY DECLARE THE FOLLOWING:**1. INTERPRETATION**

- 1.1 This Board Report must be read in conjunction with the common draft terms of the Merger, dated 21 October 2022 (the "**Merger Proposal**").
- 1.2 Any capitalised term, including those used in the preamble of this Board Report, has the meaning as ascribed to it in Clause 6.
- 1.3 Unless the context requires otherwise, a reference in this Board Report to a Clause is to the relevant Clause of this Board Report.
- 1.4 Any reference in this Board Report to any gender includes all genders and non-binary individuals, and words importing the singular include the plural and *vice versa*.
- 1.5 Headings of Clauses are for convenience only and do not affect the interpretation of this Board Report.

2. MERGER

- 2.1 Subject to the terms and conditions of the Merger Proposal, FT NV shall merge pursuant to Part 7, Sections 2, 3 and 3A of Book 2 DCC and Title X, Chapter II LCL, with FT SA whereby FT NV will cease to exist and FT SA shall receive all assets, liabilities and legal relationships of FT NV that are susceptible for transfer under universal succession of title.
- 2.2 The Merger will be effective as of the Effective Time.

3. REASONS TO MERGE

The reasons to merge are set out in the Shareholders Circular, which for this purpose is incorporated by reference in this Board Report.

4. CONSEQUENCES OF THE MERGER*Activities of FT NV and FT SA*

- 4.1 It is intended that FT SA will continue the activities of FT NV without changes, it being understood that FT SA will be converted into FT Ltd as further described in the Shareholders Circular.

Legal consequences

- 4.2 The Merger will, *inter alia*, have the following consequences:
- (a) FT NV will merge with FT SA, as the absorbing company, and FT NV will cease to exist;
 - (b) all assets and liabilities, rights, obligations and other legal relationships of FT NV that are susceptible for transfer will be transferred to FT SA under universal succession of title;
 - (c) FT SA shall allot for each issued and outstanding FT NV Share one FT SA Share to the persons holding FT NV Shares at the Effective Time (such ratio of one FT NV Share for one FT SA Share, the "**Exchange Ratio**"), except for (i) FT NV Shares for which a FT NV shareholder has made a request in accordance with Article 2:333h(1) DCC and Clause 18 of the Merger Proposal during the applicable period (a "**Withdrawal Application**"), (ii) any FT NV Shares held in treasury by, or for the account of FT NV and (iii) any FT NV Shares held by FT SA, if any; and
 - (d) all FT NV Shares will be cancelled by operation of Law.
- 4.3 Creditors of the Merging Companies, whose claims predate the Effective Time, notwithstanding any agreement to the contrary, may apply, within two months of such Effective Time, to the judge presiding the chamber of the *Tribunal d'Arrondissement* dealing with commercial matters in the district in which the registered office of the Company is located, namely Luxembourg-City, Grand Duchy of Luxembourg, and sitting as in commercial and urgent matters, to obtain adequate safeguards of collateral for any matured or unmatured debts, where they can credibly demonstrate that due to the Merger, the satisfaction of their claims is at stake and that no adequate safeguards have been obtained from the Company. The president of such chamber shall reject the application if the creditor is already in possession of adequate safeguards or if such safeguards are unnecessary, having regard to the financial situation of the Company after the Merger. The Company may cause the application to be turned down by paying the creditor, even if it is a term debt.
- 4.4 If the safeguards are not provided within the time limit prescribed, the debt shall immediately fall due.
- 4.5 For the avoidance of doubt, the Clauses 4.3 and 4.4 shall remain applicable after the migration of the Company to Bermuda.
- 4.6 It is anticipated that contracts concluded with the Merging Companies (other than contracts concluded between the Merging Companies only) will remain in force unchanged following the Merger (unless provided otherwise in accordance with their existing terms), provided that contracts concluded with FT NV shall have FT SA as the contracting party as of the Effective Time, it being understood that FT SA will be converted into FT Ltd as further described in the Shareholders Circular.

Economic consequences

- 4.7 The economic aspects of the Merger have been set out in the Shareholders Circular, which for this purpose is incorporated by reference in this Board Report.

Social consequences

- 4.8 From a social point of view the Merger has no consequence since the Merging Companies have no employees.

5. EXCHANGE RATIO

- 5.1 The Exchange Ratio is set out in Clause 4.2(c).

- 5.2 The following considerations have been taking into account for determining the Exchange Ratio:

- (a) FT SA has no or virtually no assets and liabilities and is not expected to have any or virtually any assets or liabilities until the Effective Time;
- (b) at the date of this Board Report, FT NV is the sole shareholder of FT SA and FT NV will remain the sole shareholder of FT SA until the Effective Time;
- (c) subject to Withdrawal Applications, the shareholders of FT NV at the Effective Time shall be the only shareholders of FT SA upon the Effective Time and the Merger should not impact the pro-rata shareholding of the FT NV shareholders; and
- (d) unnecessary complication of the Merger should be prevented.

- 5.3 The considerations referred to under Clause 5.2 resulted in the conclusion that the exchange ratio should be set such that one FT NV share should neither entitle the holder thereof to a fraction of a FT SA share, nor to multiple FT SA shares.

- 5.4 Given the considerations referred to under Clause 5.2 and in accordance with the assessment in Clause 5.3, the Exchange Ratio is considered to be suitable and appropriate.

- 5.5 The method referred to under Clause 5.2 in conjunction with Clause 5.3 does not lead to a valuation of the FT NV shares or the FT SA Shares, or of the assets and liabilities of FT NV or FT SA.

- 5.6 Because only one method was used to determine the Exchange Ratio, the relative weight of multiple methods is not addressed in this Board Report.

- 5.7 No particular difficulties arose in relation to the determination of the Exchange Ratio.

6. DEFINED TERMS

In this Board Report, the following terms have the following meaning, unless the context requires otherwise:

"**Board**" has the meaning ascribed to it in the preamble of this Board Report;

"**Board Report**" means this board report prepared by the Board with respect to the Merger Proposal;

"**Company**" has the meaning ascribed to it in the preamble of this Board Report;

"**DCC**" means the Dutch Civil Code;

"**Director**" has the meaning ascribed to it in the preamble of this Board Report;

"**Effective Time**" means 18:00 Central European Time on the day the minutes of the extraordinary general meeting of FT SA, approving the Merger and the related documentation, are published in the Luxembourg Electronic Official Gazette (*Recueil électronique des Sociétés et Associations*);

"**Exchange Ratio**" has the meaning ascribed to it in Clause 4.2(c);

"**FT Ltd**" means Flow Traders Ltd;

"**FT SA**" has the meaning ascribed to it in the preamble of this Board Report;

"**FT SA Share**" means a share in the share capital of FT SA ;

"**FT NV**" has the meaning ascribed to it in Recital (A);

"**FT NV Share**" means a share in the share capital of FT NV;

"**Law**" means any supra-national, national, federal, state or local law, constitution, statute, ordinance, rule, regulation, judgment, order, injunction, decree, arbitration award, agency requirement, writ, franchise, variance, exemption, approval, license or permit in force in the Netherlands, Luxembourg or elsewhere, unless specifically stated otherwise, together with applicable treaty or directive;

"**LCL**" has the meaning ascribed to it in Recital (E);

"**Merger Proposal**" has the meaning ascribed to it in Clause 1.1;

"**Merger**" has the meaning ascribed to it in Recital (C);

"**Merging Companies**" means FT SA together with FT NV;

"**Shareholders Circular**" means the shareholders circular relating to the extraordinary general meeting of FT NV, to be held on 2 December 2022, containing the explanatory notes to the agenda

of the extraordinary general meeting, which will be made available together with this Board Report at the registered office of the Company; and

"**Withdrawal Application**" has the meaning ascribed to in in Clause 4.2(c).

THIS BOARD REPORT HAS BEEN SIGNED ON THE DATE STATED AT THE BEGINNING OF THIS BOARD REPORT BY:

/s/ D.D.M. Dijkstra

D.D.M. Dijkstra

Capacity: director

/s/ F.E. Joling

F.E. Joling

Capacity: director

/s/ B. Achmann

B. Achmann

Capacity: director

/s/ M. Kühnel

M. Kühnel

Capacity: director