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# Remuneration Report

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# 2023 Remuneration report

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# 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 underlie 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	<ul style="list-style-type: none"> <li>Relatively modest base salary</li> </ul>		
Variable pay	<p><b>Policy</b></p> <ul style="list-style-type: none"> <li>Executive Directors may be awarded a variable remuneration entitlement in the form of a percentage of the firm-wide variable remuneration pool.</li> <li>No variable remuneration pool will be available where Flow Traders was not profitable in a performance year.</li> <li>Up to 32.5% of Flow Traders' operating result over the performance year shall be available for variable remuneration.</li> <li>The majority of variable compensation is deferred over multiple years to create long-term perspective and align with long-term shareholder value.</li> <li>Total remuneration for any individual Executive Director of the board is formally capped at 20 times the average FTE total remuneration.</li> </ul>	Variable pay	<p><b>Deferral and vesting</b></p> <ul style="list-style-type: none"> <li>50% of variable remuneration is paid out in equity.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>All equity awards that vest are subject to a holding period of one year.</li> </ul>
	<p><b>Operation</b></p> <ul style="list-style-type: none"> <li>Performance is measured over a one-year performance period.</li> <li>Variable remuneration awards are predominantly based on Flow Traders' operating profit.</li> <li>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).</li> <li>The Company KPI scorecard consists of both financial and non-financial performance metrics.</li> </ul>	Encourage share ownership	<p><b>Equity awards</b></p> <ul style="list-style-type: none"> <li>Variable remuneration will be settled in both cash and Flow Traders' equity.</li> <li>50% of any variable remuneration shall be paid out in the form of equity, which will vest over a four-year period</li> <li>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.</li> </ul>

# 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 10.

## 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.3.8%
- 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)

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



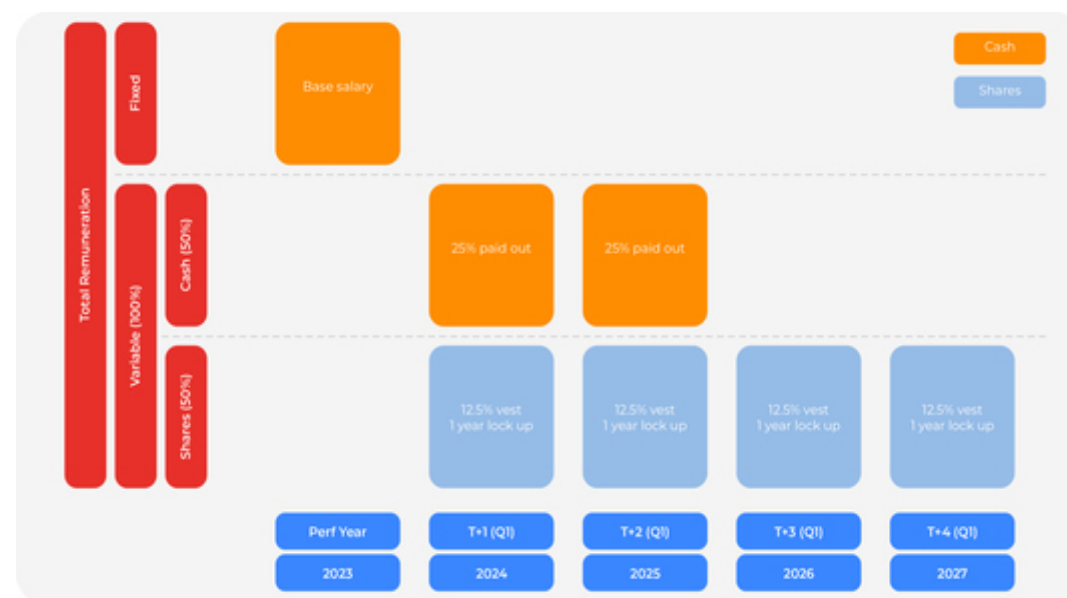
**Years of vesting for granted shares & share-like instruments** (in thousands of euro)

Executive Directors of the Board	2023	2024	2025	2026	2027
<b>Mike Kuehnel, CEO</b>					
2021	125	125	125	125	–
2022	–	213	213	213	213
2023	–	63	63	63	63
<b>Hermien Smeets-Flier, CFO</b>					
2023	–	50	50	50	50
<b>Dennis Dijkstra</b>					
2020	963	963	963	–	–
2021	181	181	181	181	–
2022	–	213	213	213	213
2023	–	–	–	–	–
<b>Folkert Joling</b>					
2020	963	963	963	–	–
2021	181	181	181	181	–
2022	–	213	213	213	213
2023	–	–	–	–	–
<b>Thomas Wolff</b>					
2020	481	481	481	–	–
2021	100	100	100	100	–
<b>Britta Achmann</b>					
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
<b>The Board: Total remuneration awarded (Actual)</b>					
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
<b>Comparative Company Performance (Comparative)</b>					
	<b>2018:2019</b>	<b>2019:2020</b>	<b>2020:2021</b>	<b>2021:2022</b>	<b>2022:2023</b>
Net Trading Income (NTI)	(44%)	331%	(59%)	20%	(35%)
Normalized EBITDA	(36%)	251%	(52%)	(67%)	(55%)
Basic EPS	307%	(67%)	129%	1%	11%
<b>FTE Total Remuneration</b>					
	<b>2018:2019</b>	<b>2019:2020</b>	<b>2020:2021</b>	<b>2021:2022</b>	<b>2022:2023</b>
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).

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





## 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 (€)						Total annualized fees (€)	Actual fees paid, 2023 (€)
Chair	Board fee (€)	Audit Committee	Remuneration & Appointment Committee	Risk & Sustainability Committee	Trading & Technology Committee				
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 Bissierier	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	
<b>Total 2023</b>		<b>660,000</b>	<b>60,000</b>	<b>45,000</b>	<b>72,500</b>	<b>70,000</b>	<b>907,500</b>	<b>624,336</b>	

1. Paul Hilgers, Delfin Rueda and Karen Frank were elected as Non-Executive Directors at the 2023 AGM, held on 26 April 2023. Olivier Bissierier'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

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

## 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 5.

- 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.<sup>1816</sup>

## Colophon

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**F L O W** ■ T R A D E R S