

Public disclosures in accordance with Part Six of Regulation (EU) 2019/2033 on the prudential requirements of investment firms for the year ended 30 June 2026

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1. INTRODUCTION

1.1 CIF Information

Pepperstone EU Limited (hereinafter the 'Company' or the "Firm") was incorporated in the Republic of Cyprus on 31 May 2019 as a private limited liability company with registration number HE 398429 and LEI Code No. 549300Y04UGQVUFYP625. The Company obtained a Cyprus Investment Firm ("CIF") license from the Cyprus Securities and Exchange Commission ("CySEC"), CIF licence No. 388/20 on 03 August 2020 to provide the following Investment and Ancillary Services in trading with the Financial Instruments listed below, in accordance with Part I, II and III of the Law 87(I)/2017:

Investment Services:

- Reception and transmission of orders in relation to one or more financial instruments (1)
- Execution of orders on behalf of clients (2)
- Dealing on own account (3)

Note: *In brackets (...) is the number of the investment service as referred in the Law 87(I)/2017.*

Ancillary Services:

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management (1)
- Foreign exchange services where these are connected to the provision of investment services (4)
- Investment research and financial analysis or other forms (5)

Note: In brackets (...) is the number of the ancillary service as referred in the Law 87(I)/2017, as applicable to the ancillary services offered by the Firm.

Financial Instruments:

- Transferable Securities (1)
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash (4)
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event) (5)
- Financial contracts for differences (9)

Note: *In brackets (...) is the number of the ancillary service as referred in the Law 87(I)/2017.*

1.2 Scope of application

The Disclosures & Market Discipline Report (the 'Report') has been prepared in accordance with the requirements laid out in Part Six of the Investment Firm Regulation 2019/2033 (IFR) (hereinafter the 'Disclosures' or the 'Report'). and provides information on the Firm's capital resources, capital requirements, remuneration policies, practices and governance standards.

Pepperstone EU Limited does not fall under the prudential consolidation requirements per Article 7 of the IFR and therefore prepares its disclosures on an individual (solo) basis. The Company's Financial Statements are also prepared on a stand-alone basis and in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the EU.

This Report draws upon financial data as presented in the Company's Financial Statements; nonetheless, due to the distinct objectives and underlying principles of the Disclosures which differ from those of the Financial Statements prepared in accordance with the IFRSs, variances in reported figures may arise given the conceptual differences between the two frameworks.

Unless otherwise stated, all figures in these Disclosures are presented in thousands of Euro.

1.3 Classification and prudential requirements

Under the current prudential regulatory framework, Investment Firms Directive (EU) 2019/2034 ("IFD") and the IFR, all investment firms are classified as Class 1, 2 or 3 Investment Firms, based on their activities, systemic importance, size and interconnectedness.

Class 1 Investment Firms are the largest and most interconnected investment firms, with risk profiles similar to those of significant credit institutions, have equal treatment with credit institutions in the sense of a level playing field accordingly and they fall entirely under the CRR.

Investment Firms categorized as Class 2 and Class 3 must comply with the provisions of the IFR/IFD prudential regulatory regime for investment firms introduced back in June 2021. CIFs that meet all of the below criteria are categorized as Class 3 Investment Firms, while when they exceed any of the following specific size thresholds, they are categorized as Class 2 Investment Firms.

Table 1: Threshold Criteria

No.	Metric	Thresholds
1.	Assets Under Management	<€1.2 billion
2.	Client orders handled – cash trades	< €100 million per day
3.	Client orders handled – derivative trades	<€1 billion per day
4.	Assets safeguarded and administered	zero
5.	Client money held	zero
6.	Daily Trading Flow	zero
7.	Net Position Risk	zero
8.	Trading Counterparty Default	zero
9.	On- and off-balance sheet total	< €100 million
10.	Total annual gross revenue from investment services and activities	< €30 million

The Company is categorized as a **Class 2 Investment Firm** since it does not meet all of the above criteria (given that it exceeds the threshold for clients' money held being greater than zero).

As such, it should maintain own funds of at least the **higher** between the following:

A. **Permanent minimum capital requirement:** The permanent minimum capital requirement of the Company is **€750k** since it is authorized to provide the investment service of *"dealing on own account". Further details can be found in Section 4.1.1.*

B. **Fixed overheads requirement:** The Fixed Overheads Requirement is calculated as one quarter (¼) of the previous year fixed expenses (based on audited figures). *Further details can be found in Section 4.1.2.*

C. **K-Factors requirement:** The K-Factors are quantitative indicators that reflect the risk that the IFR/IFD prudential regime intends to address. Specifically, capital requirements from applying the K-Factors formula (pursuant to Article 15 of the IFR) is the sum of the Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF') proxies. *Further details can be found in Section 4.1.3.*

1.4 Regulatory framework

The Report has been prepared in accordance with the regulatory regime for investment firms that the European Parliament has adopted, the IFR and the IFD as well as the relevant provisions of the Law 165(I)/2021 *"The Prudential Supervisions for Investment Firms Law of 2021"* (the "Law") and the Law 164(I)/2021, amending Law 97(I)/2021, *"The Capital Adequacy Investment Firms Law of 2021"*as well as Commission Implementing Regulation (EU) 2021/2284 laying down implementing technical standards for the application of the IFR.

The IFR establishes the prudential requirements in terms of own funds, level of minimum capital, concentration risk, liquidity requirements and level of activity with respect to EU investment firms. Furthermore, IFR introduced significant changes in the prudential regulatory regime applicable to Investment Firms, including a new classification system, an amended minimum initial capital requirement and minimum capital ratios, changes in the calculation of capital requirements, variations in reporting requirements, internal governance policies, the introduction of the K-Factors methodology and practices relating to liquidity requirements, large exposures and consolidation requirements. The Regulatory framework consists of:

- **Basic Prudential Requirement** - Covers minimum capital and liquidity requirements.
- **Internal Capital and Liquidity Adequacy Assessment** – Regulates the investment firm's accountability to the regulator for capital and liquidity adequacy. If the regulator deems the capital to be insufficient, a corrective requirement can be imposed on the company in the form of what is known as a 'SREP'.
- **Disclosures Requirement** - require the disclosure of information regarding the prudential requirements, risk management and principles of the remuneration policy**.**

The Company has a formal policy, approved by the Board of Directors ('Board' or 'BoD'), which details its approach in complying fully with the public disclosure requirements as laid out in Part Six of the IFR.

Materiality is based on the criterion that the omission or misstatement of information would be likely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions. Where the Company has considered a disclosure to be immaterial, this was not included in the document.

Frequency

The Company's policy is to publish the disclosures required on an annual basis.

Location of publication

The Report is published on the Company's official website: https://pepperstone.com/

Verification

The Report is subject to internal review and validation prior to being submitted to the Board for review and approval. In addition, the Remuneration disclosures have been reviewed by the Risk Manager.

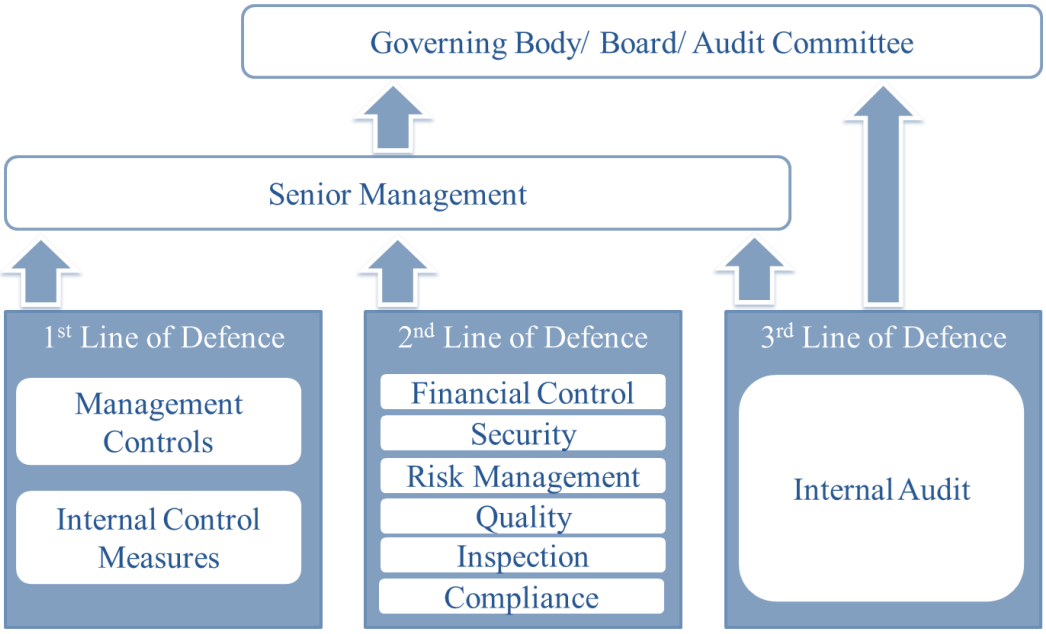
1.5 Risk management objectives and policies

To ensure effective risk management, the Company has adopted the Three Lines of Defence model, with clearly defined roles and responsibilities.

First Line of Defence: Managers are responsible for establishing an effective control framework within their area of operation and identifying and controlling all risks so that they are operating within the organisational risk appetite and are fully compliant with the Company's policies and where appropriate defined thresholds. The First Line of Defence acts as an early warning mechanism for identifying (or remedying) risks or failures.

Second Line of Defence: The Risk Management Function is responsible for proposing to the Board appropriate objectives and measures to define the Company's risk appetite, devising the suite of policies necessary to control the business including the overarching framework, independently monitoring the Company's risk profile and providing additional assurance where required. The Risk Management Function will leverage their expertise by providing frameworks, tools and techniques to assist management in meeting their responsibilities, as well as acting as a central coordinator to identify enterprise-wide risks and make recommendations to address them. Integral to the mission of the Second Line of Defence is identifying risk areas, detecting situations/activities in need of monitoring, and developing policies to formalise risk assessment, mitigation and monitoring.

Third Line of Defence: Comprised by the Internal Audit Function which is responsible for providing assurance to the Board on the adequacy of design and operational effectiveness of the systems of internal controls. Internal Audit undertakes on-site inspections/visits to ensure that the responsibilities of each Function are discharged properly (i.e. soundly, honestly and professionally) as well as reviewing the Company's relevant policies and procedures. Internal Audit works closely with both the First and Second Lines of Defence to ensure that its findings and recommendations are taken into consideration and followed, as applicable.



1.5.1 Risk Management Framework

Managing risk effectively in a Company operating in a continuously changing risk environment, requires a strong risk management culture. As a result, the Company has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the Company undertakes the following:

- Adequate risk identification and management,
- Establishment of the necessary policies and procedures,
- Setting and monitoring of relevant limits, and
- Compliance with the applicable legislation.

The Board meets on a regular basis and receives updates on risk and regulatory capital matters from management. The Board reviews regularly (at least annually) written reports concerning compliance, risk management and internal audit policies and procedures as well as the Company's risk management policies and procedures as implemented by Management.

As part of its business activities, the Company faces a variety of risks, the most significant of which are described further below. The Company holds regulatory capital against the three all-encompassing main types of risk: credit risk, market risk and operational risk.

1.5.2 Risk Statement

The Company is exposed to a range of risks including credit, market, operational, compliance, regulatory, reputational, strategic, liquidity, conduct, and group risks. These risks are assessed through a structured risk management framework that includes identification, quantification, monitoring, and mitigation processes. The Company maintains a documented risk appetite statement, approved by the Board, which sets thresholds for key risk categories. Risk exposures are monitored against these thresholds through regular reporting to senior management and the Risk Committee.

In addition, in response to current macroeconomic and geopolitical uncertainties—including heightened inflation, the Ukraine conflict, and climate-related disruptions—the Company has enhanced its onboarding procedures, stress testing scenarios, and liquidity buffers.

The Company's risk profile is reviewed quarterly and updated annually as part of the ICARA process. Material risks are assessed in relation to the Company's business model, strategic goals, and capital adequacy.

Risk Strategy

The risk strategy of the Company is the responsibility of the Board, which formulates it and is responsible for monitoring its implementation. This is achieved through the development of risk management processes and procedures as well as through an assessment of the risks undertaken and the effectiveness of the risk management framework, given the Company's business model. One important characteristic of the Company's risk strategy is the alignment with the strategic and operational targets that are set by the Board.

The risks that arise from the implementation of the Company's strategic and business plans are regularly analyzed in order to ensure the adequacy of the relevant policies, procedures and systems.

The risk strategy of the Company aims to provide both Senior Management and employees with a general risk framework for the management of the different types of risks in line with the overall risk management and risk-bearing capacity of the Company. The Company recognizes the importance of risk management to its business' success, and therefore the overall objective is to establish effective risk management policies that are able to mitigate the Company's exposure to various risks.

Risk Appetite

Risk appetite is the level and type of risk a firm is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events and outcomes. In addition, risk appetite should reflect potential impact on earnings, capital and funding/liquidity.

The Company has a low-risk appetite with respect to investing and managing business and operational activities.

According to the Financial Stability Board (FSB), an appropriate risk appetite framework (RAF) should enable risk target, risk appetite, risk limits and risk profile to be considered for business lines and legal entities as relevant, and within the group context.

The Risk appetite framework is defined as the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored.

Moreover, it includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring the RAF.

The RAF should consider material risks to the financial institution, as well as to the institution's reputation vis-à-vis policyholders, depositors, investors and customers. The RAF aligns with the institution's strategy.

The Company is assessing its risk appetite with respect to investing and managing business and operational activities while the Company's Risk Appetite Statement is prepared by the Risk Manager and approved by the Board of Directors.

Table 2: Risk Appetite areas

Indicator	Normal [1]	Warning [2]	Limit [3]
Minimum Own Fund Requirement	>€3,500k	<€3,500k	€2,678k
Common Equity Tier 1 Ratio[4]	>110%	<90%	56%
Tier 1 Capital Ratio[4]	>160%	<140%	75%
Total Capital Ratio[4]	>160%	<140%	100%
Liquid Assets	>€1,500k	<€1,500k	€893k
Return on Assets	≥5.00%	<5.00%	0.00%
Retained Earnings / Total Equity	≥5.00%	<5.00%	0.00%

Notes:

1. *The level of the indicator is within the acceptable limits as per the Company's risk appetite.*
2. *The Company should take proactive actions in order to ensure that the level of the indicator will remain above the acceptable limits.*
3. *The level of the indicator falls below the acceptable limits and as such the Company should proceed with the required actions in order to restore the level of the said indicator to the normal predefined levels.*
4. *Additional own funds requirement and additional 18.75% total capital ratio requirement as per the paragraph 18 of the Law 20(I)/2016 have been taken into consideration for Normal and Warning thresholds.*

The Risk Appetite framework has been designed to create links to the strategic long-term plan, capital planning and the Company's risk management framework.

The Board approves the Company's corporate strategy, business plans, budget, long term plan and ICARA. The Company employs mitigation techniques defined within the Company's policies, to ensure risks are managed within its Risk Appetite.

1.5.3 Risk Culture

Risk culture is a critical element in the Company's risk management framework and procedures. Management considers risk awareness and risk culture within the Company as an important part of the effective risk management process. Ethical behavior is a key component of the strong risk culture, and its importance is also continuously emphasized by the management.

The Company is committed to embedding a strong risk culture throughout the business where everyone understands the risks they personally manage and is empowered and qualified to take accountability for them. The Company embraces a culture where each of the business areas are encouraged to take risk–based decisions, while knowing when to escalate or seek for advice.

1.6. Declaration of the Board

The Board is required to proceed with an annual declaration on the adequacy of the Company's risk management framework and ensure that the risk management arrangements and systems of financial and internal control in place are in line with the Company's risk profile.

The Company's risk management framework is designed to identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Company's operations. The Board considers that the Company has in place adequate systems and controls with regards to its size, risk profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid or minimise loss. Key ratios and figures representing interaction of the risk profile and the stated risk tolerances are deemed to be proprietary information.

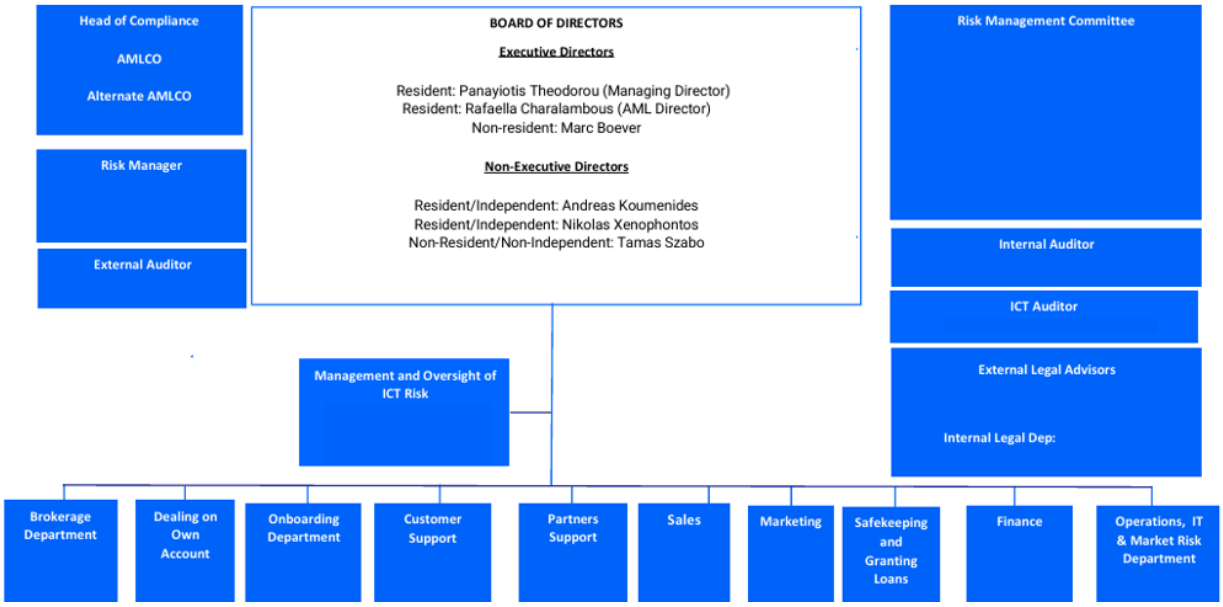
2. CORPORATE GOVERNANCE

The Company's systems of risk management and internal control include risk assessment, management or mitigation of risks, including the use of control processes, information and communication systems and processes for monitoring and reviewing their continuing effectiveness.

The risk management and internal control systems are embedded in the operations of the Company and are capable of responding quickly to evolving business risks, whether they arise from factors within the Company or from changes in the business environment.

2.1. Organisational Structure

The Company's organizational structure as at 30 June 2026 is as follows:



Through the said structure, the Company incorporates a strict Internal Governance framework. Furthermore, the Organisational Structure incorporates the various organisational and functional reporting lines, as well as the different roles and responsibilities therein, while it also facilitates the compliance of the Company with the principle of segregation of duties and helps in the avoidance and control of possible conflict of interest situations within the Company.

The Company has in place an Internal Operations Manual which lays down the activities, processes, duties and responsibilities of the Board, Committees, Senior Management and staff constituting the Company.

Moreover, the Company implements and maintains adequate risk management policies and procedures which identify the risks relating to the Company's activities, processes and systems, and where appropriate, sets the level of risk tolerated by the Company. The Company adopts effective arrangements, processes and systems, in light of the set level of risk tolerance, where applicable.

2.1.1. Board of Directors

As at 30 June 2026, the Board comprised of three executive directors and three non-executive directors.

The Board has the ultimate and overall responsibility for the investment firm and defines, oversees and is accountable for the implementation of the governance arrangements. The Board is responsible for ensuring that the Company complies at all times with its obligations under the Law. In doing so, the Board approves and periodically reviews the effectiveness of the policies, arrangements and procedures put in place, whilst if needed, takes appropriate measures to address any deficiencies.

The main responsibilities of the Board of Directors are:

1. To establish, implement and maintain decision-making procedures and an organizational structure which clearly and in documented manner specifies reporting lines and allocates functions and responsibilities;
2. To ensure that its relevant persons are aware of the procedures that must be followed for the proper discharge of their responsibilities;
3. To establish, implement and maintain adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the CIF;
4. To employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them;
5. To establish, implement and maintain effective internal reporting and communication information at all relevant levels of the CIF;
6. To maintain adequate and orderly records of its business and internal organization; and
7. To ensure that the performance of multiple functions by its relevant persons does not and is no likely to prevent those persons from discharging any particular function soundly, honestly, and professionally.

The Board has the overall responsibility for the establishment and oversight of the Company's Risk Management Framework. The Board satisfies itself that financial controls and systems of risk management are robust.

2.1.2. Risk Manager

Further to the formation of the overall Internal Governance Framework, it should be noted that the Board has appointed a Risk Manager to ensure that all the different types of risks taken by the Company are in compliance with the Law and the obligations of the Company under the Law, and that all necessary procedures, relating to risk management are in place and are functional on an operational level from a day-to-day basis. The Risk Manager reports directly to the Senior Management of the Company while as previously discussed, the Risk Management Committee is responsible to control and overview the Risk Manager's actions/ performance at work.

The Risk Manager, has the following responsibilities:

1. Design the overall risk management system of the Company;
2. Comply and implement the relevant provisions of the Law;
3. Prepare the Risk Management policies and procedures;
4. Provide training to relevant employees and the Senior Management, on risk-related issues;
5. Analyze the market and its trends;
6. Evaluate the effect of the introduction of any potential new services or activities on the Company's risk management;
7. Measures for the monitoring of capital adequacy and large exposures;

8. Draft written reports to the Board including recommendations;
9. Monitor Client and counterparty limits;
10. Identify and manage the overall risks faced by the Company;
11. Establish methods for risk monitoring and measurement;
12. Monitor the performance and overall actions of the Dealing on Own Account Department;
13. Prepare and implement the ICARA of the Company;
14. Apply stress testing scenarios and undertake analysis of the results;
15. Review the policy on maximum limits with respect to liquidity risk and market risk;
16. Identify the instruments that are qualified as liquid assets;
17. Ensure that data for the calculation of the K-Factors requirement are available at all times; and
18. Fulfil the disclosure requirements under part six of IFR based on the categorization of the Company.

2.1.3. Committees

Establishing committees helps management bodies in their supervisory function. Committees draw on the specific knowledge and areas of expertise of individual management body members. While committees should prepare decisions and make recommendations to the management body in its supervisory function, the management body has the overall responsibility.

According to Circular C487, if the Company meets the definition of 'significant CIF' as set out in Section 26(8)(a) of the Law, it is obligated to establish a Risk, Remuneration and Nomination Committee. The Company does not fall under the definition of 'significant CIF' since its average on and off-balance sheet items during the four preceding years were less than €100m. Therefore, it is not required to comply with the additional regulatory requirements indicated above

However, the Company has established a *Risk Management Committee* in order to ensure the effectiveness of the risk management policies and procedures which has met once during the respective year under review.

Risk Management Committee

The Risk Management Committee of the Company is formed with the view to ensure the efficient monitoring of risks inherent in the provision of the investment and ancillary services to Clients, as well as the overall risks underlying the operations of the Company. To this effect, the Company has adopted and maintains an applied risk management framework/policy, which identifies the risks relating to the Company's activities, processes and systems and sets the risk tolerance levels of the Company.

The Risk Management Committee bears the responsibility of monitoring the adequacy and effectiveness of the risk management framework/policies and procedures that are in place, the level of compliance by the Company and its relevant persons within the course of the policies and procedures adopted, as well as the adequacy and effectiveness of measures taken to address any deficiencies with respect to those policies and procedures that are in place and including failures by the Company's relevant persons to comply with the established policies and procedures.

Furthermore, the risk committee advises the management body on the investment firm's overall current and future risk appetite and strategy and assists the management body in overseeing the implementation of the strategy by senior management.

During the year, the Risk Management Committee convened three (3) times.

2.1.4. Other Governance Functions

Internal Audit Function

The Internal Auditor reports to the Senior Management and the Board of the Company and is separated and independent from the other functions and activities of the Company. The Internal Auditor has access to the Company's premises, systems, information, personnel and financials. The Board ensures that internal audit issues are considered when presented to it by the Internal Auditor and appropriate actions are taken according to the Board's assessment and prioritization. Moreover, the qualifications of the committee members should entail sufficient academic background, extensive knowledge of and exposure to the capital markets and financial services industry, and high level of knowledge and understanding of the legal framework under which the Company is regulated.

Compliance Function

Pursuant to the regulatory obligations of the Company and with the view to complement the Internal Governance framework of the Company, the Board has established a compliance function to manage compliance risk. Furthermore, the Board has appointed the Compliance Officer (the "CO") who is to be responsible for this function across the entire investment firm. More specifically, the CO is responsible to establish, implement and maintain adequate policies and procedures designed to detect any risk of failure by the Company to comply with its obligations, to put in place adequate measures and procedures designed to minimize such risks and to enable the competent authorities to exercise their powers effectively. The compliance function, policies and procedures should also be compliant with Article 22 of Commission Delegated Regulation (EU) 2017/565 and ESMA guidelines on the compliance function.

The Compliance Officer is independent and reports directly to the Senior Management of the Company, having at the same time the necessary authority, resources, expertise and access to all relevant information. The staff within the compliance function possess sufficient knowledge, skills and experience in relation to compliance and relevant procedures and have access to regular training.

Anti-Money Laundering Compliance Officer

The Board retains a person for the position of the Company's Anti-Money Laundering Compliance Officer (hereinafter the "AMLCO") to whom the Company's employees report their knowledge or suspicion of transactions involving money laundering and/or terrorist financing. The AMLCO belongs to the higher hierarchical levels/layers of the Company so as to command the necessary authority. The AMLCO leads the Company's Anti-Money Laundering Compliance procedures and processes and reports to the Senior Management and the Board of the Company.

2.2. Policy on Recruitment

Recruitment into the Board combines an assessment of both technical capability and competency skills references against the Company's leadership framework. Members of the Board possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board reflects an adequately broad range of experiences to be able to understand the CIF's activities, including the main risks to ensure the sound and prudent management of the Company as well as sufficient knowledge, of the legal framework governing the operations of a CIF.

Board of Directors Recruitment

The management of a CIF must be undertaken by at least two persons meeting the requirements below:

1. Members of the Board shall at all times be of sufficiently good repute and possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board of directors shall reflect and adequately board range of experiences.
2. All Board members shall commit sufficient time to perform their functions in the Company;
3. The number of directorships which may be held by a member of the Board at the same time shall take into account individual circumstances and the nature, scale and complexity of the Company's activities. Unless representing the Republic, members of the Board of a CIF that is significant in terms of its size, internal organisation and the nature, the scope and the complexity of its activities shall not hold more than one of the following combinations of directorships at the same time:
    - one executive directorship with two non-executive directorships;
    - four non-executive directorships.
4. For the purposes of subsection above, the following shall count as a single directorship:
    a) Executive or non-executive directorships held within the same group;
    b) Executive or non-executive directorships held within:
        i. institutions which are members of the same institutional protection scheme provided that the conditions set out in Article 113, paragraph (7) of CRR are fulfilled; or
        ii. undertakings (including non-financial entities) in which the CIF holds a qualifying holding.
5. Directorships in organisations which do not pursue predominantly commercial objectives shall not count for the purposes of the previous subsection;
6. The Commission may allow members of the Board of Directors to hold additional non-executive directorships;
7. The Board of Directors shall collectively possess adequate knowledge, skills experience to be able to understand the Company's activities, including the principal risks; and
8. Each member of the Board of Directors shall act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management where necessary and to effectively oversee and monitor the decision-making of the management.

Chairman of the BoD shall not exercise simultaneously the functions of a Chief Executive Officer within the Company, unless justified by the Company and approved by CySEC.

2.3. Number of Directorships held by members of the Board

The table below discloses the number of directorships held by members of the management body of the Company, including Pepperstone EU Limited and any other companies belonging to the same group, as at 30 June 2026. Directorships in organisations which do not pursue predominantly commercial objectives such as non-profit or charitable organisations, are not taken into account for the purposes of the below.

Table 3: Number of Directorships of the members of the Board of Directors*

Name of Director	Position	Number of Executive Directorships	Number of Non-Executive Directorships
Panayiotis Theodorou	Executive Director	1	-
Marc Boever	Executive Director	1	-
Rafaella Charalambous	Executive Director	1	-
Andreas Koumenides	Non-Executive Director	1	-
Nikolas Xenofontos	Non-Executive Director	1	1
Tamas Szabo	Non-Executive Director	1	1

****The information in this table is based only on representations made by the directors of the Company.***

For the purpose of the above, Executive or Non-Executive directorships held within the same group shall count as a single directorship.

2.4. Policy on Diversity

The Company is committed to promoting a diverse and inclusive workplace at all levels, reflective of the communities in which it does business. It approaches diversity in the broadest sense, recognizing that successful businesses flourish through embracing diversity into their business strategy, and developing talent at every level in the organisation.

For this purpose, the Company takes into consideration various aspects such as broad industry experience, knowledge, independence, gender, age and cultural and educational background for the Board appointments.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. As per the Company's Suitability Policy for the members of the Board, the Company promotes and ensures diversity and adequate representation of gender in its Board, and, in general, it ensures equal treatment and equal opportunities, as well as ensuring that its members wield a broad spectrum of qualifications and competencies. However, the Company should not recruit members of the management body with the sole purpose of increasing diversity to the detriment of the functioning and suitability of the management body collectively, or at the expense of the suitability of individual members of the management body. The members of the Board of Directors shall at all times be of appropriately good repute and possess sufficient knowledge, skills and experience to perform their duties. The ultimate objective is to have a Board that offers a broad range of perspectives that are directly relevant to the business and organizational needs. The Company ensures that a broad set of qualities and competences exists when recruiting members to its Board. The overall composition of the Company's Board shall

reflect an adequately broad range of experiences and knowledge in domain areas of the Company's business such as investment banking and finance, human resources, legal and compliance, risk management, etc.

In addition, in accordance with Article 10(2)(b)(ii) of the Investment Services Law, the Company has assessed its current governance structure and, taking into account its size, nature and complexity, has determined that setting a formal numerical target for the representation of the underrepresented gender on the Board is not required at this stage. The Company continues to apply the principles of equal opportunity and balanced representation in its selection processes, and it monitors diversity outcomes on an ongoing basis.oThe Company remains committed to reviewing this position periodically, and should a formal target be considered appropriate in the future, it will be established and disclosed together with the supporting policy.

2.5. Information flow on risk to the board

Risk information flows up to the Board directly from the business departments and control functions. The Board ensures that it receives on a frequent basis, at least annually written reports regarding Internal Audit, Compliance, Money Laundering and Terrorist Financing and Risk Management issues and approves the Company's ICARA report as shown in the table below:

Table 4: Information flow on risk to board

No.	Report Name	Owner of Report	Recipient	Frequency
1	Risk Manager's Report	Risk Manager	Senior Management, Board, CySEC	Annually
2	IF CLASS2 Ind	Risk Manager	Senior Management, Board, CySEC	Quarterly
3	ICARA Report	Risk Manager	Senior Management, Board	Annually
4	Public disclosures in accordance with Part Six of Regulation (EU) 2019/2033 on the prudential requirements of investment firms	Risk Manager	Senior Management, Board	Annually
5	Risk Register	Risk Manager	Senior Management, Board	Annually
6	Compliance Report	Compliance Officer	Senior Management, Board, CySEC	Annually
7	Internal Audit Report	Internal Auditor	Senior Management, Board, CySEC	Annually
8	Anti-money laundering (AMLCO) Report	Anti-money laundering Compliance Officer	Senior Management, Board, CySEC	Annually
9	Audited Financial Statements	External Auditor	Senior Management, Board, CySEC	Annually
10	Form 165-03 'Prudential Supervision Information'	Risk Manager	Senior Management, Board, CySEC	Annually
11	Form 20-01 (Recovery Plan) *	Risk Manager	Senior Management, Board, CySEC	Every Two Years

No.	Report Name	Owner of Report	Recipient	Frequency
13	Remuneration Reporting	Finance Department & Risk Manager	Senior Management, Board, CySEC	Annually
14.	IPU threshold monitoring	Risk Manager	Senior Management, Board, CySEC	Quarterly

**CIFs which are subject to simplified obligations for the purpose of preparing their recovery plans according to Directive DI20-01*

Furthermore, the Company believes that the risk governance processes and policies are of at most importance for its effective and efficient operations. The processes are reviewed and updated on an annual basis or when deemed necessary.

3. OWN FUNDS

Own Funds (also referred to as capital resources) are the type and level of regulatory capital that must be held to enable the Company to absorb losses.

During the year under review, the primary objective of the Company with respect to capital management was to ensure that it complied with the imposed capital requirements with respect to its own funds and that the Company maintained healthy capital ratios in order to support its business. Further to the above, the Company, as a **Class 2** investment firm, shall at all times have own funds at least the highest of the following:

- Permanent Minimum Capital Requirement,
- Fixed Overheads Requirement, and
- K-Factors Requirement.

The Company throughout the year under review, managed its capital structure and made adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

3.1. Composition of regulatory own funds

The Company shall disclose information relating to their own funds according to Article 49(a) and (c) of IFR.

The following information provides a full reconciliation of the Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) instruments and Tier 2 (T2) instruments issued by the Company. The Company's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital.

The composition of the Company's Own Funds which is cross-referenced to the corresponding rows in table EU IF CC2 is shown below:

Table 5: IF CC1.01 - Composition of regulatory own funds

Common Equity Tier 1 (CET1) capital: instruments and reserves		30 June 2026 Amounts €'000	30 June 2025 Amounts €'000	Source based on reference numbers/letters of the balance sheet in the audited financial statements (EU IF CC2)
1	**OWN FUNDS**	**8,722**	**7,625**	
2	**TIER 1 CAPITAL**	**8,722**	**7,625**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**8,722**	**7,625**	
4	Fully paid up capital instruments	875	875	Ref 10
5	Share premium	-	-	-
6	Retained earnings	7,891	6,784	Ref 11
7	Accumulated other comprehensive income	-	-	-
8	Other reserves	-	-	-
9	Minority interest given recognition in CET1 capital	-	-	-

Common Equity Tier 1 (CET1) capital: instruments and reserves		30 June 2026 Amounts €'000	30 June 2025 Amounts €'000	Source based on reference numbers/letters of the balance sheet in the audited financial statements (EU IF CC2)
10	Adjustments to CET1 due to prudential filters	(5)	(4)	-
11	Other funds	-		-
12	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	-	-
13	(-) Own CET1 instruments	-	-	-
14	(-) Direct holdings of CET1 instruments	-	-	-
15	(-) Indirect holdings of CET1 instruments	-	-	-
16	(-) Synthetic holdings of CET1 instruments	-	-	-
17	(-) Losses for the current financial year	-	-	-
18	(-) Goodwill	-	-	-
19	(-) Other intangible assets	-	-	-
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	-	-
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	-	-
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	-	-
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	--	-
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	-	-	-
25	(-) Defined benefit pension fund assets	-	-	-

Common Equity Tier 1 (CET1) capital: instruments and reserves		30 June 2026 Amounts €'000	30 June 2025 Amounts €'000	Source based on reference numbers/letters of the balance sheet in the audited financial statements (EU IF CC2)
26	(-) Other deductions	-	-	-
27	CET1: Other capital elements, deductions and adjustments	(39)	(30)	Ref 3
28	**ADDITIONAL TIER 1 CAPITAL**	-		
29	Fully paid up, directly issued capital instruments	-	-	-
30	Share premium	-	-	-
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	-	-
32	(-) Own AT1 instruments	-	-	-
33	(-) Direct holdings of AT1 instruments	-	-	-
34	(-) Indirect holdings of AT1 instruments	-	-	-
35	(-) Synthetic holdings of AT1 instruments	-	-	-
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	-	-
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment	-	--	-
38	(-) Other deductions	-	-	-
39	Additional Tier 1: Other capital elements, deductions and adjustments	-	-	-
40	**TIER 2 CAPITAL**	-	-	-
41	Fully paid up, directly issued capital instruments	-	-	-
42	Share premium	-	-	-
43	(-) TOTAL DEDUCTIONS FROM TIER 2	-	-	-
44	(-) Own T2 instruments	-	-	-
45	(-) Direct holdings of T2 instruments	-	-	-
46	(-) Indirect holdings of T2 instruments	-	-	-

Common Equity Tier 1 (CET1) capital: instruments and reserves		30 June 2026 Amounts €'000	30 June 2025 Amounts €'000	Source based on reference numbers/letters of the balance sheet in the audited financial statements (EU IF CC2)
47	(-) Synthetic holdings of T2 instruments	-	-	-
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	-	-
49	(-) T2 instruments of financial sector entities where the institution has a significant investment	-	-	-
50	Tier 2: Other capital elements, deductions and adjustments	-	-	-

[*]According to Circular C334, CIFs should deduct the additional Cash Buffer of 3 per thousand of the eligible funds and financial instruments of their clients as at the previous year calculated according to paragraph 11(6) of the Directive DI87-07 (operation of the ICF) which is equal to €39k (Ref.14).

The Firm's total Own Funds have increased from last year's amount of €7,625k to €7,615k, reflecting the inclusion of the audited profits for the year ended 30 June 2026, which have increased as a result of a larger client base and growth in the Company's revenue base compared to the previous year, resulting in higher year-end profits.

3.2. Main features of capital instruments

The Company shall disclose the main features of the CET1 and AT1 instruments and Tier 2 instruments issued according to Article 49(b) of IFR. Therefore, the Company's capital instruments' main features are outlined below:

Table 6: EU IF CCA - Main features of own instruments issued by the firm

No	Item	CET1 Capital
1	Issuer	Pepperstone EU Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	549300Y04UGQVUFYP625
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Companies Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	0.875
7	Nominal amount of instrument	€875,000
8	Issue price	€1
9	Redemption price	N/A
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	31/05/2019
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity

No	Item	CET1 Capital
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

3.3. Balance Sheet Reconciliation

The Company shall disclose the balance sheet included in their audited financial statements for the year-end disclosures. As at the 30 June 2026, the reconciliation of Company's assets and liabilities and regulatory Own Funds is shown in the following table:

Table 7: EU IFCC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

No.	Item	Balance sheet as in published/ audited financial statements		Cross reference to EU IF CC1
		30 June 2026 €'000	30 June 2025 €'000	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Property and Equipment	138	175	-
2	Right of use assets	188	262	-
3	Cash	25,538	20,845	-
4	Trade and other receivables	10,047	8,541	-
5	Prepayments	7	27	-
6	**Total Assets**	**35,917**	**29,850**	
Liabilities – *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
7	Creditors – amounts falling due within one year	27,090	21,988	-
8	Creditors – amounts falling after more than one year	61	203	-
9	**Total Liabilities**	**27,151**	**22,191**	
Shareholders' Equity				
10	Share Capital	875	875	Ref 4
11	Retained Earnings	7,891	6,784	Ref 6
12	**Total Shareholders' equity**	**8,766**	**7,659**	

4. PRUDENTIAL REQUIREMENTS

4.1. Own Funds Requirement

The Company, as a **Class 2** investment firm shall at all times have own funds at least the highest of (a) Initial Capital Requirement (b) Fixed Overheads Requirement and (c) K-Factors Requirement, all of which are explained subsequently in this Section. For the year ended 30 June 2026, the own funds requirement amounts to €1,993k (being the Fixed Overheads Requirement, which is the highest among the three).

4.1.1. Initial Capital Requirement

In accordance with Article 9 of IFD, the initial capital of a CIF which is authorised to provide any of the investment services or perform any of the investment activities listed in points (3) and (6) of Part I of Annex I to the Investment Services and Activities and Regulated Markets Law, shall be €750k while for a CIF which is authorised to provide any of the investment activities listed in points (1), (2), (4), (5) and (7) which is not permitted to hold clients' money or securities belonging to its clients, the initial capital shall be €75k. For all other CIFs, the initial capital shall be €150k.

Therefore, since the Company is authorised to provide the investment service of dealing on own account, its initial capital is €750k.

4.1.2. Fixed Overheads requirement

The fixed overheads requirement (FOR) applies to all CIFs. The FOR is intended to calculate a minimum amount of capital that a CIF would need available to absorb losses if it has cause to wind-down or exit the market. It is calculated as the one quarter of the fixed overheads of the preceding year (or business plan where the audited financial statements are not available) in accordance with the provision of Article 13 of IFR.

Further to the above, the Company's fixed overheads requirement based on the latest audited financial statements is €2,678k.

Table 8: Fixed Overheads Requirement

Item	30 June 2026 €'000	30 June 2025 €'000
Total expenses of the previous year after distribution of profits	**12,390**	**10,218**
Total deductions	**(1,677)**	**(2,246)**
(-) Staff bonuses and other remuneration	(176)	(329)
(-) Shared commission and fees payable	(1,349)	(1,846)
(-) Expenditures from taxes	(152)	(72)
Annual Fixed Overheads	**10,713**	**7,972**
Fixed Overheads requirement	**2,678**	**1, 993**

4.1.3. K-Factors Requirement

The K-factors capital requirement is essentially a mixture of activity- and exposure-based requirements. The K-factors which apply to an individual investment firm will depend on the MiFID investment services and activities it undertakes. Capital requirement from applying K-factors formula is the sum of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF'). Further to the above and since the Company is a Class 2 IF which is authorized to provide the investment service of *Dealing on Own Account*, all RtC, RtM and RtF proxies are applicable for the Company.

Risk to Client

The risk to Client proxy captures the risk that may be inflicted onto the clients. RtC exists in the activities/services of the firm which are related to the client and are measured as a percentage of Clients Money Held (CMH), Assets Under Management (AUM), Assets Safeguarded & Administered (ASA) and Clients' Orders Handled (COH).

The Company is required to calculate the following K-Factors requirements as part of the RtC:

K-AUM: Assets Under Management

K-AUM captures the risk of harm to clients resulting from incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of the continuity of service of ongoing portfolio management and investment advice. AUM is the value of assets an IF manages for its clients under both discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature.

Calculation

AUM shall be the rolling average of the value of the total monthly assets under management, measured on the last business day of each of the previous 15 months, excluding the 3 most recent monthly values. K-AUM shall be the arithmetic mean of the remaining 12 monthly values multiplied by the relevant coefficient of 0.02%. K-AUM shall be calculated on the first business day of each month.

As the Company did not provide portfolio management or investment advice services during the year ending 30 June 2026, the Company was not subject to the risk relating to this K-factor.

K-CMH: Clients Money Held

K-CMH captures the risk of potential for harm to clients where an investment firm holds client money, taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law provided that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm.

CMH refers to the total amount of client money that an investment firm holds or controls. It excludes client money deposited in a (custodian) bank account in the name of the client, where the investment firm only has access to these client funds via a third-party mandate (on a segregated or nonsegregated basis).

Calculation

CMH shall be the rolling average of the value of total daily client money held, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months. K-CMH shall be the

arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.4% and for segregated accounts and 0.5% for non- segregated accounts). K-CMH shall be calculated on the first business day of each month.

As at 30 June 2026, the K-CMH was €89k. The table below shows the average CMH values in segregated accounts and non-segregated accounts for the 2nd quarter of 2026, in accordance with the Article 18(1) of IFR:

Table 9: Total CMH (average amounts)

	Factor amount		
	June 2026 €'000	May 2026 €'000	April 2026 €'000
CMH - Segregated (average amounts)	22,192	21,750	21,729
CMH - Non-segregated (average amounts)	-	-	-

K-ASA: Assets Safeguarded and Administered

K-ASA captures the risk of safeguarding and administering client assets, and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on the firm's own balance sheet or in third-party accounts. ASA refers to the value of client assets that the investment firm is responsible for safeguarding and administering – ensuring that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.

Calculation

It is calculated as the rolling average of the daily total value of assets under safekeeping and administration, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months. K-ASA shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient of 0.04%**.** K-ASA shall be calculated on the first business day of each month.

During the year under review, the Company was not subject to the risk relating to K-ASA since it was safeguarding clients' positions in CFD products. It is noted that the safeguarding of clients' positions in CFD products is captured under K-CMH in consideration of the nature of CFD products.

K-COH: Client Orders Handled

K-COH captures the potential risk to clients of an investment firm which executes orders (in the name of the client, and not in the name of the investment firm itself), for example as part of execution-only services to clients or when an investment firm is part of a chain for client orders. COH captures the potential risk to clients of an investment firm which executes its orders (in the name of the client). This is the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and execution of orders on behalf of clients.

Calculation

COH shall be the rolling average of the value of the total client orders handled, measured throughout each business day for the previous 6 months. K-COH shall be the arithmetic mean of the daily values from the remaining 3 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades). K-COH shall be calculated on the first business day of each month.

The Company executes its clients' orders by acting as principal to their trades, therefore the risk reflected by this K-factor does not apply.

Risk to Market

K-RTM captures the risk that an investment firm may pose to market integrity and stability through its trading book activities. This K-factor applies to investment firms that deal on own account, whether for themselves or on behalf of clients, and is designed to ensure that such firms hold adequate capital to cover potential losses arising from market risk exposures.

The K-RTM requirement is calculated using one of two methods:

- K-NPR (Net Position Risk): This is the default method and is based on the market risk rules set out in the CRR. It covers positions in financial instruments, foreign exchange, and commodities.

- K-CMG (Clearing Member Guarantee): This is an alternative method based on margin requirements set by a clearing member. It may only be used with prior approval from the competent authority (e.g., CySEC).

As of the reporting date, no permission has been granted by CySEC to use the K-CMG method. Therefore, the Company calculates its K-RTM requirement using the K-NPR method in accordance with Article 22 of the IFR.

K-NPR: Net Position Risk

A Class 2 investment firm must calculate its K-NPR requirement by reference to trading book positions and positions other than trading book positions where the positions give rise to foreign exchange risk or commodity risk. The K-NPR requirement is calculated in accordance with Article 22 of the IFR.

The Company incurs Market risk from its Trading Book transactions in FX, equity and commodity CFDs, as well as from exchange rate fluctuations on all its Banking Book assets and liabilities held in foreign currencies. However, the Company operates on a Matched Principal Basis, i.e., it acts as the counterparty to its clients' trades and opens hedging positions with its affiliate company, Pepperstone Group Limited, in a way that is exposed to only minimal or, more often, zero Market risk from its Trading Book activity. Therefore, the Company is subject to Market risk arising mainly from the banking book.

As at 30 June 2026, the K-NPR capital requirement amounted to €25k.

Foreign Exchange Risk

Foreign exchange risk is the effect that unanticipated exchange rate changes may have on the Company. In the ordinary course of business, the Company is exposed to foreign exchange risk, which is monitored through various control mechanisms. The foreign exchange risk in the Company is effectively managed by setting and controlling foreign exchange risk limits, such as through the establishment of a maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis.

The Company's foreign exchange risk capital requirement is €65k emanating from a net foreign exchange exposure of €943k based on the latest relevant calculations of the Company's capital requirements as at 30 June 2026.

The Company continues to regularly monitor the impact of exchange rate risks and if deemed necessary, corrective actions will be taken to minimize the effect.

Commodities Risk

Commodities Risk is the risk of unexpected changes in commodities' prices. These commodities are split into precious metals (except gold), base metals, agricultural products and other energy products (oil, gas).

The Company calculates its capital requirement with respect to commodities risk using the Simplified Approach. Each position in commodities or commodity derivatives is expressed in terms of the standard unit of measurement. The spot price in each commodity is expressed in the reporting currency. The capital requirements for each commodity are calculated as the summation of the following:

- 15% x net position (long or short) x spot price for the commodity
- 3% x gross position (long plus short) x spot price for the commodity

As at 30 June 2026, the Commodities risk capital requirements due to commodities risk amounted to **zero.**

Table 10: Capital requirements for Commodities risk

Category	Gross Long €000	Gross Short €000	Net Long €000	Net Short €000	OFR €000
Precious Metals	956	956	-	-	-
Base Metals	262	262	-	-	-
Agricultural Products	1,029	1,029	-	-	-
Other	1,853	1,853	-	-	-
Total	**4,101**	**4,101**	**-**	**-**	**-**

Position Risk

Position Risk is the risk involved with a certain trading position, commonly incurred due to the changes in price of the debt and equity instruments. The Company calculates its capital requirements for position risk as the sum of the own funds' requirements for the general and specific risk of its positions in debt and equity instruments.

Equities

Equity Risk is the risk that the fair value of a financial instrument fluctuates as a result of changes in market prices other than due to the effect of transactional foreign currency exposures or interest rate risks.

The sum of the absolute values of all of the Company's net long positions and all its net short positions is its overall gross position. The Company calculates, separately for each market, the difference between the sum of the net long and the net short positions. The sum of the absolute values of those differences is its overall net position. The specific risk on this individual equity can be ignored if the stock-index future in question is exchange traded and represents a relevant appropriately diversified index.

The Company multiplies its overall gross position by 8% in order to calculate its own funds requirement against specific risk. The own funds requirement against general risk are the Company's overall net position multiplied by 8%.

As at 30 June 2026, the market risk capital requirements, due to position risk in equities amounted to **zero.**

Table 11: Capital requirements for Position risk

Category	Gross Long €000	Gross Short €000	Net Long €000	Net Short €000	OFR €000
General Risk	17,008	17,008	-	-	-
Specific Risk	17,008	17,008	-	-	-
Total	**34,017**	**34,017**	**-**	**-**	**-**

Risk to Firm

The Risk to Firm captures the risk that could be inflicted on the Company. The K-factors under RtF capture an investment firm's exposure to their trading counterparties, the concentration risk in an investment firm's large exposures and the operational risk from an investment firm's daily trading flow: K-factors for K-TCD and K-CON under RtF constitute a simplified application of the rules laid down in the CRR on counterparty credit risk and large exposure risk, respectively.

The Company is required to calculate the following K-Factors requirements as part of the RtF:

K-TCD: Trading Counterparty Default

K-TCD captures the risk to an investment firm by counterparties to over-the-counter (OTC) derivatives, repurchase transactions, securities and commodities lending or borrowing transactions, long settlement transactions, margin lending transactions, or any other securities financing transactions, as well as by recipients of loans granted by the investment firm on an ancillary basis as part of an investment service that fails to fulfil their obligations, by multiplying the value of the exposures, based on replacement cost and an add-on for potential future exposure, accounting for the mitigating effects of effective netting and the exchange of collateral.

Calculation

Calculation based on CRR counterparty credit risk refers to exposure value, credit valuation, replacement cost, potential future exposure and collateral. The following formulas describe the calculation of the capital requirement for K-TCD: K-TCD=a x EV x Rf x CVA

Where:

- *a=1.2*
- *EV = Exposure value calculated in accordance Article 27 of IFR*
- *RF = the risk factor applicable to the counterparty type as set out in the table 2 in Article 26*
- *CVA = the credit valuation adjustment calculated in accordance with Article 32of IFR*.

Table 12: K-TCD Exposures

	K-TCD	Exposure Value	Replacement Cost (RC)	Potential Future Exposure (PFE)	Collateral (C)
Breakdown by method for determining the exposure value					
Application of IFR: K-TCD	345	5,275	4,014	5,732	10,419
Breakdown by type of counterparty					

Central, governments, central banks and public sector entities	-	-			
Credit institutions and investment firms	69	2,400			
Other counterparties	276	2,875			

K-CON: Concentration Risk on Large Exposures

K-CON captures concentration risk in relation to individual or highly connected private sector counterparties with whom firms have exposures above 25% of their own funds, or specific alternative thresholds in relation to credit institutions or other investment firms, by imposing a capital add-on in line with CRR for excess exposures above those limits.

All IFs should monitor and control their concentration risk. However, only Investment Firms which are subject to a minimum own funds requirement under the K-Factors should report the concentration risk.

Limits

Where the client is a credit institution or an investment firm, the limit to concentration will be the higher between 25% of the investment firm's capital or €150m. If the amount of €150m is higher than 25% of the firm's own funds, the limit to concentration should not exceed 100% of the firm's capital. Where the client is not a credit institution or investment firm, the limit to concentration risk remains at 25% of the investment firm's own funds.

Calculation

Where a firm exceeds these limits, it will be required to hold an additional own fund requirement based on the excess over the limit multiplied by a factor between 200% and 900%, depending on the size of the excess as per Table 6 of Article 39 of IFR. Further to the above, the Own Funds requirement of the excess shall be calculated in accordance with the following formula: $OFRE = \frac{OFR}{EV} * EVE$

Where:

- *OFRE = own funds requirement for the excess;*
- *OFR = own funds requirement of exposures to an individual client or groups of connected clients, calculated by adding together the own funds requirements of the exposures to the individual clients within the group, which shall be treated as a single exposure;*
- *EV = exposure value calculated in TCD and NPR K-factors;*
- *EVE = exposure value excess calculated as Exposure Value minus Limit*

The K-CON own funds requirement shall be the aggregate amount of the own fund requirement calculated for each client or group of connected clients.

The Company calculates and keeps aside additional capital requirement for any amount that exceeds the applicable K-CON limit. Additionally, the Company reports to CySEC, on a quarterly basis, via the IF CLASS2 Ind Form, the amount of exposures exceeding the limits set in Article 37 of the IFR and the name of the relevant counterparty.

As at 30 June 2026, the Company's trading book exposures were within the allowable limit.

K-DTF: Daily Trading Flow

K-DTF captures the operational risks to an investment firm in large volumes of trades concluded for its own account or for clients in its own name in one day which could result from inadequate or failed internal processes, people and systems or from external events, based on the notional value of daily trades, adjusted for the time to maturity of interest rate derivatives in order to limit increases in own funds requirements, in particular for short-term contracts where perceived operational risks are lower.

DTF means the daily value of transactions that an investment firm enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that an investment firm handles for clients which are already taken into account within the scope of client orders handled.

Calculation

DTF shall be the rolling average of the value of the total daily trading flow, measured throughout each business day for the previous 9 months, excluding 3 recent months.

K-DTF shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades).

As at 30 June 2026, the K-DTF was €131k. The table below shows the arithmetic mean amount of DTF in cash trades and derivatives for the 2nd quarter of 2026, in accordance with the Article 20(1) of IFR:

Table 13: Total DTF (average amounts)

	Factor amount		
	June 2026 €'000	May 2026 €'000	April 2026 €'000
DTF - Cash trades (average amounts)	-	-	-
DTF - Derivatives (average amounts)	1,311,100	1,138,281	1,048,170

K-Factors Requirement Results

As at 30 June 2026, the Company's K-Factors Requirement is €630k as shown in the table below:

Table 14: K-Factors Results

Item	Factor Amount €'000	K-Factor Requirement 30 June 2026 €'000	K-Factor Requirement 30 June 2025 €'000
TOTAL K-FACTOR REQUIREMENT		**630**	**561**
Risk To clients		**89**	**69**
K-AUM	-	-	-
K-CMH (Segregated)	*22,192*	*89*	*69*
K-CMH (non-Segregated)	-	-	-
K-ASA	-	-	-
K-COH (Cash Trades)	-	-	-
K-COH (Derivative Trades)	-	-	-
Risk to Market		***65***	***113***

K-NPR		65	113
K-CMG		-	-
Risk to Firm		***476***	***380***
K-TCD		*345*	*299*
K-DTF (Cash Trades)	-	-	-
K-DTF (Derivative Trades)	*1,311,100*	*131*	*81*
K-CON		-	-

4.2. Capital Ratios

According to Article 9 of the IFR, Investment firms shall have own funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall meet all the following conditions at all times:

$$\frac{\textbf{\textit{Common Equity Tier 1 Capital}}}{\textbf{\textit{D}}} \geq \mathbf{56\%}$$

$$\frac{\textbf{\textit{Common Equity Tier 1 Capital}} + \textbf{\textit{Additional Tier 1 Capital}}}{\textbf{\textit{D}}} \geq \mathbf{75\%}$$

$$\frac{\textbf{\textit{Common Equity Tier 1 Capital}} + \textbf{\textit{Additional Tier 1 Capital}} + \textbf{\textit{Tier 2 Capital}}}{\textbf{\textit{D}}} \geq \mathbf{100\%}$$

where D is the Company's own funds requirement calculated in accordance with Article 11 of the IFR.

The Company's own funds, own funds requirement and capital ratio reported as at 30 June 2026, were the following:

Table 15: Capital Adequacy Analysis

OWN FUNDS COMPOSITION	30 June 2026 €'000	30 June 2025 €'000
Total Own Funds	**8,722**	**7,625**
OWN FUNDS REQUIREMENTS	**€'000**	**€'000**
Permanent Minimum Capital Requirement	750	750
Fixed Overheads Requirement	2,678	1,993
K-Factors Requirement	630	561
Own funds Requirement	**2,678**	**1,993**
CAPITAL RATIOS	**€'000**	**€'000**
CET 1 (min. 56%)	**325.68%**	**382.57%**
T1 (min. 75%)	**325.68%**	**382.57%**
Total (min. 100%)	**325.68%**	**382.57%**
Surplus of Total capital	**6,044**	**5,632**

As per the above results, the Company as at 30 June 2026 maintains adequate own funds to cover its capital requirements with an excess of €6,044k of capital. However, the Company should monitor the above ratios in order to ensure compliance with the capital adequacy requirements at all times.

The Company monitors its capital and liquidity adequacy position on a monthly basis and reviews its ICARA process maintained annually in order to ensure that it maintains adequate financial resources to cover its requirements as applicable.

4.3. Liquidity Requirement

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations relating to financial liabilities.

The Senior Management of the Company is committed to maintaining sufficient liquidity to meet obligations as they fall due, or as needed, in the event of an orderly operational and regulatory wind down. The Company's Liquidity risk management framework is designed to ensure that it has sufficient liquid funds to meet its foreseeable liabilities as they fall due. An increase in expenses would occur only if coupled with an identified increase in the Company's cash income, or sufficient excess liquid capital to support any forecasted negative cash flow. Such an increase would only arise as a result of formal business planning. The liquidity of the Company's assets in relation to its Fixed Overhead Requirement is monitored through the quarterly financial reporting process.

The Company manages this risk through the following mechanisms:

- preparing forecast cash flow analysis in relation to its operational, investing and financial activities, monitored on an annual basis; and
- comparing the maturity profile of financial liabilities with the realization profile of financial assets.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses by preparing a 12-month cash flow forecast.

As a Class 2 investment firm, the Company is required to hold an amount of liquid assets equivalent to at least one third of the fixed overheads requirement. The purpose is to ensure that the investment firms have an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets in cash to meet their liquidity needs for a 30-calendar day liquidity stress scenario.

The IFR specifies the instruments that are eligible to be qualified as liquid assets to be included in the calculation of the said ratio:

- Coins and banknotes
- Claims on ECB or other Central Banks
- High Quality Covered Bonds
- Shares or units in CIUs.

In this respect and as per the Company's latest audited financial statements, the Company has the following liquid assets, which are well above 1/3 of the total fixed overheads requirement.

Table 16: Liquidity Requirements

Item	30 June 2026 €'000	30 June 2025 €'000
Liquid Assets	2,282	2,009
Requirement (1/3 of Fixed Overheads Requirement)	893	664
Surplus of total liquid assets	**1,389**	**1,345**

Further to the above, the Company maintains adequate liquid assets to cover the one third fixed overheads requirement. However, the Company should monitor the above in order to ensure compliance at all times.

4.4. Reporting requirements

The Company as a Class 2 investment firm is required by the Law to report on a quarterly basis the following items:

a) Level and composition of own funds
b) Own funds requirements
c) Own funds requirement calculations
d) Where the firm is a Class 3 firm – the level of activity, including the balance sheet
e) Revenue breakdown by investment service and applicable K-factors
f) Concentration risk
g) Liquidity requirements

The information above shall be reported to CySEC using the prudential form *IF CLASS2 Ind* on a quarterly basis though CySEC's XBRL portal.

The Senior Management as well as the Risk Manager monitor these reporting requirements and have policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation of accounts to monitor the financial and capital position of the Company.

The Company assesses its liquidity adequacy position through its monthly monitoring process as well as, as part of the ICARA process which sets the liquidity threshold requirement for the Firm to be maintained. Moreover, the Company is required to submit immediately to CySEC the prudential Form under exceptional reporting, when:

i. the own funds of the CIF have decreased below its own funds requirement,
ii. the CIF's liquid assets are below its liquidity requirement, and
iii. the CIF has exceeded the concentration risk limits, as defined in Articles 37(1) and 37(3) of IFR.

During the year under review, the Company's own funds never dropped below its own funds requirement and the Company fulfilled its obligations by successfully submitting, on a quarterly basis, the Prudential Reporting Reports.

4.5. Concentration risk requirements

The concentration risk arising from exposures to each counterparty, including central counterparties, groups of connected counterparties, and counterparties in the same economic sector, geographic region or from the same activity or commodity, the application of credit risk mitigation techniques, and including in particular risks associated with large indirect credit exposures such as a single collateral issuer, must be addressed and controlled including by means of written policies and procedures.

Exposure means any asset or off-balance sheet item without applying the risk weights or degrees of risk. Large Exposure means the exposures in the trading book/banking book of an investment firm to a client or a group of connected clients, the value of which exceeds the limits set.

The CIFs that are categorized as Class 2 IFs should continue to monitor and control their concentration risk with regards to their trading book exposures to a client or a group of connected clients in accordance with Part four of IFR.

CIFs shall monitor and control their concentration risk so as not to exceed the following limits as per Article 37 of IFR.

Table 17: Large Exposure Limits

Type	Limit
Institution	Min {up to 100% of eligible capital, Max (25% of eligible capital, €150m)}
Non-institution	25% of eligible capital

Where any trading book exposure exceeds the limits mentioned above, a CIF shall calculate an additional capital requirement as part of the K-CON requirement. According to Circular C513, the Company should notify CySEC without delay when the limits referred to in article 37(3) of IFR are exceeded, as required by article 38 of IFR.

Moreover, harm can arise from more than just a concentrated trading book exposure to a client. To mitigate the potential for harm that can arise from different types of concentrated exposures or relationships, the Company should monitor and control all their sources of concentration risk, including:

- exposures in a trading book
- assets (for example, trade debts) not recorded in a trading book
- off-balance sheet items
- the location of client money
- the location of client assets
- the location of its own cash deposits
- the sources of its earnings.

However, there are no limits on the banking book exposures of an Investment Firm.

The Company monitors its concentration risk exposures by assessing the K-CON factor on a quarterly basis through the submission of the IF Class 2 IND Form to CySEC. The Company actively monitors its open positions with its clients and with its hedging counterparty and affiliate entity, Pepperstone Group Limited.

The Company calculates the capital adequacy requirement daily – this calculation includes a concentration risk metric (K-CON) – to ensure that where a reportable event is triggered, it is reported to the regulator in good time. This also acts as a measure to stop out clients with positions large enough to breach the hard limit as identified in article 37 of the Investment Firm Regulation.

In order to reduce the risk of breaching the concentration risk limit as set by the Investment Firm Regulation, the Firm implements 2 measures:

- Introduction of Tiered Margins – this means the margin that clients need to have in place before opening a trade, becomes increasingly more as the size of the position increases. This means a client has to pay more to open a trade, which should reduce the risk of the client opening larger positions than if they were not on the Tiered Margin requirement.
- Introduction of Net Open Position Limits – this means that a client cannot open any new positions once the aggregated value of all his trades hits a certain limit.

The Company reports to CySEC on a quarterly basis the level of concentration risk with respect to the credit institutions, investment firms and other entities where client money are held and where client securities are deposited while it shall report the level of concentration risk with respect to the credit institutions where its own cash is deposited as per Article 54(2) of IFR.

Moreover, the Company reports the top five clients from which the largest amounts of the Company's earnings are derived as well as the top five, if available, largest trading book exposures and largest exposures not recorded in the trading book. In addition, the Company conducts a Concentration Risk Stress test as part of its ICARA process, which is updated annually in order to ensure that it will have adequate financial resources under such a scenario.

Further to the above, the Company's own corporate funds and clients' funds during the financial year ending 30 June 2026, were well diversified, as per the provisions of Paragraph 6(2) of Directive DI87-01 and Circular C418. The Company maintains proper accounting controls in order to identify, monitor and control all exposures including clients' balances and the value of the assets held as financial instruments under pledge.

As at 30 June 2026, the Company had no significant concentration of Trading Counterparty Default risk (Counterparty Credit risk under the CRR framework) to any single counterparty, or of Issuer risk to issuers of equities underlying its own positions in equity CFDs.

4.6. Other Material Risks

Operational Risk

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk.

The following list presents some event-type categories, included in operational risk, with some examples for each category:

Internal Fraud	•misappropriation of assets; •tax evasion; •intentional mismarking of positions; •bribery.
External Fraud	•theft of information; •hacking damage; •third-party theft; •forgery.
Employment Practices and Workplace Safety	•discrimination; •workers compensation; •employee health; •safety.
Clients, Products, & Business Practice	•market manipulation; •antitrust; •improper trade.
Damage to physical assets	•damage to physical assets from a natural disaster, e.g. earthquake.
Business Disruption & Systems Failures	•utility disruptions; •software failures; •hardware failures.
Execution, Delivery, & Process Management	•data entry errors; •accounting errors; •failed mandatory reporting; •negligent loss of Client assets.

The Company manages operational risk through a control-based environment in which processes are documented, and transactions are reconciled and monitored. This is supported by continuous monitoring of operational risk incidents to ensure that past failures are not repeated.

Furthermore, the Company has in place policies and processes whose implementation assists with the evaluation and management of any exposures to operational risk.

The Company has implemented an operational risk management framework designed to ensure that operational risks are assessed, mitigated and reported in a consistent manner consisting of, inter alia, the following components:

- Maintaining a four-eye structure and implementing board oversight over the strategic; decisions made by the heads of departments;
- An IT Disaster Recovery Plan has been designed in order to be used in the event of a force majeure affecting the Company's internal systems and databases;

- Maintenance of Risk Registers in the Context of the ICARA;
- A Business Continuity Plan has been implemented which helps protect all of the Company's information databases including data, records and facilities;
- The majority of actions occurring in the Company's systems are automated and therefore it is less likely that a human error will occur;
- Review of risks and controls as part of the Internal Audit function; and
- Regular review and updating of the Company's policies.

Information Technology Risk

Information Technology (hereinafter, "IT") risk could occur as a result of inadequate information technology and processing, or arise from an inadequate IT strategy and policy or inadequate use of the Company's IT.

The Internal Auditor, as part of the annual on-site inspections, evaluates and assesses whether the Company's systems and infrastructure are adequate.

The aim of the Company is for the materialisation of IT risk to be minimised to the lowest possible level and, as such, the Company shall take the respective rectifying measures, as and when deemed necessary.

Specifically, internal policies have been implemented, and measures have been taken regarding backup procedures, software maintenance, hardware maintenance, internet use, data protection procedures, and disaster recovery, as applicable. Moreover, the Company has established a Cybersecurity Risk Register in order to monitor and take the relevant mitigation actions against the IT risks it is exposed to.

Digital Operational Resilience Act ('DORA')

The dependency of the financial sector on ICT and information in a digital form as well as the COVID-19 crisis that forced financial institutions to rely even more on the availability of digital systems to conduct day-to-day operations, exposed significantly the financial institutions into cyber related risks. Therefore, on 24 September 2020, the EC published the first draft on the Digital Operational Resilience Act ('DORA') as part of the Digital Finance Package which contains a digital finance strategy, proposals on Crypto Assets, blockchain technology, operational resilience and renewed retail payment strategy. DORA became applicable on 17 January 2025 and directly applies to the Company. The Company has taken steps to comply with the new regulatory requirements introduced by this regulation.

DORA applies to financial services entities, including: credit institutions, payment institutions, e-money institutions, investment firms, cryptoasset service providers (authorised under MiCA) and issuers of asset-referenced tokens, central securities depositories, central counterparties, trading venues, trade repositories, manages of alternative investment funds and management companies, data repositories, managers of alternative investment funds and management companies, data reporting service providers, insurance and reinsurance undertakings, insurance intermediaries, reinsurance intermediaries and ancillary, insurance intermediaries, institutions for occupational retirement pensions, credit rating agencies, administrators of critical benchmarks, crowdfunding service providers and securitisation repositories (Financial Entities).

The aim of this new regulatory regime is to strengthen the financial sector's resilience to ICT-related events and to introduce harmonised requirements across EU member states. DORA provides a wide set of criteria, templates and instructions that will help financial institutions to manage ICT and cyber risks.

A summary of the key requirements is provided below:

- Set-up and maintain resilient ICT systems and tools that minimize the impact of ICT risk.
- All sources of ICT risks should be continuously identified in order to set-up protection and prevention measures.
- A prompt detection of anomalous activities should be established.
- Dedicated and comprehensive business continuity policies and disaster and recovery plans should be in place, ensuring a prompt recovery after an ICT-related incident.
- Establish mechanisms to learn and evolve both from external events as well as the entity's own ICT incidents.

The Company has a low tolerance for damages due to cyber-attacks or internally malicious actions on its information technology. Therefore, the Company is closely monitoring the developments in this new regulatory regime and shall take the appropriate actions needed in accordance with its size, nature and complexity in order to comply with these new regulatory requirements.

Liquidity Risk

Funding liquidity risk is the possibility that, over a specific horizon, the Company will be unable to meet its demands/needs for money (i.e. cash) due to mismatches in its assets vs liabilities maturity structure. Furthermore, liquidity risks can also arise either via extreme market conditions and/or failures of designated counterparties that the Company associates with.

Further to the above, and subject to the provisions of the Directive DI87-01 of CySEC for the safeguarding of financial instruments and funds belonging to clients, the Company is exposed to liquidity risk, with respect to the accounts that the client's funds are kept. Extreme market conditions can lead to failure of multiple counterparties (i.e. Liquidity Providers, credit institutions, payment service providers, etc.) that will lead to the Company facing liquidity issues.

As part of its procedures the Company continuously monitors the forecast and actual cash flows and cost budgets to ensure that the level of the Company's own funds and consequently the Capital Adequacy ratio meets the regulatory requirements at all times as well as ensuring that adequate liquidity is maintained at all times.

Money Laundering and Terrorist Financing Risk

Money Laundering and Terrorist Financing risk mainly refers to the risk that the Company may be used as a vehicle to launder money and/or finance terrorism. The Company has policies, procedures and controls in place in order to mitigate the Money Laundering and Terrorist Financing risk. Among others, these policies, procedures and controls include the following:

(a) the adoption of a risk-based approach that involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage the Money Laundering and Terrorist Financing risk faced by the Company,
(b) the adoption of adequate Client Due Diligence and Identification Procedures in line with the Clients' assessed Money Laundering and Terrorist Financing risk,
(c) setting certain minimum standards of quality and extent of the required identification data for each type of Client (i.e. documents from independent and reliable sources, third party information, documentary evidence),

(d) obtaining additional data and information from Clients, where this is appropriate and relevant, for the proper and complete understanding of their activities and source of wealth and for the effective management of any increased risk emanating from a particular Business Relationship or an Occasional Transaction,
(e) on-going monitoring of high-risk Clients' transactions and activities, as applicable,
(f) ensuring that the Company's personnel receive the appropriate training and assistance.

The Company maintains its policies, procedures and controls with respect to Money Laundering and Terrorist Financing risks and provides, inter alia, details and further information with respect to the abovementioned measures (points (a) to (f)).

The Internal Auditor and Anti-Money Laundering Compliance Officer, as well as the Compliance Team undertake on-site inspections and desk-based reviews in order to assess the Company's compliance with the AML regulatory framework. Following the inspections, the abovementioned functions provide the Company with a list of recommendations for improvement in AML compliance related areas.

The aim of the Company is for the materialization of the Money Laundering and Terrorist Financing risk to be minimized to the lowest possible level and, as such, the Company has reviewed and examined in detail the Internal Auditor's recommendations with respect to anti-money laundering issues and shall take the relevant rectifying measures and actions, as and when required.

Compliance Risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, bylaws, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Company to financial loss, fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can lead to diminished reputation, reduced Company value, limited business opportunities, reduced expansion potential, and an inability to enforce contracts.

The Internal Auditor of the Company undertakes on-site internal audit inspections in order to assess the Company's compliance with the regulatory framework. Following the inspections, the Internal Auditor provides the Company with a list of recommendations for improvement in different compliance related areas.

Furthermore, the Compliance Officer carries out a number of desk-based and onsite inspections, reviews and checks as well as continuous monitoring of the Company's activities programme as per the Circular 030 (CySEC's Guidelines GD-IF-06).

In particular, the Compliance Officer assesses the Company's risk of failure to comply with the legal obligations governing the Company's operations. In this respect, the Compliance Officer devises an on-going monitoring programme in order to evaluate whether operations are conducted in compliance with obligations under the applicable legislation and whether the organisation/internal guidelines/control measures of the Company remain appropriate and robust.

The Company's aim is for the materialisation of compliance risk to be minimised to the lowest possible level and, as such, the Company shall review and examine in detail the Internal Auditor's and Compliance Officer's recommendations and shall take all necessary remedial measures/actions in order to fully comply with the regulatory framework.

Furthermore, the Company's Compliance Officer initiated a program to examine in detail the level of compliance of certain areas of the Company with the relevant legislation in light of any weaknesses identified during the year under review, propose remedial measures/actions, and provide the relevant training to the Company's personnel, as and when required.

Reputational Risk

Reputational risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company by Clients, counterparties, shareholders, investors or regulators. Reputational risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large Clients, poor Client service, fraud or theft, Client claims, legal action, regulatory fines and from negative publicity relating to the Company's operations whether such a fact is true or false.

The Company is aware that, operating in a demanding industry, with many competitors, who may also act in unethical ways, could introduce risks of a reputational nature. The possibility of having to deal with serious incidents is limited as the Company exerts its best efforts in providing high quality services to its clients. In addition, the Company's Board members and Senior Management comprise of experienced professionals who are recognized in the industry for their integrity and ethos, and, as such, add value to the Company.

The Company aims to minimise reputational risk through the implementation of a strong internal control system and adequate policies and procedures (including in the area of client complaint handling). Furthermore, the Company aims to also mitigate this risk by ensuring that all employees are adequately trained and equipped with the required skills to fulfil their duties.

Conduct Risk

Conduct risk is defined as the risk of an action, by an individual, financial institution or the industry as a whole, which leads to customer detriment or undermines market integrity. This can bring sanctions and negative publicity to the Company. Moreover, EBA has defined conduct risk as the current or prospective risk of losses to an institution arising from inappropriate supply of financial services including cases of wilful or negligent misconduct. Consequently, conduct risk arises from failures of designated liquidity providers located in third countries associated with the Company. Furthermore, the Company can be exposed to conduct risks arising from inadequate agreements with the third parties that hold clients' funds.

The Company will continue to monitor the financial soundness of the liquidity providers and make sure that it can justify the trading risks it undertakes, ensuring that it is in such a cash flow position that it can undertake the settlement of all trades introduced or executed or hedged by its clients. Moreover, the Company recognises the importance to ensure its clients' protection, thus, the Company has in place arrangements such as stop out limits and maintains adequate agreements with its Liquidity Providers.

Business Risk

Business Risk arises due to probable losses that might be incurred by the Company during unfavourable market conditions, thus, having a current and/or future possible impact on earnings or capital from adverse business decisions and/or the lack of responses to industry changes by the Company.

Furthermore, business risk may arise from the probability of inadequate profits or losses due to the unavailability of Liquidity Providers to execute transactions.

The Company may be exposed to business risk in case of a deterioration of business and economic conditions in the markets in which it operates. The Company's business plans involve an expansion of its clientele so as to grow its revenue base and increase its profitability. However, the Company has taken into consideration Business Risk when preparing its financial projections and when conducting its stress testing procedures.

In order to avoid any potential damage to the Company's financial position, the Company continuously evaluates (and redesigns if and when necessary) its business plans taking into account changing economic conditions.

The Company has policies and procedures in place when dealing with possible Client complaints in order to provide the best possible assistance and service under such circumstances.

Geopolitical Risk

Geopolitical Risk refers to the potential impact on the Company's operations, financial condition, and clients arising from political instability, regional conflicts, sanctions developments, or regulatory changes in foreign jurisdictions. Such events may influence global market behaviour, counterparties, or operational arrangements, and therefore constitute an emerging risk category for financial institutions across the EU.

During the reporting period, geopolitical risk intensified significantly as a result of the ongoing military conflict between the United States, Israel, and Iran, which began on 28 February 2026 and continues to escalate as part of the wider Middle Eastern crisis. The Company has assessed its exposure and confirms that it maintains no business relationships, client activity, counterparties, or operational dependencies involving jurisdictions directly affected by the ongoing conflict. As such, the Company's current exposure to geopolitical risk remains limited.

However, the Company recognises that geopolitical developments may indirectly influence market conditions, liquidity, investor sentiment, and regulatory expectations. In this context, the Company continues to:

- monitor geopolitical developments and sanctions updates issued by the EU, US and UK authorities;
- review client jurisdictions to ensure no exposure to high-risk or sanctioned countries;
- evaluate potential indirect impacts on service providers, market infrastructure, and group-level arrangements;
- incorporate geopolitical disruption scenarios into its stress testing and risk assessment processes where relevant.

The Company will continue to observe the evolving geopolitical environment and adjust its risk management framework, controls, and monitoring procedures as required. This ensures that any potential emerging risks are identified promptly and that the Company remains aligned with supervisory expectations regarding sanctions compliance, operational resilience, and cross-border risk management.

5. INTERNAL CAPITAL ADEQUACY AND RISK ASSESSMENT PROCESS

The purpose of capital is to provide sufficient resources to absorb unexpected losses over and above the ones that are expected in the normal course of business. The Company aims to maintain a minimum risk asset ratio which will ensure there is sufficient capital to support the Company during stressed conditions.

Pursuant to Chapter 2 and Paragraph 18 of the Law, the Company should establish sound, effective and comprehensive arrangements, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that they consider adequate to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed. These arrangements, strategies and processes shall be appropriate and proportionate to the nature, scale and complexity of the activities of the Company, and they shall be subject to regular internal review.

In light of the above, the ICARA report presents the main business background and developments of the Company, a summary of the Company's business economic environment, the Company's financial summary for the previous and upcoming years, the business and strategic goals, organisational structure and the risk management framework, the overall assessment of its material risks as well as provides forward looking capital and liquidity planning.

The Company recognises the importance of the ICARA and appreciates that it enables the firm to justify its business strategy and risk assessments in such a way as to be more diligent in the inclusion of risk factors in the business design process and also to hold adequate capital against the gross risks to which it is exposed to. It is also acknowledged that the ICARA Report is a reasonably intense process, requiring information from many different departments and committees of the Company and also it requires senior management time and involvement at the design phase, during the risk and financial data collection phase and the sign-off phase. Therefore, the Board is committed to continuously update the ICARA at least annually to reflect the latest strategic plans and updates.

The ICARA Report and capital planning for the year ended 30 June 2025 has been prepared and approved by the Board in the third quarter of 2026. The report is being reviewed and updated annually, while it is submitted to CySEC upon its request as laid down at Article 50(b) of the IFR.

6. REMUNERATION POLICY AND PRACTICES

The Company has established a remuneration policy to set out the remuneration practices of the Company taking into consideration the salaries and benefits of the staff, in accordance with the provisions of the Directive as well as the Circular 031 (Circular 031 has been issued in place of Guidelines GD-IF-07 for the correct filing purposes) on remuneration policies and practices, where these comply with specific principles in a way and to the extent that is appropriate to the Company's size, internal organization and the nature, scope and complexity of its activities. Furthermore, the Company's remuneration strategy is designed to reward and motivate the people who are committed to maintaining a long-term career within the Company and performing their role in the interests of the Company.

The design of the Policy is approved by the people who effectively direct the business of the Company, after taking advice from the compliance function, and implemented by appropriate functions to promote effective corporate governance. The people who effectively direct the business are responsible for the implementation of remuneration policies and practices and for preventing and dealing with any relevant risks that remuneration policies and practices can create. The Board discusses remuneration policy matters at least annually. Furthermore, the Policy also benefits from the full support of senior management or, where appropriate, the supervisory function, so that necessary steps can be taken to ensure that relevant persons effectively comply with the conflicts of interest and conduct of business policies and procedures.

Finally, the Policy aims to (i) provide for sufficient incentives so as the relevant persons, -to achieve the business targets, (ii) deliver an appropriate link between reward and performance whilst at the same time consisting of a comprehensive, consistent and effective risk management tool that prevents excessive risk taking and /or mis-selling practices in light of financial incentives schemes, which could lead to compliance risks for the Company in the long-run.

In accordance with Article 51, the Company's remuneration policy and practices for staff whose professional activities have a material impact on the Company's risk profile are provided in this Section of the Report. While the remuneration policy does not explicitly refers to gender-related aspects, the Company applies the principles of equal pay for equal work and ensures that remuneration practices are implemented in a gender-neutral manner. With respect to gender representation within the Board, the Company adheres to the principles of balanced composition and equal opportunity.

Remuneration Committee

It is noted that the Company has considered its size, internal organization and the nature, scope and complexity of its activities and it does not deem as necessary the establishment of a specific remuneration committee. Remuneration practices are currently set by the Senior Management, in its supervisory capacity. In case the Company shall deem necessary to establish a Remuneration Committee in the future, then this section shall be updated as applicable.

Remuneration System

The Company's remuneration system and policy is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile, *i.e. the Senior Management and members of the Board*; the said practices are established to ensure that the rewards for the "executive management" are linked to the Company's performance, to provide an incentive to achieve the key business aims and deliver an appropriate link between reward and performance whilst ensuring base salary levels are not set at artificially low levels. The Company uses remuneration as a

significant method of attracting and retaining key employees whose talent can contribute to the Company's short- and long-term success.

The Company's remuneration system takes into account the highly competitive sector in which the Company operates, and the considerable amount of resources the Company invests in each member of the staff. The remuneration includes all forms of benefits provided by the Company to its staff and can be Financial or non-Financial remuneration.

The total remuneration of staff currently consists of a fixed and a variable component.

Fixed Remuneration

Fixed remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, accountability, and responsibility needed for a staff member to perform each position/role. The remuneration is also set in comparison with standard market practices employed by the other market participants/ competitors.

The Fixed Remuneration has as a purpose to attract and retain Company's employees. This fixed amount of remuneration includes salary, fixed pay allowance and other cash allowances and are all determined based on the role and position of each employee, considering the experience, seniority, education, responsibility, and market conditions.

Furthermore, the employee's personal goals and performance evaluation in relation to the objectives set up at the beginning of the period and the employee's professional conduct with clients are taken into account in order to determine the remuneration.

The Company's fixed remuneration is approved by the Board of Directors for all the relevant employees and it is reviewed by the Company at such intervals, as it shall decide at its sole discretion, without affecting the other terms of employment.

Variable Remuneration

The variable remuneration is a performance-based remuneration which motivates, and rewards staff members based on their results in relation to the targets set at the beginning of the year. This kind of remuneration is not guaranteed, and the BoD has determined a maximum percentage of variable remuneration relative to the fixed remuneration in order to ensure a compliant ratio between these two kinds of remuneration.

Furthermore, no remuneration is payable under deferral arrangements (with vested or unvested portions). Finally, the Company did not pay any non-cash remuneration for the year under review, since the Company does not have any non-cash instruments, such as shares or other equivalent non-cash instruments, in place.

The Company recognizes that its remuneration system has some features that increase the mis-selling risk. Therefore, the Company applies effective mitigation controls for each part of the remuneration system.

Other Factors

Other factors taken into account for the remuneration of the Company's employees are the following:

a. The financial viability of the Company,
b. The general financial situation and the state in which the Company operates,
c. Each employee's personal objectives (such as personal development, compliance with the Company's systems and controls, compliance with regulatory requirements, commitment and work ethics) performance evaluation and the rating received based on their annual performance in relation to the objectives set up at the beginning of the period,
d. Each employee's professional conduct with Clients (such as acting in the best interest of the Client, fair treatment of Clients and inducing Client satisfaction), as applicable.

Control Functions

The Company must ensure that employees engaged in Control Functions:

a) Are independent from the business units they oversee;
b) Have appropriate authority; and
c) Are remunerated:
   i. Adequately to attract qualified and experienced staff; and
   ii. In accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

Further to the above, the Policy is designed to manage the conflicts of interest which might if other business areas had undue influence over the remuneration of employees within Control Functions. Moreover, the need to avoid undue influence is particularly important where employees from the Control Functions are embedded in other business areas.

Performance Appraisal

The Company recognizes the responsibility that the Staff have in driving its future success and delivering value for the Company, and that remuneration is a key component in motivating and compensating its employees. Furthermore, the overall remuneration policy incorporates an annual variable incentive compensation reflecting individual performance and overall performance.

The individual performance is assessed during the annual appraisal process, which establishes objectives for all staff covering both financial and non-financial factors, specific behavioral competencies including compliance and risk management behaviors with regards to the Company's procedures.

The Company shall ensure that where remuneration is linked with performance, the total amount of remuneration is based on a combination of the performance assessment of:

a. the individual (quantitative as well as qualitative criteria except those who perform their duties on Control Functions where only qualitative criteria apply, are considered; annual performance evaluation and performance rating are taken into account),
b. the business unit concerned, and
c. the overall results of the Company and as long as conflicts of interest are mitigated, as described in this Policy.

The Company implements a performance appraisal method, which is based on a set of Key Performance Indicators, developed for each business unit and its target is to promote healthy competition amongst

personnel, analysis of weak and strong sides of each employee based on performance, and to give feedback to the staff members in order to motivate them to improve.

Most of the time, the performance appraisal takes place in a multiyear framework in order to ensure that the appraisal process assesses employees' long-term performance. However, sometimes the performance appraisal is performed on a medium and short-term basis, and the performance indicators of this type of performance appraisal include quantitative as well as qualitative criteria.

The performance appraisal on medium and short-term is being performed as follows:

- **Setting Targets**
    - The Company implements a performance appraisal program based on key performance indicators and targets.
    - Each department sets targets for which the Company functions, departments and individuals are expected to achieve over a specific timeframe.

- **Performance Checks & Feedback**
    - The Company's managers provide support and feedback to the staff during the daily activities, time periods decided and/or during formal or informal performance reviews.
    - The aim is to assist the staff to develop their skills and competencies.

- **Annual Performance Evaluation**
    - The Company at the end of each year evaluates the overall performance of the year using quantitative and qualitative criteria.
    - The performance review determines the level of variable remuneration to be awarded.

Remuneration of Senior Management Personnel and Directors

The remuneration policy of the Company is intended to ensure that the Company will attract and retain the most qualified Senior Management Personnel and Directors. As stated above, the criteria used for determining the remuneration of the Company's directors are segregated into quantitative and qualitative criteria. The quantitative remuneration criteria mostly rely on numeric and financial data such as the Company's performance and the individual performance evaluation and ratings of each member of staff whose professional activities affect the risk profile of the firm. In addition to the quantitative criteria, the Company has put in place qualitative criteria which include compliance with regulatory requirements and internal procedures, fair treatment of clients and client satisfaction.

Moreover, the remuneration of the Company's non-executive directors is fixed, and it is set at a level that is market aligned and reflects the qualifications and competencies required based on the Company's size and complexity, the responsibilities and the time that the non-executive directors are expected to consume in order to serve the Company.

The table below provides information on the remuneration of Executive Directors, Senior Management and other staff whose activities have a material impact on the risk profile of the Company, broken down by fixed and variable remuneration.

Table 18: Remuneration split of staff whose activities have a material impact on the risk profile of the Company

Annual Remuneration as at 30 June 2026				
Position	**No. of Beneficiaries**	**Fixed Remuneration € 000**	**Variable Remuneration €000**	**Aggregated Remuneration €000**
Senior Management (incl. Executive & Non-Executive Directors)	14	855	237	1,092
Other Staff	-	-	-	-
Total	**14**	**855**	**237**	**1,092**

Annual Remuneration as at 30 June 2025				
Position	**No. of Beneficiaries**	**Fixed Remuneration € 000**	**Variable Remuneration € 000**	**Aggregated Remuneration € 000**
Senior Management (incl. Executive & Non-Executive Directors)	8	541	137	677
Other Staff	-	-	-	-
Total	**8**	540	137	677

Variable remuneration is cash only. The variable to fixed remuneration ratio as at 30 June 2026 was 28%.

The Article 32 of the IFD sets, among others, the conditions on variable remuneration paid to employees:

- at least 50% of the variable remuneration shall consist of shares/ share-linked instruments/ equivalent non-cash instruments that adequately reflect the credit quality of the IF as a going concern, or non-cash instruments which reflect the instruments of the portfolios managed;
- at least 40% of the variable remuneration is deferred over the three-to-five-year period.

Following the Article 32(4)(a) of the IFD, these points don't apply to the Company since the Company does not fall under the definition of '*significant CIF*' (off-balance sheet assets is on average less than €100m over the preceding four-year period).

Moreover, according to Article 34(4) of IFD, Investment Firms are required to disclose the number of natural persons that are remunerated €1mln or more per financial year, in pay brackets of €1mln, including their job responsibilities, the business area involved and the main elements of salary, bonus, long-term award and pension contribution.

Nevertheless, **currently there are no natural persons at the Company that are remunerated €1mln or more per financial year and as such the above disclosure is not applicable to the Company.**

7. INVESTMENT POLICY

Investment Firms should disclose the following information in accordance with Article 46 of IFR:

a) the proportion of voting rights attached to the shares held directly or indirectly by the investment firm, broken down by Member State and sector;
b) a complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with paragraph 2 of Article 46, an explanation of the votes, and the ratio of proposals put forward by the administrative or management body of the company which the investment firm has approved; and
c) an explanation of the use of proxy advisor firms;
d) the voting guidelines regarding the companies, the shares of which are held in accordance with paragraph 2 of Article 46.

Investment Firms which meet the criteria of Paragraph 26(8)(a) of the Law, whose average on-and-off balance sheet assets over the 4-year period are less than €100m, are exempted from the disclosure requirement regarding investment policy.

The Company's average on and off-balance sheet assets for the preceding four-year period are less than €100m and as such it meets the criteria of the paragraph 26(8) of the Law. Therefore, the Company is exempted from the disclosure requirement regarding investment policy.

8. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

From 26 December 2022, investment firms shall disclose information on environmental, social and governance risks (ESG risks), including physical risks and transition risks, as defined in the EBA's report referred to in Article 35 of the IFD. The information on ESG shall be disclosed once in the first year and biannually thereafter.

Investment Firms which meet the criteria of Paragraph 26(8)(a) of the Law, and whose average on-and-off balance sheet assets over the 4-year period are less than €100m, are exempted from the disclosure of information on environmental, social and governance risks, including physical risks and transition risks as per Article 35 of IFD.

The Company's average on and off-balance sheet assets for the preceding four-year period are less than €100m and as such it meets the criteria of the paragraph 26(8) of the Law. Therefore, the Company is exempted from the disclosure requirement regarding ESG.

9. APPENDIX – SPECIFIC REFERENCES TO THE IFR

IFR Reference	High Level Summary	Section
Scope of disclosure requirements		
46 (1)	Requirement to publish market disclosures, on the date of publication of the annual financial statements.	1.2
46 (2)	Requirement to publish market disclosures for small and non-interconnected IFs.	N/A
46 (3)	Requirement to publish market disclosures for IFs which do not longer meet the criteria of small and non-interconnected IF.	N/A
46 (4)	Market disclosures to be published in an appropriate medium or provide clear cross-references to other media.	1.4
Risk management objectives and policies		
47	Disclosure of the risk management objectives and policies for each separate category of risk set out in Parts Three, Four and Five of the IFR, including a summary of the strategies and processes to manage those risks and a concise risk statement approved by the investment firm's management body succinctly describing the investment firm's overall risk profile associated with the business strategy.	1.5, 4.1, 4.5
Governance		
48 (a)	Disclosure of the number of directorships held by members of the management body.	2.3
48 (b)	The policy on diversity with regard to the selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved.	2.2, 2.4
48 (c)	whether or not the investment firm has set up a separate risk committee and the number of times the risk committee has met annually.	2.1.3
Own Funds		
49 (1) (a)	Full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and applicable filters and deductions applied to own funds of the investment firm and the balance sheet in the audited financial statements of the IF.	3.3
49 (1) (b)	Description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the IF.	3.2
49 (1) (c)	Description of all restrictions applied to the calculation of own funds in accordance with the IFR and the instruments and deductions to which those restrictions apply.	3.1
49 (2)	EBA shall develop implementation standards for points (a), (b), (c) above.	N/A
Own Funds Requirements		
50 (a)	Summary of IF's approach to assessing adequacy of its internal capital to support current and future activities.	4.2
50 (b)	Result of ICARA upon request of the competent authority.	5
50 (c)	K-factors requirement calculated in aggregate form for RtM, RtF, and RtC, based on the sum of the applicable K-factors.	4.1.3

IFR Reference	High Level Summary	Section
50 (d)	Fixed overheads requirement.	4.1.2
Remuneration policy and practices		
51	Remuneration policy, including aspects related to gender neutrality and the gender pay gap, for those categories of staff whose professional activities have a material impact on the risk profile.	6
51 (a)	Design characteristics of the remuneration system, including the level of variable remuneration and criteria for awarding variable remuneration, payout in instruments policy, deferral policy and vesting criteria.	6
51 (b)	Ratios between fixed and variable remuneration.	6
51 (c)	Aggregated quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the investment firm.	6
51 (c) (i)	The amounts of remuneration awarded in the financial year, split into fixed and variable remuneration, and the number of beneficiaries.	6
51 (c) (ii)	The amounts and forms of awarded variable remuneration.	6
51 (c) (iii)	The amounts of deferred remuneration awarded for previous performance periods.	N/A
51 (c) (iv)	The amount of deferred remuneration due to vest in the financial year.	N/A
51 (c) (v)	The guaranteed variable remuneration awards during the financial year and the number of beneficiaries of those awards.	N/A
51 (c) (vi)	The severance payments awarded in previous periods, that have been paid out during the financial year.	N/A
51 (c) (vii)	The amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and the highest payment that has been awarded to a single person.	N/A
51 (d)	Whether the IF benefits from a derogation laid down in Article 32(4) of the IFD.	6
Investment policy		
52	Not applicable due to criteria referred to in point (a) of Article 32 (4) of the IFD.	7
Environmental, social and governance risks		
53	Not applicable due to criteria referred to in point (a) of Article 32 (4) of the IFD.	8