

DISCLOSURES & MARKET DISCIPLINE REPORT FOR THE YEAR ENDED 30 JUNE 2025

According to Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council on the Prudential requirements of investment Firms

October 2025

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1. INTRODUCTION

1.1 CIF Information

Mitrade EU Limited (hereinafter the ‘Company’) was incorporated in the Republic of Cyprus on 23 April 2021 as a private limited liability company with registration number HE 420923. The Company obtained a Cyprus Investment Firm (“CIF”) from the Cyprus Securities and Exchange Commission (“CySEC”), CIF licence No. 438/23 on 09 October 2023 to provide the following Investment and Ancillary Services in relation to 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
- Execution of orders on behalf of clients
- Dealing on own account

Ancillary Services:

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.
- Granting credit and loans to one of more financial instruments, where the firm granting the credit or loan is involved in the transaction.
- Foreign exchange services where these are connected to the provision of investment services.

Financial Instruments:

- Transferable Securities.
- 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
- 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).
- Financial contracts for differences.

1.2 Scope of application

The Disclosures & Market Discipline Report (the ‘Report’) is prepared on an individual (solo) basis in accordance with the disclosure requirements as laid out in Part Six of the Investment Firm Regulation EU 2019/2033 (“IFR”). The Report relates to the financial year ending on 30 June 2025

In line with the IFR, the Firm is required to disclose information regarding its capital resources, capital requirements, and its remuneration policies, practices, and governance arrangements.

The Report has as a starting point the financial information used in the Company’s Financial Statements which are prepared in accordance with the International Financial Reporting Standards (“IFRS”). As the two documents serve different purposes, the reported figures illustrate differences, which lie in the differences of the fundamental concepts between the IFR and the IFRS.

1.3 Classification and prudential requirements

Under current prudential regulatory framework, Investment Firms Directive (EU) 2019/2034 (“IFD”) and IFR, the Company is categorized as a **Class 2 Investment Firm** and as such it should maintain own funds of at least the **higher** between:

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”*.

B. Fixed overhead requirements

The Fixed Overheads Requirement is calculated as one quarter ($\frac{1}{4}$) of the previous year fixed expenses (based on audited figures).

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.

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”*.

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 provisions on disclosure requirements are described in Articles 46 to 53 of the IFR. In addition, these disclosures must be verified by the external auditors of the CIF.

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 publishes the disclosures required on an annual basis. The frequency of disclosure will be reviewed should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements.

Location of publication

The Disclosures & Market Discipline Report is published on the Company's official website <https://www.mitrade.eu/en/about-us/euOtherDoc>.

Verification

The Company's Disclosures & Market Discipline Report is subject to internal review and validation prior to being submitted to the Board for approval. The Report has been reviewed and approved by the Board. 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's activities expose it to a variety of risks, and in particular to credit risk, market risk, operational risk, compliance risk, regulatory risk, reputational risk, group risk, strategic risk, liquidity risk, conduct risk etc. The Company, through its operations, has a significant exposure to the economies and financial markets.

As regards the management of the risks arising from the current macroeconomic and political uncertainty (heightened inflation, Ukrainian crisis, climate crisis etc.), the Company is following the local government guidelines, enhancing its onboarding procedures and closely monitoring its capital and liquidity positions.

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 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 in relation to its investments and the management of its business and operational activities.

The Board is responsible for approving the Company's Risk Appetite, which sets out the level and types of risk the Company is willing to accept in pursuit of its strategic objectives. This Risk Appetite is translated into specific, measurable risk indicators, risk limits, that are regularly tracked, monitored, and reported to the Board. The framework is designed to establish clear alignment between the Company's long-term strategic plan, capital planning, stress testing, and overall risk management framework. The Risk Appetite is reviewed and approved at least annually to ensure its continued relevance and effectiveness.

Table 1: Risk Appetite areas

Indicator	Normal 1	Warning 2	Limit 3
Minimum Own Fund Requirement	≥€900k	<€900k	€750k
Common Equity Tier 1 Ratio ⁴	>100%	<75%	56%
AT1 Capital Ratio ⁴	>125%	<100%	75%
Total Capital Ratio ⁴	>150%	<125%	100%
Liquid Assets	>€130k	<€130k	€103k

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 emphasised 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.

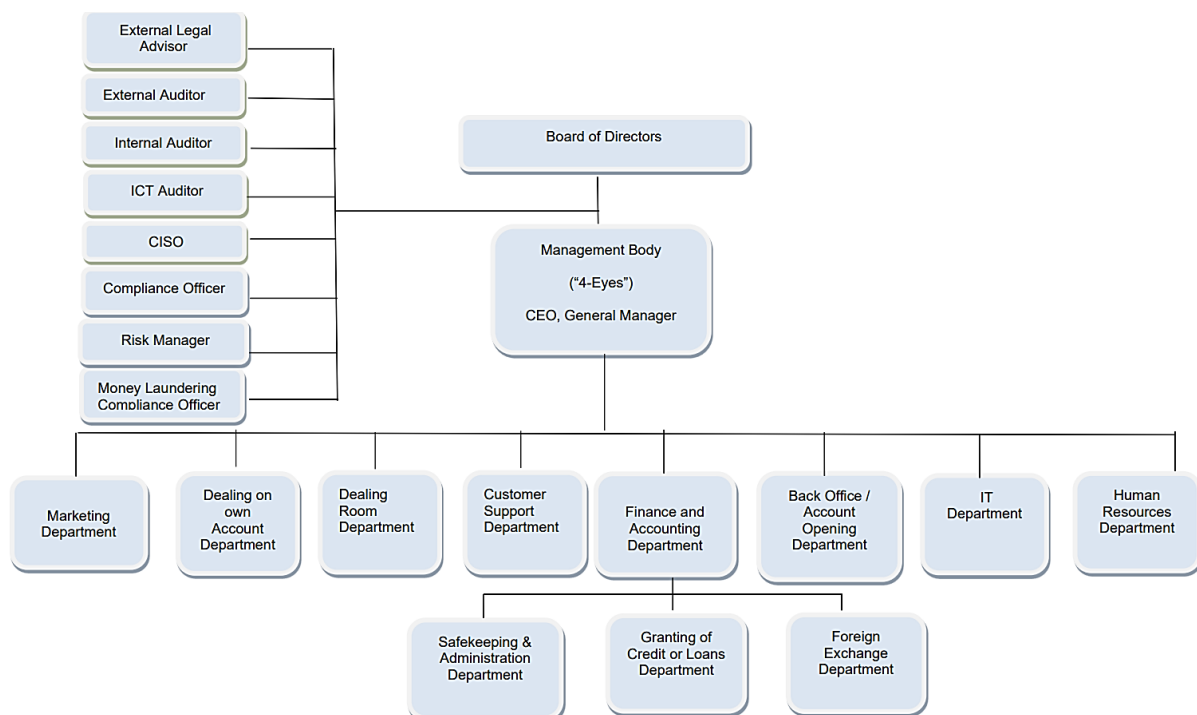
2. CORPORATE GOVERNANCE

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 latest organizational structure 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, 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 2025, the Board comprised of two executive directors and two 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 not 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.

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. Analyse 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.

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 currently deem necessary the establishment of a specific Committee. However, should the need arise in the future, then the Company shall ensure the establishment of any relevant Committee.

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.

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 and the Board of Directors 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

Members of the Board of Directors must meet the following requirements:

1. Each member 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 an adequately broad 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. The Company shall consider appropriate limitations as required by the laws and regulations if it becomes significant in terms of size, nature, scope and complexity;
4. 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
5. 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 MiTrade EU Limitedtd and any other companies belonging to the same group, as at 30 June 2025. 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 2: Number of Directorships of the members of the Board of Directors*

Name of Director	Position	Number of Executive Directorships	Number of Non-Executive Directorships
Andreas Jacovides	Executive	1	-
Ying Panagiotou	Executive	1	-
Shifei Chen	Non-Executive Director	2	1
Andreas Kapsos	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 and Inclusion

The Company is committed to creating and maintaining a diverse, equitable, and inclusive workplace. The Company believes that a diverse workforce contributes to a more innovative and dynamic environment, fostering creativity, collaboration, and success.

The Diversity and Inclusion Policy outline the Company's dedication to creating an environment where all employees feel valued, respected, and empowered to contribute to the organisation's success. The policy applies to all employees, contractors, and applicants, regardless of their position within the organisation, and extends to the Company's interactions with suppliers, vendors, and other business partners, emphasizing the firm's commitment to diversity and inclusion throughout its business practices.

For this purpose, the Company is committed to providing equal employment opportunities to all employees and applicants for employment, regardless of race, colour, religion, sex, national origin, age, disability, or any other protected status, while also actively promotes an atmosphere where everyone feels valued, heard, and supported.

2.4.1 Management and Key Function Holders – Commitment to Diversity and Suitability

The Company's commitment to fostering diversity, equity, and inclusion extends to its Management Body and Key Function Holders. The Company recognises that diversity at the leadership level contributes to balanced decision-making, enhances risk awareness, and strengthens governance effectiveness. Accordingly, the Company seeks to ensure that its Management Body and Key Function Holders collectively possess a broad and balanced range of skills, professional experience, and perspectives that reflect the nature, scale, and complexity of the Company's operations. Factors such as gender, age, educational background, and professional expertise are considered alongside merit, integrity, and competence during selection and succession planning processes.

2.4.2 Suitability, Equal Opportunity and Governance Effectiveness

In alignment with the Company's Diversity and Inclusion Policy, all appointments to Management and

Key Function roles are made fairly, transparently, and based solely on merit, professional competence, and ethical conduct. The suitability assessment integrates both professional and personal attributes such as reputation, honesty, independence of mind, and time commitment while ensuring equal opportunity regardless of race, colour, religion, sex, national origin, age, disability, or any other protected status. By embedding these principles within its governance framework, the Company reinforces its commitment to a culture of inclusiveness, accountability, and respect, ensuring that its leadership reflects the diversity of thought and experience necessary for sustainable growth and regulatory compliance.

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 3: 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	Disclosures & Market Discipline Report	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 Form 165-03	External Auditor	Senior Management, Board, CySEC	Annually
10	'Prudential Supervision Information' Form 20-01	Risk Manager	Senior Management, Board, CySEC	Annually
11	(Recovery Plan)*	Risk Manager	Senior Management, Board, CySEC	Every Two Years
12	Resolution Templates (XBRL)	Risk Manager	Senior Management, Board, Resolution Authority (CBC)	Annually
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 compliance with the applicable regulatory capital requirements and to maintain healthy capital ratios to support its business. Further to the above,, as a **Class 2** investment firm, the Company shall at all times maintain own funds at least equal to 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 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 4: IF CC1.01 - Composition of regulatory own funds as at 30 June 2025

Common Equity Tier 1 (CET1) capital: instruments and reserves		Amounts €'000	Source based on reference numbers/letters of the balance sheet in the audited financial statements (EU IF CC2)
1	OWN FUNDS	1,487	
2	TIER 1 CAPITAL	1,487	
3	COMMON EQUITY TIER 1 CAPITAL	1,487	
4	Fully paid up capital instruments	0.2	1 (Shareholder's equity)
5	Share premium	1,376	2 (Shareholder's equity)
6	Retained earnings	(3,450)	4 (Shareholder's equity)
7	Accumulated other comprehensive income		N/A
8	Other reserves	3,560	3 (Shareholder's equity)
9	Minority interest given recognition in CET1 capital		N/A
10	Adjustments to CET1 due to prudential filters		N/A
11	Other funds		N/A

12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		N/A
13	(-) Own CET1 instruments		N/A
14	(-) Direct holdings of CET1 instruments		N/A
15	(-) Indirect holdings of CET1 instruments		N/A
16	(-) Synthetic holdings of CET1 instruments		N/A
17	(-) Losses for the current financial year		N/A
18	(-) Goodwill		N/A
19	(-) Other intangible assets		N/A
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities		N/A
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		N/A
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		N/A
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment		N/A
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment		N/A
25	(-) Defined benefit pension fund assets		N/A
26	(-) Other deductions		N/A
27	CET1: Other capital elements, deductions and adjustments	(0)	5 (Assets)
28	ADDITIONAL TIER 1 CAPITAL		
29	Fully paid up, directly issued capital instruments		N/A
30	Share premium		N/A
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		N/A
32	(-) Own AT1 instruments		N/A
33	(-) Direct holdings of AT1 instruments		N/A
34	(-) Indirect holdings of AT1 instruments		N/A
35	(-) Synthetic holdings of AT1 instruments		N/A
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment		N/A
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment		N/A
38	(-) Other deductions		N/A
39	Additional Tier 1: Other capital elements, deductions and adjustments		N/A
40	TIER 2 CAPITAL		
41	Fully paid up, directly issued capital instruments		N/A
42	Share premium		N/A
43	(-) TOTAL DEDUCTIONS FROM TIER 2		N/A
44	(-) Own T2 instruments		N/A
45	(-) Direct holdings of T2 instruments		N/A

46	(-) Indirect holdings of T2 instruments		N/A
47	(-) Synthetic holdings of T2 instruments		N/A
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment		N/A
49	(-) T2 instruments of financial sector entities where the institution has a significant investment		N/A
50	Tier 2: Other capital elements, deductions and adjustments		N/A

**According to the 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).*

3.2. Main features of capital instruments

The Company's capital instruments' main features are outlined below:

Table 5: EU IF CCA - Main features of own instruments issued by the firm

No	Item	CET1 Capital
1	Issuer	MiTrade EU Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	984500B43D4563IE0X96
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)	1.376121
7	Nominal amount of instrument	€200
8	Issue price	Various ¹
9	Redemption price	N/A
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	09/10/2023
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
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
	<i>Coupons / dividends</i>	
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)	Fully discretionary
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
22	Existence of step up or other incentive to redeem	No

¹ 100 ordinary shares at EUR 1.00 each and 100 ordinary shares at EUR 13,760.21 each.

23	Non-cumulative 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

As at the 30 June 2025, the reconciliation of Company's assets and liabilities and regulatory Own Funds is shown in the following table:

Table 6: 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 €'000	Cross reference to EU IF CC1
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Property, plant and equipment	65	N/A
2	Right-of-use assets	113	N/A
3	Trade and other receivables	251	N/A
4	Cash and cash equivalents	1,421	N/A
5	Cash Buffer	0	Ref. 27
	Total Assets	1,850	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Other payables	232	N/A
2	Lease liabilities	131	N/A
	Total Liabilities	363	
Shareholders' Equity			
1	Share Capital	0.2	Ref. 4
2	Share Premium	1,376	Ref. 5
3	Other Reserves	3,560	Ref. 8
4	Retained Earnings	(3,450)	Ref. 6
	Total Shareholders' equity	1,487	

4. PRUDENTIAL REQUIREMENTS

4.1. Own Funds Requirement

The Company, as a **Class 2** investment firm shall at all times maintain own funds at least equal to the highest of the following:

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

4.1.1. Initial Capital Requirement

The Company's initial capital requirement, as per Title III of the Law is €750k.

4.1.2. Fixed Overheads requirement

The fixed overheads requirement (FOR) is intended to calculate a minimum amount of capital that a CIF would need available to absorb losses if it were to wind-down or exit the market.

It is calculated as the one quarter of the fixed overheads of the preceding year in accordance with the provision of Article 13 of IFR.

The Company's fixed overheads requirement as at 30 June 2025 amounted to €426k

4.1.3. K-Factors Requirement

The Company calculates its K-factor capital requirement as the sum of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF').

Risk to Client

The RtC 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 from an 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.

The Company is not subject to this K-factor as it is not licenced to provide Portfolio Management or Investment Advice investment services.

K-CMH: Clients Money Held

K-CMH captures the risk of potential for harm where an investment firm holds the money of its clients, 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 is the amount of client money that an investment firm holds or controls. It excludes client money that is deposited on a (custodian) bank account in the name of the client itself, where the investment firm has access to these client funds via a third-party mandate (on a segregated or non-segregated basis).

As at 30 June 2025, the K-CMH was €162.

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 its own balance sheet or in third-party accounts.

The Company did not hold any clients' assets as at 30 June 2025 and is therefore not subject to the risk relating to this K-factor.

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.

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

The RtM is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market prices. Market risk arises from the Company's exposures in financial instruments and comprises of equity risk, foreign exchange risk and commodity risk.

K-NPR: Net Position Risk

The Company calculates 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 Title IV of Part Three of Regulation 575/2013 ('CRR').

The Company is exposed to market risk resulting from exposure to:

- FX Risk;
- Commodity Risk; and
- Equity Risk;

As at 30 June 2025, the K-NPR capital requirements amounted to €176k

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 €157k emanating from a net foreign exchange exposure of €1,960k based on the latest relevant calculations of the Company's capital requirements as at 30 June 2025.

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 2025, the Commodities risk capital requirements due to commodities risk amounted to €15k.

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 is the Company's overall net position multiplied by 8%.

As at 30 June 2025, the market risk capital requirements, due to position risk in equities amounted to €4k.

Risk to Firm

The RtF captures the risk that could be inflicted on the Company. The K-factors under RtF capture the Company's exposure to their trading counterparties, the concentration risk in large exposures and the operational risk from 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.

The K-TCD as at 30 June 2025 as calculated based on the provisions of Articles 25 to 32 of the IFR amount to €2k.

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.

The Company monitors the level of exposures and may keep 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 2025, the Company did not have any exposures above the limit and, as such, the concentration risk requirement was zero.

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..

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.

As at 30 June 2025, the K-DTF was €139.

K-Factors Requirement Results

As at 30 June 2025, the Company's K-Factors Requirement is €178k as shown in the table below:

Table 7: K-Factors Results

Item	K-Factor Requirement €'000
TOTAL K-FACTOR REQUIREMENT	178
Risk To clients	0
<i>K-AUM</i>	-
<i>K-CMH (Segregated)</i>	0.16
<i>K-CMH (non-Segregated)</i>	-
<i>K-ASA</i>	-
<i>K-COH (Cash Trades)</i>	-
<i>K-COH (Derivative Trades)</i>	-
Risk to Market	176
<i>K-NPR</i>	176
<i>K-CMG</i>	-
Risk to Firm	2
<i>K-TCD</i>	2
<i>K-DTF (Cash Trades)</i>	-
<i>K-DTF (Derivative Trades)</i>	0.14
<i>K-CON</i>	-

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:

$$\frac{\text{Common Equity Tier 1 Capital}}{D} \geq 56\%$$

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

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

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

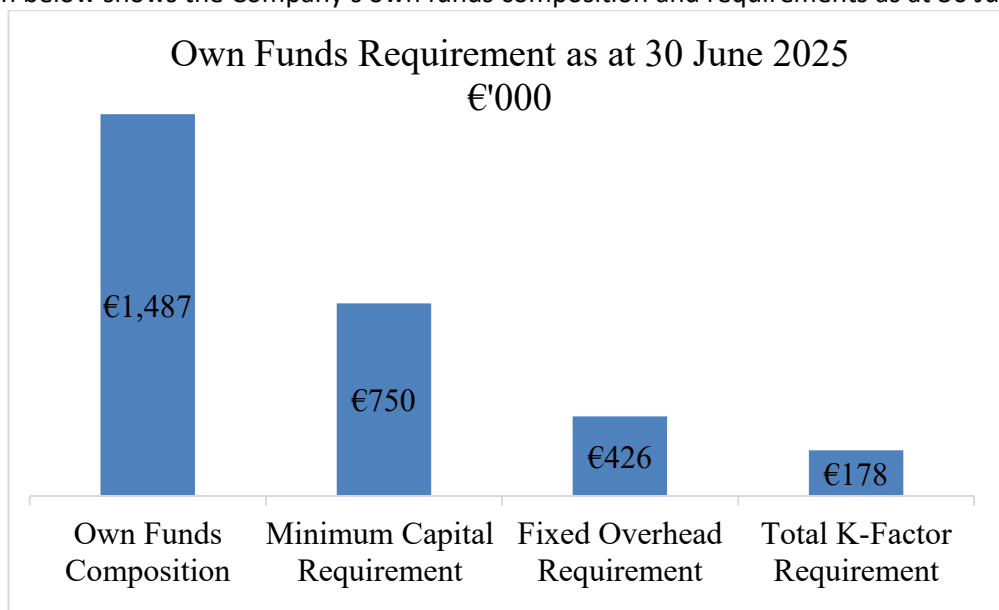
The Company's own funds, own funds requirement and capital ratio reported as at 30 June 2025, were the following:

Table 8: Capital Adequacy Analysis

OWN FUNDS COMPOSITION		€'000
Total Own Funds		1,487
OWN FUNDS REQUIREMENTS		€'000
Permanent Minimum Capital Requirement		750
Fixed Overheads Requirement		426
K-Factors Requirement		178
Own funds Requirement		750
CAPITAL RATIOS		
CET 1 (min. 56%)		198.20%
Surplus of CET1 capital		1,067
T1 (min. 75%)		198.20%
Surplus of AT1 capital		924
Total (min. 100%)		198.20%
Surplus of Total capital		737

As per the above results, the Company as at 30 June 2025 maintains adequate own funds to cover its capital requirements.

The graph below shows the Company's own funds composition and requirements as at 30 June 2025:



4.3. Liquidity Requirement

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. This requirement ensures that the firm has sufficient reserves of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets in cash to meet 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 one third (1/3) of the total fixed overheads requirement.

Table 9: Liquidity Requirements

Item	€'000
Liquid Assets	1,420
Liquidity Requirement	142
<i>Surplus of total liquid assets</i>	<i>1,278</i>

4.4. Reporting requirements

4.4.1. Quarterly Submissions

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

- Level and composition of own funds
- Own funds requirements
- Own funds requirement calculations
- Revenue breakdown by investment service and applicable K-factors
- Concentration risk
- Liquidity requirements

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.

Moreover, the Company is required to submit immediately to CySEC the prudential Form under exceptional reporting, when:

- the own funds of the CIF have decreased below its own funds requirement,
- the CIF's liquid assets are below its liquidity requirement, and
- 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 Capital Adequacy Reports.

4.4.2. Concentration risk requirements

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 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.

Further to the above, the Company's own corporate funds and clients' funds during the year ended 30 June 2025 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.

4.5. 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 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.

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.

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.

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.

Compliance Risk

Compliance risk is the risk that arises from potential violations of, or non-conformance with, the Law, Directives and Circulars issued thereof, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Company mainly to financial losses due to imposed fines from the Regulators. Compliance incidents may also lead to diminished reputation, reduced Company value, limited business opportunities, reduced expansion potential, and possible inability to enforce contracts. The probability of Compliance risk occurring is relatively low due to the detailed internal procedures and policies implemented by the Company and regular reviews by the Internal Auditors. The structure of the Company is such to promote clear coordination of duties and the management consists of individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the Board meets at least annually to discuss such issues and any suggestions to enhance compliance are implemented by management.

Information Technology Risk

Information Technology (hereinafter, "IT") risk could occur as a result of inadequate information technology and processing, or 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, 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.

5. INTERNAL CAPITAL ADEQUACY AND RISK ASSESSMENT PROCESS

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. The ICARA Report is prepared annually by the Risk Manager and approved by the Board of Directors.

6. REMUNERATION POLICY AND PRACTICES

The Company has established a remuneration policy to set out the remuneration practices of the Company.

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. It is gender-neutral and supports the equal treatment of staff of all genders.

The design of the remuneration policy is approved by the Board of the Company, after taking advice from the compliance function, and implemented by appropriate functions to promote effective corporate governance. The Board is 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 remuneration 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 remuneration 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.

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 necessary the establishment of a specific remuneration committee. Remuneration practices are currently set by 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 fixed remuneration (including fixed supplements) and variable remuneration (performance-based remuneration)

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 the 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.

Variable Remuneration

The variable remuneration is a performance-based remuneration which motivates, and rewards staff members based on their results in relation with 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.

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 ensures 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.

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 ensures 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 the Executive and non-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 10: Remuneration split of staff whose activities have a material impact on the risk profile of the Company

Position	Annual Remuneration as at 30 June 2025			
	No. of Beneficiaries	Fixed Remuneration €	Variable Remuneration €	Aggregated Remuneration €
Senior Management <i>(incl. executive and non-executive directors, department heads)</i>	11	465,115	71,880	536,995
Other Staff	10	135,416	11,752	147,168
Total	21	600,531	83,632	684,163

The variable to fixed remuneration ratio as at 30 June 2025 was 14%.

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).

During the year there were no deferred remuneration, sign-on or severance payments.

7. 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
50 (d)	Fixed overheads requirement.	4.1.2

<i>Remuneration policy and practices</i>		
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