

HF Markets

HF Markets (Europe) Ltd

Address: Office 601, Nicolaides Shopping City, Angelos Court,
84 Spyrou Kyprianou Avenue & Papanikoli, 6052 Larnaca, Cyprus
T: +357 24400165 **F:** +357 24023093 **E:** info@hfeu.com **W:** www.hfeu.com

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HF Markets (Europe) Ltd

(CIF Licence No. 183/12)

Pillar III Disclosures and Market Discipline Report

May 2026

DISCLOSURE

The Pillar III Disclosure and Market Discipline Report for the year 2025 has been prepared by HF Markets (Europe) Ltd as per the requirements of Regulation (EU) No. 2019/2033 issued by the European Commission and the Law 165(I)/2021 issued by the Cyprus Securities and Exchange Commission.

HF Markets (Europe) Ltd states that any information that was not included in this report was either not applicable on the Company's business and activities -OR- such information is considered as proprietary to the Company and sharing this information with the public and/or competitors would undermine our competitive position.

*HF Markets (Europe) Ltd is regulated by the Cyprus Securities and Exchange Commission under License number **183/12**.*

Contact Us

Address	84 Spyrou Kyprianou & Papanikoli Nic. Shopping City Ang. Court, Floor 6/Office 601 Larnaca 6052, Cyprus
Telephone	+357-24-400561
Fax	+357-24-023093
Web site	www.hfeu.com/
Email	support@hfeu.com

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1. Introduction

1.1. Scope and Purpose of the Report

This report has been prepared in accordance with the requirements of Part Six of Regulation (EU) No 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements for credit institutions and investment firms (the “Regulation”) and paragraph 37(a) of the Law 165(I)/2021 of the Cyprus Securities and Exchange Commission (the “CySEC”) for the Prudential Supervision of Investment Firms of 5 November 2021 (the “Law 165(I)/2021”). It relates to the year ended 31 December 2025 and is prepared on an individual (solo) basis.

According to Part Six of the IFR, the Company is required to disclose through this report the following information:

- a) risk management objectives and policies for each separate category of risk set out in Parts three, four and five in accordance with Article 46 of IFR including a summary of the strategies and processes to manage those risks;
- b) description of governance arrangements including the number of directorships held by members of the management body, policy on diversity and set up of risk committee where applicable;
- c) own funds – 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 investment firm;
- d) own funds requirements including a summary of the investment firm’s approach to assessing the adequacy of its internal capital to support current and future activities, K-factor requirement and fixed overhead requirement
- e) remuneration policy and practices including aspects related to gender neutrality and the gender pay gap, for those categories of staff whose professional activities have a material impact on investment firm’s risk profile, in accordance with Article 46 of IFR.

1.2.Regulatory Framework

The regulatory framework is based on three 'Pillars':

- Pillar 1 covers the minimum regulatory capital and liquidity requirements.
- Pillar 2 covers the process of evaluation by investment firms of their capital to check if it suffices to cover specific risks that are not fully captured under Pillar 1. Pillar 2 also covers the Supervisory Review and Evaluation Process whereby the regulator assesses the internal capital adequacy and risk assessment processes of regulated institutions.
- Pillar 3 covers transparency and relates to the obligation of investment firms to publicly disclose information with respect to prudential requirements, risk management objectives and policies and principles of the remuneration policy.

1.3.Corporate Information

HF Markets (Europe) Limited (the "Company") is authorized and regulated by the Cyprus Securities and Exchange Commission to operate as a Cypriot Investment Firm ("CIF") under the license number 183/12.

The Company's CIF authorisation was granted on the 20th of November 2012 and it was activated by the Company on the 6th of March 2013. On the 12th of July 2013, the Company's CIF authorisation was amended to include the investment service of investment advice and on the 16th of January 2014 it was amended to include the ancillary service of foreign exchange services where these are connected to the provision of investment services. The latest extension of the Company's license was on 21 January 2016, when the licenses for the investment services portfolio management and dealing on own account were granted as well as the license for the ancillary service of investment research.

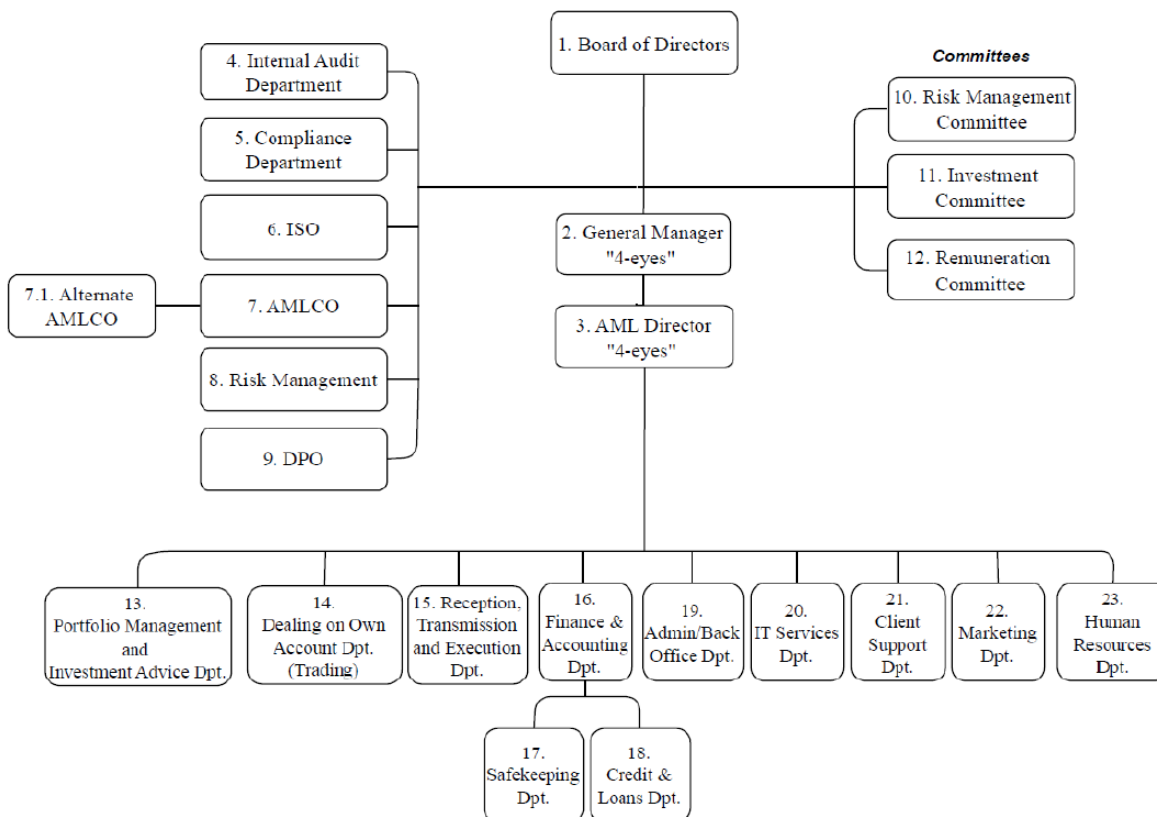
Up until 19 September 2025, the Company acted as an execution venue for its fellow subsidiaries, HF Markets (DIFC) Ltd, HF Markets (UK) Ltd, HFM Investments Ltd, and HF Markets SA (Pty) Ltd. From 20 September 2025 onwards, these subsidiaries will be served through HF Markets Ltd. Furthermore, as of 20 September 2025, the Company

discontinued servicing all EU retail clients, and, moving forward, will exclusively serve institutional clients, starting with HF Markets Ltd.

The Company currently offers the following investment and ancillary services, as per the Investment Services and Activities and Regulated Markets Law (hereafter the “Law”):

Investment Services	Ancillary Services
Reception and transmission of orders in relation to one or more financial instruments	Safekeeping and administration of financial instruments, including custodianship and related services
Execution of Orders on Behalf of Clients	Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
Dealing on Own Account	Foreign exchange services where these are connected to the provision of investment services
Portfolio Management	Investment research and financial analysis or other forms
Investment Advice	

The organizational structure of the Company is as follows:



Classification and prudential requirements

The Investment Firms Directive (EU) 2019/2034 (“IFD”) and the Investment Firm Regulation, Regulation (EU) 2019/2033 (“IFR”) entered into force on 26 July 2021, introduces a new classification system for investment firms based on their activities, size, systemic importance and group connections. The capital adequacy calculation requirements of an investment firm are based on its classification. The categories of classification are: a) Class 1 for the large investment firms that remain subject to the CRR and CRD IV, b) Class 2 for the investment firms that do not fulfil the requirements for Class 1 and Class 3 and are subject to the full prudential IFR/IFD regime and c) Class 3 for the small and non-interconnected investment firms which are also subject to the new regime but can benefit from various exemptions.

The Company is classified as Class 2 investment firm and is subject to the full prudential requirements set out in IFR and IFD.

1.4.Frequency and Means of Disclosures

The Company shall publish the disclosures required under the regulatory framework on an annual basis. The date of publication of the disclosures shall be in line with the date of publication of the annual Audited Financial Statements, unless otherwise permitted by CySEC. The frequency of the disclosures shall be reviewed whenever there is a material change in the characteristics of the Company's business structure, the approach used for the calculation of capital or regulatory requirements.

The Company shall publish the Pillar 3 disclosures on its website(s) through which it provides its services. The exact location of the disclosures shall be determined by Management and, unless otherwise specified, the disclosures shall be available in the "About Us" section of the website(s) under the "Regulatory Environment" page.

1.5.Verification of Disclosures

The Company's Pillar 3 disclosures is reviewed and approved by the Company's Board of Directors and has been prepared in accordance with the Company's internal control processes. The Company has assigned its independent auditors to review its Pillar 3 disclosures.

The Company shall submit the external auditors' verification report to CySEC the latest within five months from the end of each financial year.

1.6.Material, Non-Proprietary and Non-Confidential Information

In its Pillar 3 disclosures, the Company provides information, which is regarded as material, non-proprietary and non-confidential. In particular, the Company shall disclose information relevant to its governance arrangements and remuneration policy and practices, without prejudice to the provisions of the Processing of Personal Data (Protection of Individual) Law, to the extent required under the Regulation.

2. Governance Arrangements

2.1. Board of Directors

The Board of Directors has the overall responsibility for the Company's risk appetite and the establishment and supervision of the risk management framework. The Board assesses and periodically review the effectiveness of the Company's policies, arrangements and procedures to ensure that it complies with the obligations under the Law, and to take appropriate measures to monitor, manage and mitigate the risks. The Board is responsible for monitoring the internal control mechanisms of the Company to enable prevention of activities outside the scope and strategy of the Company and the prevention of any unlawful transactions, the identification of risks and the timely and adequately flow of information.

As at 31/12/2025, the Board of Directors comprises of 2 Executive Directors and 3 Non-Executive Directors (1 Dependent and 2 Independent). The Executive Directors take part in the day-to-day operation of the Company and, as appropriate, in the provision of investment services. The Non-Executive Directors monitor the operations of the Company and participate in the various meetings of the Board.

Recruitment

Directors are appointed based on their skills, knowledge, and experience. Also, the Directors must be of sufficient good repute, have integrity, morals and credibility and they need to be able to commit the necessary time and effort to perform their assigned responsibilities. In addition, Directors need to have demonstrated sound business judgment and act with independence of mind during decision making, acting to the best interest of the Company as a whole. It is noted that the appointment of the members of the Board of Directors is subject to the prior approval of CySEC following the "Fit and Proper" assessment.

Diversity

Diversity is increasingly seen as an asset to organizations and linked to better economic performance. It is an integral part of how the Company does business and imperative to commercial success.

The Company recognizes the value of a diverse and skilled workforce Board of Directors, which includes and makes use of differences in the age, skills, experience, background, race and gender between directors. A balance of these differences is considered when determining the optimum composition of the Board of Directors without jeopardizing the best interests of the Company.

The Company considers that the Board currently has a balanced and diverse range of skills, background, knowledge and experience and it aims to have board members with knowledge and experience in operational, corporate governance, financial, IT, software development, risk management, compliance, legal, marketing and sales matters.

The members of the Board collectively possess adequate knowledge, skills and experience to be able to understand the Company's activities, including the principal risks.

Number of Directorships

The Company considers the provisions of the regulatory framework based on which the number of directorships which may be held by a member of the board of directors at the same time shall take into account individual circumstances and the nature, scale and complexity of the Company's activities.

The Company acts in line with the above mentioned regulatory requirement, taking into consideration the principle of proportionality. The executive members of the Board of Directors do not hold any other directorship in another company regulated by CySEC.

The table below indicates the number of directorships held by the members of the Board:

Name	Position in HF Markets (Europe) Ltd	Executive Directorships	Non- Executive Directorships
Andreas Christofi	Executive Director	1	0
Andreas Zakou	Executive Director	1	0
Georgios Koumantaris ¹	Dependent, Non-Executive Director	3	1
Michalis Ioannides	Independent, Non-Executive Director	1	1
Chrystalla Neofytou	Independent, Non-Executive Director	1	3

Table 1 Directorships Summary

¹Mr. Georgios Koumantaris resigned from his position as Non-Executive Director on 2 January 2026.

Notes on Directorships:

- Executive or non-executive directorships held within the same group shall count as a single directorship, as per the provisions of Section 9(5) of the Law. Directorships in organisations which do not pursue predominantly commercial objectives shall not count.

2.2. Risk Management Committee

The Risk Management Committee of the Company is established to advise the Board on the overall strategy and appetite to current and future risks and assist the Board in overseeing the risk management arrangements and their implementation by the senior management.

In particular, the Risk Management Committee is responsible to:

- Scrutinize and decide on various risks associated with the operation of the Company with the view to increase the awareness of, formulate internal policies and measure the performance of the said policies in dealing with the risks associated with the operation of the Company
- Review the risk management policies and procedures in place
- Monitor and control the Risk Manager in the performance of his duties and the effectiveness of the Risk Management function

- Ensure that the Company has clear policy in respect of the assumption, follow up and management of risks duly notified to all interested parties or organizational units of the Company. Specifically, such policy shall ensure that all parties involved in the provision of investment services are aware of:
 - the particular features of each investment service, Financial Instrument, and risk inherent in the provision of the services in respect thereof
 - the interrelation between the volume of the projected returns and the gravity of the risks undertaken by the Company
- Consider, to the extent possible, risk factors affecting costs, the price at which competitors offer the same services, and the cost-benefit ratio for each service, and verify that such information is utilized by the Risk Management function in the carrying out of their duties
- Specifically, with respect to liquidity risk and market risk, review the policies of the Risk Management function on:
 - acceptable maximum risk assumption limits per class of risk
 - break down of such risk limits further where necessary, for example, per class of investment service or Financial Instrument, or Client or market
 - implementing stop loss-control limits
 - following up open positions within the approved limits
- Prior to expanding its operations to any new financial instruments or investment services, the Committee shall be satisfied that the Company incorporated such expansion projects into its strategic development plan, located and accurately assessed the inherent risks, by implementing the necessary risk management procedures, and resolving any legal issues associated with the execution of the relevant transactions as well as the issues relating to their monitoring
- Ensure the immediate tracking down and scrutiny of important abrupt changes in the Company's financial figures, procedures or personnel, as well as the regular control of the volume and causes underlying deviations between projections and corporate end results, as submitted to the Board, so as to enable the assessment of the performance of each of the Company's separate organizational units by reference to the set targets
- Approve Client and counterparty limits

- Examine whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings
- Review the ICARA of the Company and ensure the embedment of the ICARA within the Company's operations
- Approve policy description concerning information systems and monitor the information systems in place
- Appoint the responsible security user/super user for the provision of access rights to the various databases and monitor the security measures in place
- Establish a policy regarding the amount of information provided to Clients about the nature and risks of Financial Instruments according to the Client classification
- Maintain systematic supplier cooperation with the information services end-users in all phases of development, operation and evaluation of the information applications of the Company's systems
- Supervise the Business Continuity and Contingency Plans
- Ensure the adequate staffing of the ICT and Security team

The Risk Management Committee meets at least quarterly, unless the circumstances require extraordinary meetings. Extraordinary meetings can be called by any member of the Risk Management Committee, as well as by the Risk Manager. During 2025, the Risk Management Committee has met 8 times.

2.3. Reporting and Information Flow

In line with the requirements set out in the Law, the Company has been able to maintain a good information flow to the Management body, as it can be seen below:

Report	Description	Responsible Person	Recipients	Frequency
Compliance Report	To inform the Senior Management & the BoD of the Company regarding the Performance of Compliance function during the year	Compliance Officer	BoD, CySEC	Annual
Internal Audit Report	To inform the Senior Management & the BoD of the Company regarding the Internal Auditor findings during the year	Internal Auditor	BoD, CySEC	Annual
Risk Management Report	Represents the work & activities undertaken by the Risk Manager during the year	Risk Manager	BoD, CySEC	Annual
Pillar III Disclosures (Market Discipline and Disclosure)	The Company is required to disclose information regarding its risk management, capital structure, capital adequacy and risk exposures	Risk Manager	BoD, CySEC, Public	Annual
Financial Reporting	It is a formal record of the financial activities of the CIF	Finance and Accounting	BoD, CySEC	Annual
Annual Anti-Money Laundering Compliance Report	To inform the Senior Management & the BoD of the Company regarding the Performance of Anti-Money Laundering function during the year	AML/ Compliance Officer	BoD, CySEC	Annual
Capital Adequacy Reporting	A measure of the CIF's capital. It is expressed as a percentage and is used to monitor and promote the stability and efficiency of financial systems all over the world	Risk Manager / Accounting	BoD, Risk Committee, CySEC	Quarterly

Table 2 Reporting Summary

3. Risk Management Objectives and Policies

3.1. Risk Management Framework and Governance

The Company embedded a holistic investment firm-wide risk management framework extending across all its business lines and internal units, including internal control functions, recognising fully the economic substance of all its risk exposures including the risks the investment firm poses to itself, its customers and markets and liquidity risk in particular those which can have a material impact on or deplete the level of own funds available. The risk management framework encompasses all relevant risks with appropriate consideration of both financial (credit and counterparty credit risk, market risk, liquidity risk) and non-financial risks (compliance and legal risk, reputational risk etc).

The Company's risk management framework aims to create, implement and sustain policies, procedures, risk limits and risk controls ensuring adequate, timely and continuous identification, measurement or assessment, monitoring, management, mitigation and reporting of the risks at the business line. The risk management framework of the Company is based on the organisational and operational model, risk governance and risk culture and it has been developed to ensure that the level of capital maintained is in line with the risk appetite set by the Board of Directors. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Company's overall risk management framework is employed based on the three levels of defence model as follows:

- a) First line of defence: functions that own and manage risks (business function)
- b) Second line of defence: functions that oversee risk (risk management and compliance functions)
- c) Third line of defence: functions that provide independent assurance (internal audit and external audit functions)

The Company operates an independent risk management function which is responsible for the implementation of the risk management procedures and the control of the risks, ensuring that they are within the risk appetite set by the Board. The risk management function reports directly to the Risk Committee and the Board. The Board of Directors has the ultimate responsibility for the establishment and oversight of the risk management framework. The Board approves and periodically reviews the risk management procedures in place taking into consideration the Company's activities and business model. The Risk Management Committee's role is to advise the Board on the Company's overall risk appetite and strategy and assist the Board in overseeing the implementation of that strategy.

Risk Management Function

The risk management function is led by the risk manager, who is appointed by the Board of Directors to ensure that all risks taken by the Company are in compliance with the regulatory framework and the Company's obligations under that framework, and that all the necessary procedures, relating to risk management are in place. The risk manager reports to the Board of Directors and Senior Management of the Company.

Specifically, the Risk Manager is responsible for:

- Implementing the relevant provisions of the Law, relating to risk management issues
- Requiring sufficient information from all the relevant departments of the Company,
- Educating and training the personnel of the Company on risk-related issues
- Examining the financial results of the Company
- Analysing the market and its trends, from a risk management perspective
- Evaluating how the introduction of any potential new services or activities by the Company could affect the risk management framework of the Company
- Examining the capital adequacy and the exposures of the Company
- Drafting written reports to the Senior Management and to the Board including recommendations as well as indicating in particular whether the appropriate remedial measures have been undertaken in the event of any deficiencies, at least annually. These reports shall be presented to the Board and discussed during its meetings, at least annually

- Calculating, setting, reviewing, updating and monitoring Client and counterparty limits
- Managing the overall risks faced by the Company, with a particular focus on the Client side risks where fraud, dispute, Client identification and due diligence and funding/deposit risks are handled and monitored accordingly in coordination with the MLCO and the Administration/Back Office Department, as applicable
- Maintaining a record of all the Clients and counterparties risk and limits involved
- Recommending, providing and supervising policy description concerning information systems (including backup systems that can restore smooth operation in case of failure)
- Monitoring the provision of the ancillary service of granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
- With respect to liquidity risk and market risk:
 - defining acceptable maximum risk assumption limits per class of risk
 - breaking down the above risk limits further where necessary, for example, per class of investment service or Financial Instrument, or Client or market
 - implementing stop loss-control limits
 - following up open positions within the approved limits

Internal Audit Function

The internal audit function independently assesses and determine the key risks faced by the Company and how efficiently are managed.

The internal audit function performs annual reviews of the risk management policies and procedures in order to ensure that there is adequate planning, control and recording of all audit and review work performed, that there is timely reporting of findings, conclusions and recommendations to the Board of Directors, and that matters or risks highlighted in the relevant reports are followed up and resolved satisfactorily. The internal auditor reports directly to the Board of Directors through a written internal audit report prepared annually.

Compliance Function

The compliance function is responsible to establish, implement and maintain adequate and effective policies and procedures as well as appropriate systems and controls designed to detect any risk of failure by the Company to comply with its obligations. Further to this, the compliance function is responsible to, put in place such adequate measures and procedures designed to minimize such risk and to enable the competent authorities to exercise their powers effectively. The compliance officer reports to the Board of Directors of the Company on an annual basis.

The Compliance Officer is independent and has the necessary authority, resources, expertise and access to all relevant information.

Anti-Money Laundering Compliance Function

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

3.2. Risk Strategy and Risk Appetite

The Company's risk strategy is to manage risks effectively by adopting a strong risk management culture in combination with ensuring a substantial growth of the Company. The Company adopts a moderate risk profile through the establishment of an effective risk management framework through which sets the relevant rules to identify, manage, monitor and control its risks adequately.

The Board of Directors has defined the risk appetite level taking into consideration the Company's ability to take risks. The Company defines its risk appetite as the level of risk that the Company can accept according to its business strategy in order to meet its

strategic objectives. The risk strategy and appetite appropriately consider the risk tolerance and financial resources of the Company and take into account supervisory own funds and liquidity requirements and other supervisory measures and requirements. The risk appetite statement of the Company where the risk tolerance levels are defined is reviewed and approved, as part of the ICARA, by the Board of Directors at least on an annual basis.

With respect to the capital adequacy, the Company's objective is to maintain sufficient capital resources to cover its risks. The Company also ensures that the Capital Adequacy Ratio under Pillar 1 remains above the regulatory limits at all times.

3.3. Declaration of the Management Body

The Company's Board of Directors has the ultimate responsibility for the risk management framework of the Company, aiming to establish robust risk management practices in all areas of the business for the identification, assessment, monitoring and control of risks that could have a material impact on the Company's operations and capital adequacy.

In addition, the Board of Directors is responsible for the assessment and periodic review of effectiveness of the risk management framework in order to ensure that the level of risk faced by the Company is consistent with the Company's risk strategy and risk appetite and business objectives and that appropriate measures are taken where necessary to address any issues identified.

The Board of Directors considers that the Company has established effective risk management framework given the Company's overall risk profile and business strategy.

3.4. Internal Capital Adequacy and Risk Assessment

As per Article 24 of IFD, investment firms shall have in place 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. Such arrangements, strategies and processes should be part of an internal capital adequacy and risk assessment process. The arrangements, strategies and processes shall be appropriate and proportionate to the nature, scale and complexity of the activities of the investment firm concerned and they shall be subject to regular internal review.

The Company carries out an Internal Capital Adequacy and Risk Assessment (“ICARA”) methodology and prepares its ICARA report at least annually. ICARA is a valuable risk management tool by which the Company identify and assesses its risk exposures, assesses the level of capital that adequately supports all the current and future risks of its business and perform forward looking stress testing scenarios aiming to test the resilience of the Company’s profitability and overall solvency position.

The ultimate responsibility of the Company’s stress testing policy rests with the Board of Directors. If the stress testing scenarios reveal vulnerability to a given set of risks, the management makes recommendations to the Board of Directors for mitigation measures or actions. The ICARA Report is reviewed and approved by the Board and the Risk Committee.

4. Principal Risks

This section outlines the Company’s policies and objectives for managing the key risks arising from its activities and operations, as well as the strategies, processes, and mechanisms it adopts to effectively manage and mitigate those risks in line with its level of risk tolerance.

4.1. Risk to Client

Risk to Client (“RtC”) is the risk covering the business areas of investment firms from which harm to clients can conceivably be generated in case of problems.

There are four K-factors under RtC:

- **K-AUM (Assets Under Management)** 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.
- **K-CMH (Client Money Held)** 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 whether arrangements exist to ensure that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm. As part of its business, the Company holds and safeguards funds on behalf of its customers, in order to enable them to perform transactions in financial instruments, and to this end, it is subject to the risk captured by this K-factor.
- **K-ASA (Assets Safeguarded and Administered)** 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 their own balance sheet or in third-party accounts. For the year under review, the Company's clients traded solely in CFD products, which due to their inherent nature are captured under K-CMH, thus this K-factor did not apply to the Company.
- **K-COH (Client Orders Handled)** 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. As per article 20 of IFR, COH shall exclude transactions executed by the investment firm in its own name either for itself or on behalf of a client. The Company executes all transactions under its own name. Therefore, the Company does not have COH and does not calculate K-COH. All transactions executed by the Company are captured under the requirement of K-DTF.

4.1.1. K-CMH

The Company holds client funds in the course of its normal business activities and complies with the client money rules set out in CySEC's Directive DI87-01 for the

Safeguarding of Client Assets, Product Governance Obligations and Inducements. Such funds are maintained in segregated client accounts, separate from the Company's own funds, and are treated in accordance with regulatory requirements to ensure they are not used for the Company's own account.

The Finance & Accounting Department, is responsible for overseeing compliance with the applicable regulations, ensuring proper segregation of funds, and verifying that client balances are accurately reconciled with internal records. In addition, the Company's external auditors perform annual reviews and report to CySEC on the adequacy of the arrangements in place to protect client assets and uphold clients' ownership rights.

4.2. Risk to Market

Risk to Market ("RtM") is the risk that an investment firm poses to the financial markets it operates in and the counterparties it trades with.

There are two K-factors that capture the principal risks under RtM:

- **K-NPR (Net Position Risk)** is based on the rules for Market Risk for positions in equities, interest rate financial instruments, foreign exchange and commodities and is calculated in accordance with the methodologies set out in Regulation (EU) No. 575/2013 ("CRR"). K-NPR captures the exposure to Market Risk, which is defined as the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The Company's exposure to Market Risk at any point in time depends primarily on short-term market conditions and client activities during the trading day. The Company is subject to Market Risk as a result of its trading activities where it acts as a counterparty to its clients' CFD transactions as well as from its on-balance sheet assets and liabilities that are denominated in a currency other than its reporting currency (the euro).
- **K-CMG (Clearing Margin Given)** - This is an alternative to K-NPR to provide for Market risk for trades that are subject to clearing as set out in Article 23 of IFR. CMG means the amount of total margin required by a clearing member or

qualifying central counterparty, where the execution and settlement of transactions of an investment firm dealing on own account take place under the responsibility of a clearing member or qualifying central counterparty. This K-factor was not applicable to the Company for the year ended 31 December 2025.

4.2.1. K-NPR

- **Foreign Exchange Risk**

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Due to its business model, the Company's exposure to Foreign Exchange Risk arises due to the Company's spot positions in currencies other than the reporting currency (i.e. the Euro).

- **Commodities risk**

Commodities risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be oil, metals, gas, electricity etc.

- **Position risk**

Position risk refers to the probability of loss associated with a particular trading (long or short) position due to price changes.

The Company considers that it has significant exposure to foreign exchange risk which arises from the foreign exchange conversions of assets and liabilities denominated in a currency different than euro, which is the reporting currency of the Company. The Company monitors its exposure to foreign exchange risk on a continuous basis.

In line with the above, the Company has policies to minimize its market risk exposures which are in accordance with the CRR. In particular it follows mitigation strategies in order to minimize the possibility of occurrence of this risk, such as:

- Hedging strategy
- Stop Loss - Limits on trading

- Margin Calls
- Monitoring and controlling effective leverage
- Ongoing monitoring of Market Risk

4.3. Risk to Firm

Risk to Firm ('RtF') is the risk that an investment firm faces through its trading activity and market participation.

There are three K-factors under RtF:

- **K-TCD (Trading Counterparty Default)** captures the Counterparty Credit Risk arising from an investment firm's exposure to the default of its trading counterparties for specified Trading Book transactions. In particular, TCD means the exposures in the Trading Book of an investment firm in specific instruments and transactions (includes positions with both clients and liquidity providers), giving rise to the risk of trading counterparty default. During 2025, the Company underwent changes to its operating and client servicing model, including the discontinuation of servicing all EU retail clients and moving forward will exclusively serve institutional clients. As at 31 December 2025, the Company was not subject to K-TCD risk, as it did not have any open trades at that date.
- **K-DTF (Daily Trading Flow)** captures the Operational Risk related to the value of trading activity that an investment firm conducts. It reflects the risk of transactions that an investment firm enters through dealing on own account or executing orders on behalf of clients in its own name.
- **K-CON (Concentration Risk)** seeks to apply additional own fund requirements to manage concentration to a single counterparty or an issuer of financial instruments, or to a group of connected counterparties/issuers to which an investment firm incurs Trading Book exposures, and which exceed prescribed limits. As at 31 December 2025 the prescribed K-CON limits were not exceeded. Hence, the Company considers that its exposure to this K-factor for the referenced period was maintained at low levels.

4.3.1. K-TCD

Throughout the year, the Company ensured that counterparties maintained an appropriate credit history and continuously monitored the ageing profile of its receivables. In addition, cash balances were held with high credit quality financial institutions, while policies and procedures were maintained to limit the level of credit exposure to any single financial institution.

4.3.2. K-DTF

Operational risk is the risk of loss arising from inadequate or failed internal procedures, human behaviour and systems or from external events. Operational risk is one of the major risks that the Company is facing where errors, fraud or disruptions to systems and services can have monetary or reputational cost. In particular, the Company is exposed to third party dependency risk, mainly from its dependency to its Liquidity Providers, as well as to availability of data risk, since its type of business is highly dependent on information extracted from its systems and in unexpected cases where such information might become unavailable or lose its integrity, the Company's business may be severely affected.

The Company has policies and procedures in place for monitoring and mitigating its exposure to operational risk, including due diligence procedures for its counterparties as well as procedures for their regular assessment to ensure that its third parties are of high credit standard and have reliable IT systems for delivering their services.

The management of operational risk is geared towards:

- Maintaining a strong internal control governance framework.
- Managing operational risk exposures through a consistent set of processes that drive risk identification, assessment, control and monitoring.

In line with the above, the Company implements the below mitigation strategies in order to minimize its operational risks and to develop risk awareness and culture:

- Provide adequate information to the Company's management, in all levels, in order to facilitate decision making for risk control activities.

- Implement a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives.
- Implement improvements on productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value.
- Establish a “four-eye” structure and board oversight. This structure ensures the separation of power regarding vital functions of the Company namely through the existence of a Senior Management. The Board further reviews any decisions made by the Management while monitoring their activities.
- Implement improvements on its methods of detecting fraudulent activities.
- Updating its business contingency and disaster recovery plan.
- Use insurance for Professional Indemnity.

Finally, the Senior Management employs specialized tools and methodologies to identify, assess, mitigate and monitor operational risk. These specialized tools and methodologies assist operational risk management to address any control gaps. To this effect, the following are implemented:

- Incident collection
- Key Risk Indicators
- Business Continuity Management
- Training and awareness

4.3.3. K-CON

The Company has procedures in place to continuously monitor its exposures to clients/counterparties adherence to all applicable large exposures limits to ensure prompt and proactive action is taken to prevent breaching the limits. These include the diversification of the Company's exposures to various credit institutions established in different countries within European Union, the review and assessment on frequent basis of their performance and credit quality, the establishment of counterparty and country limits, the ongoing monitoring of the ageing profile of its receivables as well as the daily

monitoring of its exposures taking into account the large exposure limits. In case of large exposure identified, the Company shall take all the appropriate measures for immediate diversification of the exposures and the risk.

4.4. Other risks

4.4.1. *Liquidity Risk*

Liquidity risk is defined as the risk that the Company will not be able to meet its financial obligations as they fall due.

For effective liquidity management, the Company has mitigating procedures in place by maintaining sufficient cash and other highly liquid current assets and by keeping the majority of its deposits in current accounts for immediate access. Overall, the Company's assets are readily available to meet urgent commitments. Also, the Company undertakes regular reviews of its liquidity to ensure that there is sufficient level of liquidity and that the regulatory liquidity requirements under Article 43 of IFR are met at all times. The Company has no long-term debt.

4.4.2. *Business Risk*

Business risk is the risk that may cause inadequate profits or even losses to the Company. The business risk of the Company is affected by the Company's risk strategy and profile.

The Company's Management have the ultimate responsibility to decide on the actions and measures that support the Company and its business.

4.4.3. *Reputational Risk*

Reputational risk is the risk of loss resulting from damages to the Company's reputation.

The Company has established sufficient policies and procedures for the monitoring and management of publicised information about the Company as well as the complaints handling and the marketing and advertising policies. More specifically, the Compliance

Function is responsible to review and approve all marketing material before distributed to the public and also to ensure that clients' complaints are sufficiently and timely addressed to the clients' best satisfaction. The Compliance Function also ensures that all regulatory requirements are adhered to minimising the possibility of any fines. In general, the Company's objective is to maintain a good reputation and avoid any events that could give rise to reputational risk.

4.4.4. Political Risk

Political risk is the risk that may affect the Company's business and profitability, as a result of unfavourable political changes or instability in country, where the Company has significant operations. Instability could stem from a change in government, legislation, taxation, other foreign policymakers or a general political problem.

4.4.5. Compliance and Legal Risk

Compliance risk corresponds to the risk of legal, administrative or disciplinary sanctions or material financial losses, arising from failure to comply with the provisions governing the Company's activities.

Compliance means acting in accordance with applicable regulatory rules, as well as professional, ethical and internal principles and standards. Fair treatment of customers, with integrity, contributes decisively to the reputation of the Company.

The Compliance and Risk Management teams monitor and manage the compliance and legal risk. They ensure that the Company has policies and procedures in place to comply with laws, regulations and principles applicable to the Company and that all staff respect the codes of good conduct and individual compliance. Also, Independent compliance "policies" have been set up within the Company's different business lines to identify and prevent any risks of non-compliance.

Compliance and legal risk are limited to a significant extent due to the intense supervision and monitoring controls applied by Compliance and Risk Management teams.

5. Own Funds

The Company's policy is to maintain a strong capital base in order to meet the regulatory capital requirements and support its business. As at 31 December 2025, the Company's eligible own funds consisted solely of Common Equity Tier 1 capital (CET1). The Company's CET1 comprises of share capital, share premium, other reserves and retained earnings (including audited profits for the period, less intangible assets and contribution to the Investor Compensation Fund). There was no Tier 2 capital.

As at 31 December 2025, the Company's share capital comprised 247,000 ordinary shares with a nominal value of €1 each.

This disclosure has been prepared based on the format set out in Annex VI of the Commission Implementing Regulation (EU) 2021/2284 which lays down implementing technical standards for the application of IFR with regard to the disclosure of own funds by investment firms. The table below presents a reconciliation between the regulatory capital and the balance sheet in the audited financial statements.

Template EU IF CC1.01 – Composition of regulatory own funds (only applicable rows are presented in the template)

EUR 000's		(a)	(b)
		Amounts	Cross Reference to EU IF CC2
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	OWN FUNDS	7,142	
2	TIER 1 CAPITAL	7,142	
3	COMMON EQUITY TIER 1 CAPITAL	7,142	
4	Fully paid-up capital instruments	247	Ref. 1 (Shareholder's Equity)
5	Share premium	4,223	Ref. 2 (Shareholder's Equity)
6	Retained earnings	3,240	Ref. 3 &Ref. 4 (Shareholders' Equity)
8	Other reserves	(462)	Ref. 3 &Ref. 4 (Shareholders' Equity)
12	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(1)	Ref. 3 (Assets)
19	(-) Other intangible assets	(1)	Ref. 3 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(105)	Ref. 5 &Ref. 10 (Assets)

Table 3 EU IF CC1.01 - Composition of regulatory own funds

Deductions from own funds

Deductions from CET1 capital are the following:

- a) EUR 105k, representing the contributions to the Investors' Compensation Fund ("ICF"), as per Circulars C162 and C334 of the CySEC; and
- b) EUR 1k of intangible assets relating to the Company's computer software.

Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below presents the reconciliation of regulatory own funds of the Company and balance sheet in the audited financial statements. Rows are reported in line with the balance sheet included in the audited financial statements of the Company. Column (b) in the template is omitted because the Company meets the obligations laid down in Part Six of IFR on an individual basis.

Template EU ICC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

EUR 000's		a	b
		Balance sheet as in audited financial statements As at year end	Cross reference to EU IF CC1
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Property and equipment	410	
2	Right-of-use assets	115	
3	Intangible assets	1	Ref. 19
4	Financial assets at fair value through profit or loss	81	
5	Financial assets at fair value through profit or loss (Investors Compensation Fund)	85	Ref. 27
6	Trade and other receivables	6,938	
7	Financial assets at amortised cost	26	
8	Refundable taxes	159	
9	Cash at bank and other cash equivalents (other)	1,629	
10	Cash at bank and other cash equivalents (Additional Cash Buffer)	20	Ref. 27
11	Total Assets	9,464	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Lease liabilities	117	
2	Trade and other payables	2,099	
4	Total Liabilities	2,216	
Shareholders' Equity			
1	Share capital	247	Ref. 4
2	Share premium	4,223	Ref. 5
3	Other reserves	1,308	Ref. 6 & Ref. 8
4	Retained earnings	1,470	Ref. 6 & Ref. 8
5	Total Shareholders' equity	7,248	

Table 4 EU ICC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

Template EU I CCA: Own funds: main features of own instruments issued by the firm

The table below presents a description of the main features of own instruments issued by the Company.

EUR 000's		a
1	Issuer	HF Markets (Europe)Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier)	213800AOQIBJ1GVZJL53
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
6	Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	EUR 4,223 thousand
7	Nominal amount of instrument	EUR 247 thousand
8	Issue price	EUR 1 per share
9	Redemption price	N/A
10	Accounting classification	Equity
11	Original date of issuance	Multiple
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
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>	N/A
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A

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	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	N/A
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

6. Own Funds Requirements

The primary objective of the Company with respect to its capital management is to ensure that the Company complies with the capital requirements regulation imposed by the European Union and CySEC. Under this framework, the Company needs to monitor its capital base and maintain a strong capital adequacy ratio in order to be able to promote itself as a fully compliant and healthy Company, to support its business and maximize

shareholders' value. In this respect, the capital requirements should not be seen as a restriction of business but rather as proactive risk management imposed to help both the Company and its client base.

As per Article 24 of IFD, the Company shall have in place 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 Company itself is or might be exposed.

These arrangements, strategies and processes must be appropriate and proportionate to the nature, scale and complexity of the activities of the Company and also must be subject to regular internal review. The Company has in place the Internal Capital Adequacy Assessment Process. Based on Part Three of IFR, the Company shall at all times have own funds in accordance with Article 9 of IFR which amount to at least D, where D is defined as the highest of the following:

- a) Fixed overhead requirement calculated in accordance with Article 13 of IFR;
- b) Permanent minimum capital requirement in accordance with Article 14 of IFR; or
- c) K-Factor requirement calculated in accordance with Article 15 of IFR.

Based on Article 9 of IFR, the Company shall have sufficient own funds to meet the following condition at all times:

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

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

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

During the examined year, the Company continuously monitored its capital base and has fully complied with all capital requirements of IFR and CySEC directive.

The capital composition and the minimum capital requirements for the end of the year calculated under IFR are as follows:

Own Funds Composition as at 31.12.2025		€ 000's
Common Equity Tier 1 (CET 1) Capital		7,142
Additional Tier 1 (AT 1) Capital		-
Tier 1 Capital		7,142
Tier 2 Capital		-
Total Own Funds		7,142
Own Funds Requirement as at 31.12.2025		€ 000's
Own Funds Requirements		1,685
Permanent minimum capital requirement		750
Fixed overhead requirement		1,685
Total K-factor requirement		542
K-factor	Factor Amount	K-factor requirement
Risk to Client		5
Assets under management	1	0
Client money held – Segregated	1,163	5
Client money held – Non-segregated	n/a	n/a
Assets safeguarded and administered	n/a	n/a
Client orders handled – Cash trades	n/a	n/a
Client orders handled – Derivatives trades	n/a	n/a
Risk to Market		486
K-Net positions risk requirement	-	486
Clearing margin given	n/a	n/a
Risk to Firm		51
Trading counterparty default	-	-
Daily trading flow – Cash trades	n/a	n/a
Daily trading flow – Derivatives trades	506,330	51
K-Concentration risk requirement	-	-

Table 5 Own Funds Composition and Requirements

The Own Funds ratios calculated under IFR are as follows:

Own Funds Ratios as at 31.12.2025	€ 000's
CET1 Capital Ratio	423.92%
Surplus(+)/Deficit(-) of CET1 Capital	6,198
Tier 1 Capital Ratio	423.92%
Surplus(+)/Deficit(-) of Tier 1 Capital	5,878
Own Funds Ratio	423.92%
Surplus(+)/Deficit(-) of Total Own Funds	5,457

Table 6 Own Funds Ratios

As at 31 December 2025, the Company's Common Equity Tier 1 capital, Tier 1 capital and total Own Funds capital ratio stood at 423.92% which exceeds the regulatory minimum total capital ratio of 100%.

The Board as well as the Risk Manager, monitor the 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 manages its capital structure and makes adjustments to it in accordance with the changes in the economic and business conditions and the risk characteristics of its activities.

6.1. Permanent Minimum Capital Requirement

In accordance with Article 14 of IFR, the permanent minimum capital requirement of the Company shall amount to at least the levels of initial capital. As per Article 9 of IFD, the Company's initial capital shall amount to EUR 750,000.

6.2. Fixed Overheads Requirement

The fixed overhead requirement of the Company shall amount to at least one quarter of the fixed overheads of the preceding year. The Company uses the most recent audited annual Financial Statement after distribution of profits for the calculation of the fixed overhead requirement.

Fixed Overhead Requirement as at 31.12.2025	€ 000's
Fixed Overhead Requirement	1,685
Annual Fixed Overheads of the previous year after distribution of profits	6,738
Total expenses of the previous year after distribution of profits	11,859
Of which: Fixed expenses incurred on behalf of the investment firms by third parties	
(-) Total deductions	(5,121)

Table 7 Fixed Overhead Requirement

6.3. K-Factor requirement

The Company calculates its overall K-Factor requirement which is the sum of the three categories: Risk-to-Client (RtC), Risk-to-Market (RtM) and Risk-to-Firm (RtF), in accordance with Articles 16 through to 33 of the IFR.

As at 31/12/2025, our firm was exposed to:

Risk-to-Client	K-factor Requirement
K-AUM	0
K-CMH	5
K-ASA	N/A
K-COH	N/A
Risk-to-Market	K-factor Requirement
Total (NPR)	486
Position risk	-
Foreign exchange risk	486
Commodity risk	-
Risk-to-Firm	K-factor Requirement
K-TCD	-
K-DTF	51
K-CON	-

Table 8 K-Factor Requirement

6.4. Liquidity Requirement

As per Article 43 of IFR, Investment firms shall hold an amount of liquid assets equivalent to at least one third of the fixed overhead requirement (as per section 6.2 above).

During the year, the Company maintained liquid assets well above the liquidity requirement.

Liquidity Requirement as at 31.12.2025	€ 000's
Liquidity Requirement	562
Client guarantees	-
Total liquid assets	1,594
Unencumbered short term deposits	1,591
Total eligible receivables due within 30 days	-
Level 1 assets	3

Table 9 Liquidity Requirement

6.5. ICARA

The Internal Capital Adequacy and Risk Assessment (“ICARA”) methodology requires institutions to identify and assess risks, maintain enough capital to face these risks and

apply appropriate risk-management techniques to maintain adequate capitalization on an ongoing and forward-looking basis, i.e., internal capital supply to exceed internal capital demand.

In our latest ICARA report, no significant risk signals have been detected and the Company was adequately capitalised, with Pillar 2 Capital Requirement at 213.45%, however we remain diligent to mitigate any unexpected risks.

7. Remuneration Policy and Practises

The Company's Remuneration Policy aims to establish, implement and maintain remuneration practises that are consistent with the Company's business strategy and objectives as well as proportionate to its size, internal organisation and nature as well as to the scope and complexity of the activities of the Company. The Remuneration Policy also provides for sufficient incentives so as for the personnel of the Company to achieve the business targets, deliver an appropriate link between reward and performance whilst at the same time consists 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. The Remuneration policy is also designed to be consistent with the principle of equal pay for male, female and diverse workers for equal work or work of equal value. The Company applies equal pay without discrimination based on sex for any position.

The Company aims for a remuneration policy that is in line with its overall risk management policies and includes measures to avoid conflicts of interest and encourages prudent risk taking.

The Remuneration Policy is reviewed by the Compliance Function on an annual basis. Then, the Remuneration Policy is reviewed and approved by the Remuneration Committee and Board of Directors at least annually. The Company's remuneration arrangements represent a combination of a fixed salary, bonuses, overtime pay and commissions.

7.1. Remuneration Committee

The Company, taking into account its growing size, the internal organisation and nature, scope and the complexity of its activities, decided to establish and maintain a Remuneration Committee.

The Remuneration Committee is responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the Company, and which are taken by the Board of Directors. The Remuneration Committee consists of members of Senior Management. The Remuneration Committee when preparing decisions regarding remuneration, takes into consideration the long-term interests of shareholders, investors and any other stakeholders in the Company as well as the public interest.

The Responsibilities of the Remuneration Committee are as follows:

- a) Implementation and application of the remuneration policy to the Company and Company's employees;
- b) Review of the Remuneration Policy and practices and propose any updates thereof;
- c) Review the Sales and/or Retention Commission Agreements and propose any updates thereof;
- d) Discuss and prepare any decisions regarding the remuneration of employees, including decisions which have implications on the risk and risk management of the Company;
- e) Prepare recommendations of possible changes and/or amendments to the Remuneration Policy;
- f) Overview of the application of the Remuneration Policy to the Company's members.

The Remuneration Committee shall present its findings in a report to the Board. The latter shall decide upon the Remuneration policies of the Company, following the recommendations of the Remuneration Committee.

The Remuneration Committee meets at least annually, unless the circumstances require extraordinary meetings. Extraordinary meetings can be called by any member of the Remuneration Committee.

7.2. Design characteristics of the remuneration system

Fixed Remuneration

The Company's fixed remuneration is approved by the Board of Directors for all the relevant employees. It varies for different positions/roles depending on each position's actual functional requirements and is set at levels that reflect the educational level, experience, accountability, and responsibility needed for an employee to perform each position/role.

Benefits provided to the Company employees, such as health and social insurance protections, are not employee performance-related and are considered part of the fixed remuneration.

Variable Remuneration

The Company's remuneration system includes a variable component which includes cash bonuses, sales commission and overtime and holiday payments. The Company considers both quantitative and qualitative criteria for the determination of the variable component of remuneration. The annual bonus scheme is a fully discretion process informed by several performance metrics including individual's performance and Company's profitability. The annual bonus remuneration is awarded at the discretion of the Company and Senior Management and is decided and awarded after an annual performance appraisal by the relevant person and the approval of the Company's Executive Directors. The Company ensures that variable remuneration does not affect the Company's ability to ensure a sound capital base.

According to Article 32 (4) of IFD, the Company shall not apply the following provisions to the variable remuneration due to the average value of its on and off balance sheet assets over the four year period immediately preceding the given financial year being less than EUR 100 million:

- a) at least 50 % of the variable remuneration consists of any of the following instruments: (i) shares or equivalent ownership interests, subject to the legal structure of the investment firm concerned; (ii) share-linked instruments or equivalent non-cash instruments, subject to the legal structure of the investment firm concerned; (iii) Additional Tier 1 instruments or Tier 2 instruments or other instruments which can be fully converted to Common Equity Tier 1 instruments or written down and that adequately reflect the credit quality of the investment firm as a going concern; (iv) non-cash instruments which reflect the instruments of the portfolios managed;
- b) at least 40 % of the variable remuneration is deferred over a three- to five-year period as appropriate, depending on the business cycle of the investment firm, the nature of its business, its risks and the activities of the individual in question, except in the case of variable remuneration of a particularly high amount where the proportion of the variable remuneration deferred is at least 60 %.

Compensation Mix

When determining remuneration awards, the Company takes into account the need to ensure an appropriate ratio between variable and fixed pay to ensure that the Company is able to operate fully flexible incentive policy, including the ability to pay no variable remuneration. The Company make sure that the fixed and variable components are appropriately balanced and the fixed represents a sufficiently high proportion of the total to allow the flexible variable remuneration policy.

The Company sets the appropriate ratio between fixed and variable component of the total remuneration at 1:1, whereby the following principles shall apply:

- a) the variable component shall not exceed 100% of the fixed component of the total remuneration for each individual; and
- b) shareholders of the Company may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200% of the fixed component of the total remuneration for each individual.

7.3. Performance Appraisal

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 (financial as well as non-financial criteria are taken into account),
- b. the business unit concerned, and
- c. the overall results of the Company.

The Company implements a performance appraisal program, mainly to foster talent and promote healthy competition amongst personnel which is based on a set of Key Performance Indicators and Targets, developed for each department.

In general, performance appraisal is performed in a multiyear framework in order to ensure that the appraisal process is based on longer-term performance and that in the future (i.e. when applicable), the actual payment of performance-based components of remuneration will be spread over a period which will take into account the Company's underlying business cycle and risks.

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

- a. Objectives are set in the beginning of each month, quarter and/or year (depending on the department appraisal process) defining what the Company functions, departments and individuals are expected to achieve over an upcoming period of time
- b. Performance checks and feedbacks: Managers provide support and feedback to the concerned staff during the time periods decided, during the daily activities or during formal or informal performance reviews. The aim is to assist the staff to develop their skills and competencies.

- c. Annual performance evaluation: Takes place annually, usually within the first three months of the year. The annual performance evaluation also determines the level of the annual (one-off) bonus to be awarded to the employees, after it is approved by one of the Company’s Executive Directors. This bonus depends on the employees’ performance and the fulfilment of their annual performance related targets.

7.4. Aggregate quantitative information

The table below provides aggregate quantitative information on remuneration split into fix and variable, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the Company:

	No. of beneficiaries	Fixed	Variable	Total
Senior Management - Directors	3	247.935	63.884	311.819
Non-Executive Directors	2	75.000	0	75.000
Other Staff whose actions have a material impact on the risk profile of the Company	10	498.310	173.787	672.097
Total	15	821.245	237.671	1.058.916

Table 10 Remuneration Aggregate Quantitative Information

Notes:

- The fixed remuneration includes salaries, insurance and social security contributions.
- The variable remuneration paid by the Company during 2025 was entirely paid in the form of cash.
- During 2025, the Company did not pay or award any sign-on or severance payments, nor any guaranteed variable remuneration. There were also no severance payments that were awarded in previous periods, and which have been paid out during 2025.