

Freedom Finance Europe Ltd

Pillar III Disclosures and Market Discipline for the year ended 31 December 2025

in accordance with Regulation (EU) 2019/2033 of the European Council and the Parliament of the Prudential Requirements of Investment Firms (IFR) and Directive (EU) 2019/2034 of the European Council and the Parliament on the Prudential Supervision of Investment Firms (IFD)

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1 Introduction

1.1 Corporate Information

These disclosures relate to Freedom Finance Europe Ltd (the “Company”), which is authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) as a Cyprus Investment Firm (“CIF”) to offer Investment and Ancillary Services under license number 275/15, dated May 20th, 2015.

The Company is registered in Cyprus since August 5th 2013, with Registration Number HE324220 as a limited liability company under the Companies Law, Cap. 113, and which has a LEI Code 2138006Q4P69VVS8MZ72.

In particular, the Company is authorised to provide the following investment and ancillary services, in the financial instruments outlined below:

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.
- Portfolio management.
- Provision of Investment Advice.

Ancillary Services

- Safekeeping and administration of financial instruments, including custodianship and related services.
- Granting credits or loans to one or 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.
- Investment research and financial analysis or other forms.

Financial Instruments

- Transferable securities;
- Money-market instruments;
- Units in Collective Investment Undertakings (CIUs);
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- Options, futures, swaps, forwards 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 other than by reason of default or other termination event;
- Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Part and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- Options, futures, swaps, forward-rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash

or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF.

1.2 Pillar III Regulatory Framework

The capital adequacy and overall risk management requirements that applied until 25 June 2021 to the Company under the EU Capital Requirements Directive 2013/36/EU (“CRDIV”) and EU Regulation No. 575/2013 (the “Regulation” or the “CRR”), have been replaced by amended prudential rules. In particular, the EU Regulation 2019/2033 (the “Investment Firm Regulation” or “IFR”) and EU Directive 2019/2034 (the “Investment Firm Directive” or “IFD”), where the latter has been harmonized into Cyprus legislation through the issuance of the Cyprus Law on the Prudential Supervision of CIFs of 2021 (165(I)/2021).

The rules applied from 26 June 2021 introduce several changes to the methodologies that investment firms are required to apply for quantifying their exposure to risk and deriving their Capital Adequacy ratio, as well as to their required level of initial capital, their Internal Capital Adequacy Assessment Process (“ICAAP”) which is replaced by the Internal Capital Adequacy & Risk Assessment (“ICARA”) Process, and a newly introduced Liquidity Requirement according to which they are required to maintain liquidity levels equal to at least one third of their Fixed Overhead Requirement, among others.

The Company is a Class 2 CIF and is required to hold €750k (\$881 thousand equivalently) of initial capital, set in accordance with Article 14 of the IFR and Article 9 of the IFD.

The IFR/IFD framework consists of three Pillars that are used to regulate, supervise and improve the risk management of firms in the financial services industry. The three Pillars and their applicability to the Company, are summarised below:

- Pillar I - Minimum Capital Requirements - ensures that the Company maintains at all times a sufficient amount of capital above the minimum requirement in relation to certain key risks, as calculated using prescribed methods.
- Pillar II - ICARA and Supervisory Review and Evaluation Process (“SREP”) - ensures that the Company and its supervisor, CySEC, actively assess, control and mitigate the various risks that the Company faces.
- Pillar III - Market Discipline - ensures the promotion of market discipline through the disclosure of the Company's regulatory requirements, risk management and risk governance policies and procedures, allowing market participants to view and compare meaningful information relating to the Company and its peers.

The present Pillar III Disclosures have been prepared in compliance with Part Six of the IFR and relate to the financial year ending on 31st of December 2025. The Company is making these Disclosures on an individual (solo) basis, as it does not fall under the scope of prudential consolidation based on the provisions of Article 7 of the IFR. The Company also prepares its Financial Statements on an individual (solo) basis, in accordance with the International Financial Reporting Standards (“IFRS”).

The Company prepares its Pillar III Disclosures document and arranges for its review and verification by its external auditors on an annual basis. Furthermore, the Company uploads its annual Pillar III Disclosures on its website, while it also submits them to CySEC accompanied by its external auditors’ verification report.

1.3 Scope of Disclosures

Freedom Holding Corp, a listed entity incorporated in the United States of America and regulated by SEC, holds 100% of the Company's shares and prepares consolidated financial statements under generally acceptable accounting principles in the United States of America which are publicly available on SEC's website.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the holding Company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in the United States of America and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2025.

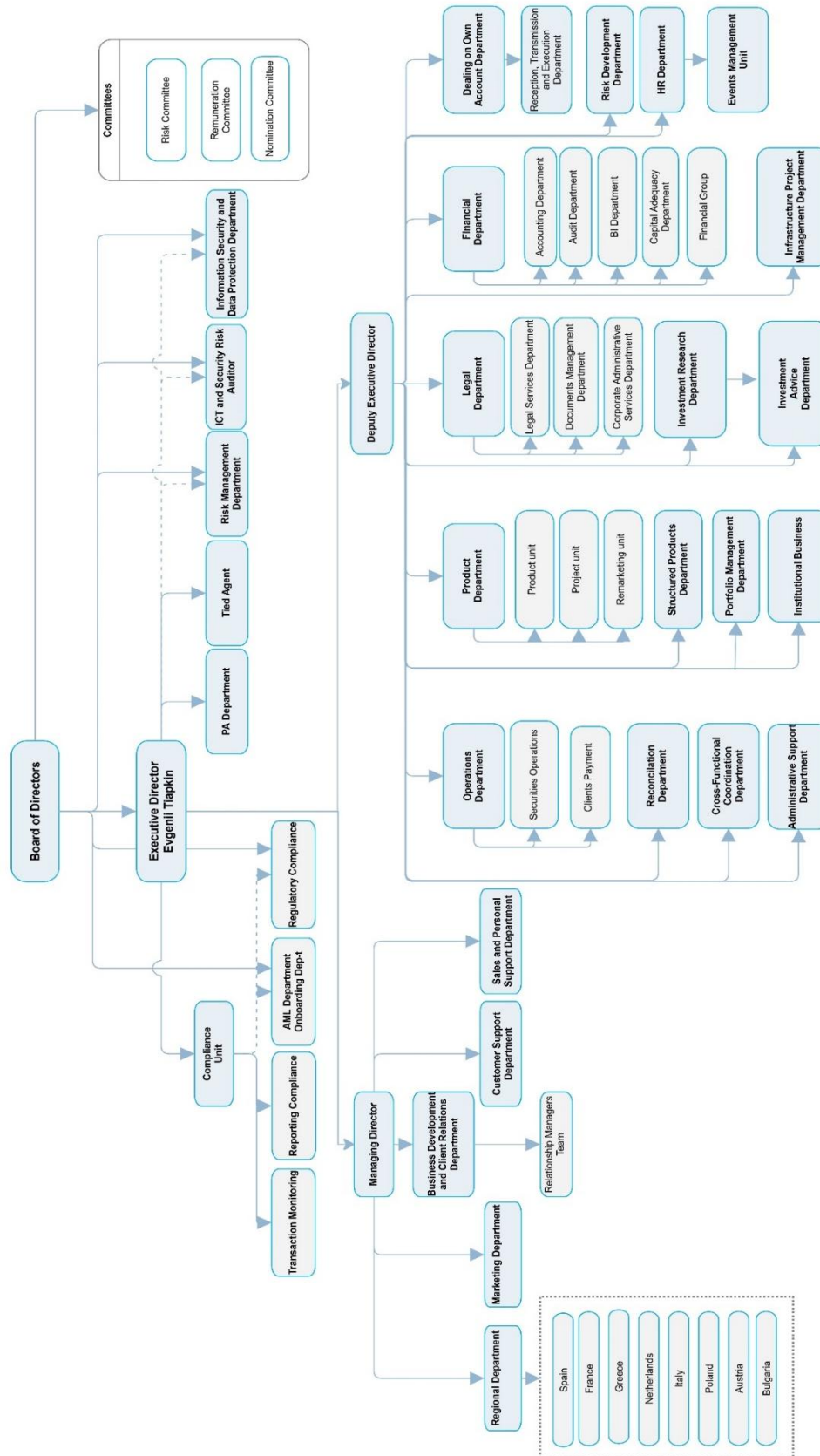
As at 31 December 2025, the Company owned the following entities:

Name	Country of incorporation	Principal activities	Holding %	Amount USD\$
Freedom Finance Germany TT GmbH	Germany	Investment services	100%	548.321
Freedom Property Ltd	Cyprus	Real estate	100%	34.369.570
Freedom24 Chess Masters Ltd	Cyprus	Chess academy	100%	1.032
Freedom24 Poland Sp. Z o.o.	Poland	Investment services	100%	11.166
Freedom24 Bulgaria VCC	Bulgaria	Investment services	100%	11.040
Freedom24 Greece Single Member P.C.	Greece	Investment services	100%	10.912
Freedom24 Lithuania UAB	Lithuania	Investment services	100%	10.827
Freedom24 Netherlands B.V.	Netherlands	Investment services	100%	10.897
Freedom24 Iberia S.L.	Spain	Investment services	100%	10.830
Freedom24 France	France	Investment services	100%	11.355
Freedom 24 Austria	Austria	Investment services	100%	11.214
Freedom24 C Limited	Cyprus	Dormant	100%	1.171
Freedom24 P Limited	Cyprus	Dormant	100%	1.171

On 2 January 2024, the Company resolved to make a non-refundable contribution to Freedom Property Ltd in the amount of €12.000.000 (US\$12.466.800) without issuing new shares.

During 2024, the Company made contributions in the amount of €3.000.000 (US\$3.251.700). During 2025, the Company made contributions in the amount of €4.500.000 (US\$5.125.800)

1.4 Organisational Structure



2 Risk Management Arrangements

2.1 Risk Management Objectives and Policies

2.1.1 The Company’s Approach to Risk Management

Managing risk effectively in a multidimensional organization, operating in a continuously changing risk environment, requires strong risk management principles. As a result, the Company has established an effective risk oversight structure and the necessary internal organizational controls to ensure that it identifies and manages its risks adequately, establishes the necessary policies and procedures, sets and monitors relevant limits, complies with the applicable legislation, takes more informed decisions and improves the probability of achieving its strategic and operational objectives.

2.1.2 Risk Management Framework

The Risk Management framework includes the awareness, responsibility, integration into business process and “Three lines of defense”. The following steps of the risk management process are defined:

- ✓ Consistency: Risk management should cover all aspects of the CIF's activities, providing a comprehensive approach to identifying, assessing and managing risks.
- ✓ Risk awareness - the risk management process affects every employee of the Company. Decisions on the conduct of any operation are made only after a comprehensive analysis of the risks arising from such an operation, which involves preliminary identification and assessment of the relevant risks.
- ✓ Targeted responsibility - the Company's management, managers and employees of divisions are responsible for managing the Company's risks in accordance with the powers granted to them.
- ✓ Integration into business processes - risk management is an integral part of the Company's business processes, including management decision-making, both at the strategy level and at the operational level.
- ✓ Provision of "Three lines of defense"

The corporate governance model is based on three lines of defense against risks and is regulated by the risk management policies.

Line of defense	Responsible departments	Functions
1st Line	Business and operational units	<ul style="list-style-type: none"> • Identification and management of risks at the level of day-to-day operations, • Taking measures to prevent and mitigate risks in the course of fulfilling their duties, • Implementation and execution of control procedures and policies designed to minimize risks, • Ensuring compliance with established procedures, standards, applicable legislation and contractual obligations, • Regular monitoring of operational processes and systems for risks, • Reporting on identified risks and control action.

2nd Line	Risk manager and risk management units	<ul style="list-style-type: none"> • Development and implementation of risk management policies, control procedures and methodologies, • Supporting operational units in managing risks and ensuring policy compliance, • Control over implementation of the risk management policies and procedures, • Preparation of reports on the status of risks and the implementation of control measures for the management and Board of Directors, • Conducting risk management training for employees, • Advising operational units on risk management matters, • Organizing and coordinating the risk identification and assessment process, discussion of the risk register, the risk map, risk management action plan (if necessary) with the risk owners, as well as monitoring the implementation of the plan.
3rd Line	Internal Audit	<ul style="list-style-type: none"> • Conducting independent assessments and audits of the effectiveness of the risk management system, • Assessing the compliance of Subsidiaries with internal policies, procedures, regulatory requirements, applicable legislation and contractual obligations, • Conducting regular audits and reviews of various aspects of the Subsidiary's activities, • Identifying weaknesses and proposing improvements for the risk management system, • Preparing reports with audit results for the management and Board of Directors, • Providing recommendations for improving the risk management system.

- ✓ Improvement of activities - the CIF is constantly improving the risk management system, including information and technical support, procedures, and methods, considering changes in the external and internal environment and innovations in global risk management practice.
- ✓ Uninterrupted continuity - risk management is a constantly functioning cyclical process covering all departments of the CIF. The risk management process must be continuous, with constant monitoring and updating in line with changing conditions and new threats.
- ✓ Materiality, Proportionality and expediency - decisions on responding to risks are made considering the assessment of the effectiveness of decisions taken, based on the level of risks, and considering the cost-benefit ratio of implementing risk response measures. Risk management measures should be proportionate to the scale and significance of the risks, as well as corresponding to the CIF's resources

- ✓ Training and motivation – the CIF ensures that employees, involved in the CIF's risk management processes receive training in modern standards and practices of risk management and the use of motivation measures that involve no punishment for timely informing about risks, risk events and proposals for responding to them and encouraging employees to perform risk management duties effectively.
- ✓ Transparency: Risk management processes should be transparent to all stakeholders, ensuring that risk management approaches are clear and understandable.
- ✓ Accountability: Responsibility for risk management should be clearly defined, with a clear understanding of the roles and responsibilities at all levels of the CIF.
- ✓ Flexibility: The risk management system should be flexible enough to adapt to changes in the CIF's internal and external environment.
- ✓ Future-proof: Risk management should be proactive, with a focus on anticipating and preventing potential threats and opportunities.
- ✓ Focus on the values and objectives of the organization: Risk management should contribute to the achievement of the strategic objectives of the CIF and the maintenance of its key values, ensuring a balance between risks and opportunities.

2.1.3 Risk Management Function

Manager reports to the Board of Directors (“BoD”), ensuring compliance with the directions issued by the Company.

The Function is entrusted with the task of the determination, evaluation and efficient management of the risks inherent in the provision of Investment Services by the Company. The Risk Management Function will assess potential risks and evaluate their significance, the likelihood of their occurrence, and how these should be managed. It 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, set the level of risk tolerated by the Company. The Company adopts effective arrangements, processes and systems, in light of that level of risk tolerance, where applicable.

The primary functions of the risk management process are:

- ✓ risks identification and regular assessment;
- ✓ management of risks through establishing an effective control environment and regularly monitoring its quality, operational efficiency and process design effectiveness;
- ✓ development of methodological and regulatory documentation development within their competence
- ✓ creation of a mitigation plan (if necessary) for risks that have a significant impact based on the assessment results;
- ✓ monitoring the implementation of approved risk response measures;
- ✓ reporting to Board of Directors about the company's risk profile;
- ✓ monitoring the level of risks taken;

- ✓ facilitating the development of risk communication processes.

The Risk Management reports directly to the Executive Officers and the Board. The Risk Manager provides annual risk management report covering all types of risks to Senior Management and is responsible for evaluating and managing the Company's risks at all times. Such reports should also be presented to the Board and minutes of such meetings attached to the relevant reports should be submitted to CySEC within twenty (20) days from the day of the meeting, and not later than four months from the end of each calendar year.

The Risk Manager bears the responsibility to monitor and evaluate:

- the adequacy and effectiveness of the risk management policies and procedures that are in place;
- the level of compliance by the Company and its relevant persons with the adopted policies and procedures, in addition to the Company's obligations stemming from the relevant laws;
- the adequacy and effectiveness of measures taken to address any deficiencies with respect to those policies and procedures that are in place, including failures by the Company's relevant persons to comply with those policies and procedures.

Moreover, the Risk Manager is responsible for making recommendations and indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies identified, as aforementioned.

2.1.4 Internal Audit

The Internal Audit Function is outsourced. 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 bears the responsibility to:

- (a) establish, implement and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the Company's systems, internal control mechanisms and arrangements;
- (b) issue recommendations based on the result carried out in accordance with point (a);
- (c) verify compliance with the recommendations of point (b);
- (d) provide timely, accurate and relevant reporting in relation to internal audit matters to the Board of Directors and the Senior Management of the Company, at least annually.

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.

2.1.5 Compliance Officer

The Board appoints a Head of Regulatory Compliance Department in order 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 Head of Regulatory Compliance is independent and reports directly to the Compliance Director and Senior Management of the Company, having the necessary authority, resources, expertise and access to all relevant information.

The Compliance Head's main responsibilities, inter alia, to:

- monitoring and assessing the level of compliance risk that the Company faces, considering the investment and ancillary services provided, as well as the scope of financial instruments traded and distributed;
- monitoring the adequacy and effectiveness of the measures and procedures of the Company;
- developing, designing and re-designing the appropriate policies and procedures of the Company, to prevent and resolve potential conflicts of interest, ensuring that all the procedures regarding the Company's conflict of interest policy are in place, as well as establishing and maintaining Chinese Walls procedures between the various organizational units of the Company;
- communicating the relevant statutes of the Internal Operations Manual ("IOM") to each employee and notify them of any relevant changes therein that relates to his/her role and responsibilities in the Company.
- act as the primary point of contact with regulatory authorities and coordinate responses to regulatory requests, inspections and inquiries.
- monitor regulatory developments and ensure timely implementation of new legal or regulatory requirements.
- handle client's complaints, monitor the operations of the complaints-handling process and consider complaints as a source of relevant information in the context of general monitoring responsibilities;

provide advice to the personnel and assist the relevant employees responsible for carrying out investment services and activities to comply with the Company's obligations under Directive 2014/65/EU;

The Head of Regulatory Compliance needs to communicate to the Company's Management an annual report on compliance issues raised during the year. The Annual Compliance report must be presented to the Board and discussed.

2.1.6 Anti-Money Laundering Compliance Officer

The Anti-Money Laundering Compliance Officer (hereinafter the "AMLCO") is responsible to assess the Company's compliance with the relevant legislative requirements, effectiveness of the policies, procedures and controls applied by the Company for the prevention of money laundering and terrorist financing, as well as any measures required for improvement of weaknesses and/or compliance deficiencies. Company's employees should report to AMLCO their knowledge or suspicion of transactions involving money laundering and terrorist financing activities.

The AMLCO reports to the Board and Senior Management of the Company and leads the Company's Anti-Money Laundering Compliance procedures and processes. He has the necessary authority, resources, expertise and access to all relevant information. The AMLCO prepares an annual report to the Senior Management and Board for approval within two months from the end of each calendar year (i.e. the latest, by the end of February), on the matters on his responsibility, indicating whether appropriate remedial measures have been taken in the event of any deficiencies.

In this respect, the present AMLCO Report has been prepared for the year 2025 covering, all required areas prescribed in the AML Directive as well as in accordance with Circular C033 in relation to the content of the AMLCO's Annual Report on the prevention of money laundering and terrorist financing, issued on 18 December 2014, for the purpose of assessing the Company's level of compliance with its obligations laid out in the Prevention and Suppression of Money Laundering and Terrorist Financing Law (the "AML Law"), and all relevant Circulars issued by the Commission.

2.1.7. Risk Appetite Statement

Risk appetite statement reflects the Company's commitment to pursuing sustainable growth and innovation while maintaining the highest standards of governance and risk management by ensuring the Company's ability to function continuously in normal and stressful economic conditions, increasing transparency of the risk management process, including timely identification and assessment of significant risks, capital planning and risk accounting in the decision-making process. The Company maintains a moderate risk appetite aligned with its focus on sustainable development, innovation, and expansion into new markets. The Company accepts only those risks that are consistent with its strategic objectives and offer a balanced potential return. Risk management is based on the principles of transparency, reliability, independence, and continuous development of employee expertise.

Strategy and risks are inherently linked and must be considered together throughout the implementation of the strategy. This is particularly important when formulating the strategy taking into account the CIF's risk appetite.

Fostering a risk culture is essential for strengthening the risk appetite in order to achieve the following outcomes:

- ✓ Alignment between risk appetite, strategy, objectives, and the corresponding compensation systems.
- ✓ Ongoing understanding of risk appetite and related risk tolerance metrics for each company within the CIF.

Integrating the consideration of risk appetite with strategic planning ensures a timely understanding of the type and level of risk appetite desired by the CIF's Board of Directors and the management.

- ✓ Principles of integrating strategy and risk appetite;
- ✓ Business context analysis: assessment of the impact on the risk profile, taking into account the internal and external environment and the influence of stakeholders;
- ✓ Identification and application of risk appetite in the context of creating, preserving, and delivering value;
- ✓ Identification of alternative strategies and their potential impact on the risk profile: aligning the chosen strategy with risk appetite;
- ✓ Formulating business objectives according to the strategy and determining risk tolerance.

The Risk Appetite Statement is an internal document that is mandatory for execution and application by all departments, employees, and management of the Company.

The Risk Appetite Statement defines key risk indicators of the Company and its tolerance levels, and the procedure for calculating these indicators. In order to ensure sustainable functioning, as well as to achieve its goals, CIF determines risk appetite indicators that characterize the maximum permissible level of significant CIF risks.

The Statement is a top-level document designed to describe the full cycle of processes related to risk appetite management. At the same time, Statement complements the Risk Management Policy in terms of a detailed description of risk appetite management procedures. In the meantime, the Company management bodies may consider the need to make changes to Statement as a lower-level document than the Policy.

The Statement, developed as a part of the implementation of risk management, defines the approaches used by CIF in managing the aggregate level of risk, as well as the tools used to cover the risks taken, including in order to ensure the effective functioning of CIF and compliance with CySEC requirements.

2.1.8 Internal Capital Adequacy and Risk Assessment Process

The IFD introduces the Internal Capital and Risk Assessment (“ICARA”) process for IFs (Article 24 of IFD), which is similar to the Internal Capital Adequacy Assessment Process (“ICAAP”).

Company regularly updates its capital adequacy and risk assessment process which forms the basis of the Company’s Pillar II requirements, through which it will ensure full alignment with the IFR & IFD framework and the Cyprus Law 165(I)/2021 on the Prudential Supervision of CIFs. This forms the basis of the Company’s Pillar II requirements that the Company views as the additional amount of capital and liquidity it needs to hold against any risks that are not covered by Pillar I.

The ICARA enables the Company to identify the requirements for any additional capital over and above the capital allocated under Pillar I. The ICARA report is a key tool for both the Company and the regulator as it approaches the risk assessment from a holistic perspective enabling the Company to assess and match risks as much as possible, reducing its residual risk and enabling more precise future growth planning. The ICARA shall be reviewed and updated annually.

2.2 Risk Governance – Board and Committees

2.2.1 Board of Directors

During the reporting period the BoD consisted of (4) members. One (1) Executive Director, two (2) Independent Non-Executive Directors and one (1) Non-Executive director. The Company was awaiting CySEC approval for the appointment of a second Executive Director. At the time of publication of this report, the second Executive Director was successfully appointed.

The Board is the management body of the Company, and it essentially exercises substantial control over the Company’s activities and affairs.

The Non-Executive Directors are persons of reputation, experienced and well known in the business community for their skills and abilities, who can assist the Company to achieve its goals.

The Chairman of the Board is primarily responsible for leading the Board and ensuring its effectiveness. He is responsible for setting the Board’s agenda and ensuring the Directors receive information in an accurate, clear and timely manner. He will be responsible for promoting effective decision-making, ensuring the performance of the Board.

The major duties and responsibilities of the Board of Directors are:

- Formulating the Company’s future strategy in terms of the development of existing and new services and the Company’s presence in the local and international financial markets;
- Governing the Company by broad policies and objectives, formulated and agreed upon by the directors and employees;
- Ensuring that sufficient resources are available to the Company to carry out its operations;

- Reviewing and discussing the written reports prepared by the Risk Manager, Internal Auditor, AMLCO and Compliance Officer and identifying the risks faced by the Company.

Furthermore, the Board is responsible to ensure that the Company complies with its obligations under the Law, and all other applicable legislation, directives and regulations as well as for establishing and amending the internal control procedures, where necessary. It also ensures that the Company has sufficient human and technical resources required for the performance of its duties. The Board conducts meetings on a regular basis and at least once in a quarter.

2.2.2 Board Committees

During the reported period, as a significant CIF, the Company maintained a Risk Committee, a Remuneration Committee and a Nomination Committee.

Risk Committee

The Risk Committee under article 22(4) of the Law 165(l)/2022 shall be composed of members of the management body who do not perform any executive function in the Company. The members of the Risk Committee are elected or re-elected by the BoD. The Chairman of the Risk Committee shall be appointed by the members of the Risk Committee upon a relevant meeting and he/she will ensure that all the members of the Risk Committee are made aware of their duties and responsibilities. Members of the Risk Committee shall have appropriate knowledge, skills, and expertise to fully understand and monitor the risk strategy and the risk appetite of the Company.

The Risk Committee shall advise the BoD on the Company's overall current and future risk appetite and strategy and assist the BoD in overseeing the implementation of that strategy by senior management. The Risk Committee must review whether prices of liabilities and assets offered to clients take fully into account the Company's business model and risk strategy. Where prices do not properly reflect risks in accordance with the business model and risk strategy, the Risk Committee must present a remedy plan to the BoD.

In performing its duties, the Risk Committee shall take into consideration to the extent possible and on an ongoing basis the need to ensure that the BoD decision making is not dominated by any one individual or a small group of individuals in a manner that is detrimental to the interests of the Company as a whole. The Risk Committee shall be able to use any forms of recourses that it considers to be appropriate, including external advisors and shall receive appropriate funding to that effect.

As at the reference date the Risk Committee was composed of three members.

During the reported period, Risk Committee met 4 times.

Nomination Committee

The Nomination Committee under article 10 (2) (a) of the MiFID Law shall be composed of members of the BoD who do not perform any executive function in the Company. The Chairman of the Nomination Committee and members of the Nomination Committee will be elected or re-elected by the BoD. The Chairman of the Nomination Committee shall be an independent member and shall be appointed by the members of the Nomination Committee upon a relevant meeting, and he/she will ensure that all the members of the Nomination Committee are made aware of their duties and responsibilities.

The Nomination Committee shall:

- assess periodically and at least annually the structure, size, composition and performance of the BoD and make recommendations to the BoD with regard to any changes;
- assess periodically and at least annually the knowledge, skills and experience of the member of the BoD individually and collectively and report to the BoD accordingly;
- periodically review the policy of the board of directors for selection and appointment of senior management and make recommendations to the board of directors.

The Nomination Committee shall give careful consideration to all existing or in case of replacement of a member of the senior management qualified candidates and will be responsible for their suggestions to the BoD for the re-selection of its members or the selection of qualified candidates. The annual meeting for the aforesaid assessment will be convened in the premises of the Company or via teleconference where the Nomination Committee shall draft and submit to the BoD a relevant report. For the annual meeting or any other extraordinary meeting to be held, a quorum is required which must consist of the majority of the members of the Nomination Committee. Any decision shall be taken by two thirds of the votes corresponding. In case of deadlock, the Chairman of the Nomination Committee shall have a casting vote. Any member of the Nomination Committee may request in written from the Chairman to convoke an extraordinary meeting specifying the subject/s of the agenda which must be held within ten (10) working days upon the relevant request to the Chairman. The BoD of the Company may convene an extraordinary meeting requesting the presence of the Nomination Committee- if required- for further analysis and evaluation of the report or for any other subject concerning the duties of the Nomination Committee.

As at the reference date the Nomination Committee was composed of three members.

Remuneration Committee

The Remuneration Committee shall be composed of members of the BoD who do not perform any executive function in the Company. The Chairman of the Remuneration Committee and members of the Remuneration Committee will be elected or re-elected by the BoD upon convocation of a relevant meeting. The Chairman of the Remuneration Committee shall be appointed by the members of the Remuneration Committee upon a relevant meeting and he/she will ensure that all the members of the Remuneration Committee are made aware of their duties and responsibilities.

In performing its duties, the Remuneration Committee shall take into consideration to the extent possible and on an ongoing basis the need to ensure that the BoD decision making is not dominated by any one individual or a small group of individuals in a manner that is detrimental to the interests of the Company as a whole. The Remuneration Committee shall be able to use any forms of recourses that it considers to be appropriate, including external advisors and shall receive appropriate funding to that effect.

The Remuneration Committee shall:

- a. be responsible for the preparation of decisions on remuneration to be taken by the supervisory function, in particular regarding the remuneration of the members of the management body in its management function as well as of other identified staff; when preparing the decisions, the remuneration committee shall take into account the public interest and the long-term interests of shareholders, investors and other stakeholders in the CIF;
- b. provide its support and advice to the supervisory function on the design of the investment firm's remuneration policy, including that such remuneration policy is gender neutral and supports the equal treatment of staff of different genders;

- c. exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity;
- d. support the supervisory function in overseeing the remuneration policies, practices and processes and the compliance with the remuneration policy and the requirement for the remuneration policy to be gender neutral;
- e. check whether the existing remuneration policy is still up to date and, if necessary, make proposals for changes;
- f. review the appointment of external remuneration consultants that the supervisory function may decide to engage for advice or support;
- g. ensure the adequacy of the information provided to shareholders on remuneration policies and practices;
- h. assess the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the overall remuneration policy is gender neutral, is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture and values, risk culture and the long-term interest of the investment firm;
- i. assess the achievement of performance targets and the need for ex-post risk adjustment, including the application of malus and claw back arrangements;
- j. review a number of possible scenarios to test how the remuneration policies and practices react to external and internal events, and back-test the criteria used for determining the award and the ex-ante risk adjustment based on the actual risk outcomes.

The remuneration of the senior officers in the compliance functions, and risk management, audit functions where established, should be directly overseen by the remuneration committee.

The remuneration committee should make recommendations to the supervisory function on the design of the remuneration package and the amounts of remuneration to be paid to the senior staff members in the control functions.

As at the reference date the Remuneration Committee was composed of six members.

2.2.3 Equality and Diversity Policy

The Company proclaims equality and diversity as the central values of its daily working life. The Company aims to prevent and remove unfair discrimination and harassment and to promote equality of opportunities and respect for differences in its daily working process. The Company is committed to promoting the right to diversity, equality, respect and inclusion in the workplace consistent with the principles of justice, integrity, and equity. The Company believes in treating all people with respect and dignity. It aims to create a supportive and understanding environment in which all employees have the chance to realize their maximum potential within the organization, regardless of their differences. The Company recognizes and admits that each employee brings their unique capabilities, experience and characteristics to their work and values such diversity at all levels of the organization. All Company's employees must challenge and report any cases of discriminatory behavior, unfair treatment, harassment or bullying. The Company recognizes and admits that its employees have preferences in relation to the world around them. However, every employee must ensure that decisions made during the working process are not affected by bias or prejudice. Discrimination and harassment are disciplinary offenses that may lead to dismissal.

The Company recognizes the benefits of having a diverse Board of Directors to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the Board. For the purpose of this policy, the Company considers that the concept of diversity incorporates a number of different aspects, therefore all Board appointments are made on merit, in the context of the skills, experience, knowledge, business perspectives, industry or related experience, independence, gender, age, cultural, educational background and more general experience which the Board as a whole requires in order to be effective.

The provisions of the present Policy and general principles followed by the Company shall comply with the legislative requirements as appropriate and are created in accordance with current good practice.

2.2.4 Number of directorships held by members of the Board

The table below provides the number of directorships the members of the Board of the Company hold at the same time in entities other than the Company. Directorships held within the same group of companies are considered as single directorship. In addition, directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below.

Table 1: Directorships held by members of Board

Name of Director	Position within the Company	Number of Directorships	
		Executive	Non-Executive
Evgenii Tiapkin	Executive Director	-	-
Timur Turlov ¹	Non-Executive Director	1	8
Giannakis Christofi	Independent Non-Executive Director	1	2
Charalambos Avaratzis	Independent Non-Executive Director	3	-

¹ Mr. Timur Turlov acts both as an Executive and Non-Executive Director, within the Group to which the Company belongs

3 Principal Risks

The Company faces several key risks in conducting business. These are assessed further below.

3.1 Risk-to-Client

The Company in its ordinary course of business which primarily involves investment and ancillary services, holds cash and securities on behalf of its clients and offers marginal lending facility. In order to render these services to clients, the Company holds clients' money in separate bank accounts. These balances are held by the Company in a custodian capacity and these assets and corresponding liabilities are not included in the Company's audited statement of financial position as assets and liabilities and are classified as Off Balance Sheet Items.

Risk to Client ('RtC') is the risk that an investment firm poses to clients if it fails to carry out its services or operations correctly. The K-factors under RtC are proxies 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)** – This looks at the risks associated with discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature.
- **K-CMH (Client Money Held)** – captures the risk of an investment firm causing potential harm to clients where it holds their money.
- **K-ASA (Assets Safeguarded and Administered)** – captures the risk of harm associated with the safeguarding and administering of a client's financial instruments
- **K-COH (Client Orders Handled)** – captures the potential risk to clients of an investment firm which executes orders in the name of the client.

Failure to carry out its services or operations correctly will be a key risk that the Firm would need to manage. The negative impact on clients of this failure could be substantial if not management appropriately.

3.1.1 K-AUM

During the year ended 31 December 2025 the Company provided Portfolio Management services to its clients. The assets under management are subject to risks captured by K-AUM. The Company calculates its K-AUM based on the provisions of Articles 15 and 17 of the IFR.

3.1.2 K-CMH

As part of its business, the Company receives cash deposits from its customers to enable them to perform transactions in financial instruments and to this end, it is subject to the risk captured by this K-factor. The Company calculates its K-CMH based on the provisions of Articles 15 and 18 of the IFR.

3.1.3 K-ASA

The Company is subject to K-ASA since it provides safeguarding and administration for clients' financial instruments. The Company calculates its K-ASA based on the provisions of Articles 15 and 19 of the IFR.

3.1.4 K-COH

The Company executes its clients' orders by acting as an agent to their trades, therefore the risk reflected by this K-factor applies. The Company calculates its K-COH based on the provisions of Articles 15 and 20 of the IFR.

3.2 Risk-to-Market

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

There are two K-factors under RtM:

- **K-NPR (Net Position Risk)** – This k-factor is based on the rules for Market Risk for positions in equities, interest rate financial instruments, foreign exchange and commodities in accordance with Regulation (EU) No. 575/2013 ("CRR"). Therefore, K-NPR captures the Market Risk, which is defined as the risk that changes in market prices will affect the Company's income or the value of its holding of financial instruments. The Company is exposed to market risk arising from both its non-trading and trading book positions.
- **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. Bearing in mind the Company's size of relevant operations during 2025, this K-factor is not applicable to the Company.

3.2.1 K-NPR

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to market risk derived by exposures to foreign exchange, equity and debt instruments. As a financial company, the Company is exposed to foreign exchange risk arising from various currency movements, primarily with respect to the EUR/USD exchange rate for revenues and on the cost side. The general policy is to take advantage of natural currency hedges by matching revenues and operational costs as economically as possible. The Company's funding is denominated in its main operational currencies to create natural hedging in the balance sheet. Where necessary, financial exposure is hedged in accordance with Company's general policy on permitted instruments and exposure limits.

As at 31 December 2025 the Company's total market risk requirements amount to \$3.919.138 which are covered adequately enough by Company's own funds level. One of Company's primary objectives is to ensure that the exposure through market volatility does not lead to unacceptable losses outside of its risk appetite. The Risk Manager frequently and closely monitor any deviations from the current risk capacity.

Foreign Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, Russian Rubles, Ukrainian Hryvna, British Pound, Kazakhstani Tenge and Hong Kong Dollar. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Equity Risk

Equity risk is the financial risk involved in holding equity in a particular investment. The Company was not exposed to Equity risk during the reporting period as it did not hold any equity instruments in its trading book.

Traded Debt Instrument Risk (Interest Rate Risk)

The risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. As at the reference the Company was exposed to Interest Rate risk arising from various trading book exposures in government and corporate bonds. The Company monitors interest rate changes and could change its approach / business model if necessary, in the case of this hazard. The Company also calculates capital requirements for these exposures as per the standardized approach from the applicable regulatory framework.

Trading Securities

Trading securities are financial assets which are either acquired for generating a profit from short-term fluctuations in price or trader's margin, or are securities included in a portfolio in which a pattern of short-term trading exists. The Company classifies securities into trading securities if it has an intention to sell them within a short period after purchase.

Trading securities are carried at fair value and are accounted for at settlement date. Interest earned on trading securities calculated using the effective interest method is presented in profit or loss for the year as interest income. Other elements of the changes in the fair value and gains or losses on derecognition are recorded in profit or loss for the year as net profit from trading securities in the period in which they arise.

As at the reference date, the Company held \$131,209 Trading Securities, which consisted of Government Bonds.

3.3 Risk-to-Firm

Risk to Firm ("RtF") captures an investment firm's exposure to the Risk of Default of its Trading Counterparties (K-TCD), the Concentration Risk arising from its exposures to counterparties and their connected persons (K-CON) and Operational Risks from its Daily Trading Flow of transactions (K-DTF).

There are three K-factors that capture the key aspects of RtF, namely:

- **K-TCD (Trading Counterparty Default)** – This looks at the risk of losses arising from the default of a counterparty with which a company maintains open Trading Book positions in derivatives and other specified transactions. This includes both clients and liquidity providers.
- **K-DTF (Daily Trading Flow)** – This captures the operational risk related to the value of trading activity that the investment firm conducts.

- **K-CON (Concentration Risk)** – This seeks to apply additional own funds to manage concentration to a single counterparty or a group of connected counterparties to which a company incurs Trading Book exposures.

3.3.1 K-TCD captures the Counterparty Credit Risk arising from an investment firm’s exposure to the default of its trading counterparties. In particular, it looks at the risk of losses arising from the default of a counterparty with which a company maintains open Trading Book positions in derivatives and other specified transactions, and includes positions with both clients and liquidity providers.

The Company calculates K-TCD capital requirements based on the provisions of IFR Articles 25 to 32 for the margin lending facilities that it provides to its clients.

3.3.2 K-DTF 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 (and not on behalf of the client as an agent).

The Company calculates its K-DTF based on the provisions of Article 15 and Article 33 of IFR.

3.3.3 K-CON seeks to apply additional own funds to manage concentration to a single counterparty / issuer of financial instruments or a group of connected counterparties / issuers to which a company incurs Trading Book exposures.

Concentration risk refers to exposure(s) that may arise within or across different risks throughout the Company with the potential to produce losses large enough to threaten the Company’s health or ability to maintain its core operations, or a material change in the Company’s risk profile.

The definition should encompass the sub-types of credit concentrations as being addressed below, including any exposures to same counterparties, groups of connected counterparties, and counterparties in the same economic/financial sector, geographic region or from the same activity, and the application of credit risk mitigation techniques. Therefore, the Company defines these sub-types and applies mitigation techniques:

- Intra-risk concentration: refers to risk concentration that may arise from interactions between different risk exposures within a single risk. In order to avoid any undue concentrations, the Company follows a quantitative and qualitative approach, at which intra-risk concentrations are assessed, monitored and mitigated by the individual risk disciplines (credit, market, operational risk management, etc).
- Inter-risk concentration: refers to risk concentration that may arise from interactions between different risk exposures across different risk categories. As in the intra-risk concentration, the Company follows this approach in order to managed inter-risk concentrations through quantitative and qualitative assessments, identifying and assessing risks and providing a holistic view across the Company.

Since Concentration risk can have an impact on capital, liquidity and earnings, the Company integrated the management of these risks into its risk management framework, monitored on an ongoing basis and diversification takes place of its counterparties.

Practically, in accordance with Article 37 of the IFR, the Company is not exposed to large exposures. Furthermore, according to Paragraph 1 of the abovementioned Article, for the prudential supervision of investment firms, the

Company is not allowed to have exposures to institutions of more than 100% of the total eligible capital and to non-institutions of more than 25% of the total eligible capital.

As at the end of the year 2025, it has been observed that the Company did not present any large exposures which are above the allowable limits as defined above.

3.4 Other Risks

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

In addition to the Own Funds Requirements, a Liquidity Requirement was introduced by the IFR according to which the Company is required to maintain liquidity levels equal to at least one third of its Fixed Overhead Requirement. As at 31 of December 2025 the Company satisfied the Liquidity Requirement. The Company monitors the level of its liquid assets on a continuous basis.

Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously.

Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from noncompliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Company.

4 Own Funds

The Company's objectives when managing capital are:

- I. to safeguard the Company's ability to continue as a going concern,
- II. to comply with the capital requirements set by the applicable EU regulatory framework as well as the Regulator (Cyprus Securities and Exchange Commission - CySEC) and
- III. to maintain a strong capital base to support the development of the business.

The Company's policy of capital management is designated to maintain the capital base sufficient to keep the confidence of its clients, creditors, and other market participants and to secure the future development of the Company.

The Company monitors Own fund requirements, Capital adequacy and the use of the regulatory capital at least on a quarterly basis, in accordance with the IFR & IFD prudential framework. As at 31 of December 2025, the Company's Own Funds comprised entirely out of Common Equity Tier 1 capital.

As per the rules set by the IFR, investment firms are required to maintain 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 of the following conditions at all times:

- a) Common Equity Tier 1 Capital of at least 56% of Own Funds Requirements.
- b) Common Equity Tier 1 Capital and Additional Tier 1 Capital of at least 75% of Own Funds Requirements.
- c) Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital of at least 100% of Own Funds Requirements.

Table 2 below presents the composition of the Company's Own Funds as at 31 of December 2025, while Table 3 indicates how these Own Funds reconcile with the Company's Balance Sheet as of this date, and they have been prepared using the format set out in the Final Report on the Draft Implementing Standards issued by the EBA on reporting and disclosure requirements of investment firms under the IFR (EBA/ITS/2021/02).

As shown below, the Company's Own Funds as at 31 December 2025 amounted to \$ 686.919 thousand.

Table 2: Template EU IF CC1.01 - Composition of regulatory own funds

Template EU IF CC1			
Ref		31 Dec 2025 (\$'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements (Cross reference to EU IF CC2)
1	OWN FUNDS	686.919	
2	TIER 1 CAPITAL	686.919	
3	COMMON EQUITY TIER 1 CAPITAL	686.919	
4	Fully paid up capital instruments	438	Ref 1 (Shareholders' Equity)
5	Share premium	741	Ref 2 (Shareholders' Equity)
6	Retained earnings	678.951	Ref 5 (Shareholders' Equity)
7	Accumulated other comprehensive income	-	
8	Other reserves	(47)	Ref 3 (Shareholders' Equity)
9	Minority interest given recognition in CET1 capital	-	
10	Adjustments to CET1 due to prudential filters	-	
11	Other funds	9.622	Ref 4 (Shareholders' Equity)
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(649)	Ref 3 & Ref 4 (Assets) as per below
19	(-) Other intangible assets	(47)	Ref 3 (Assets)
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	(603)	Ref 4 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(2,136)	Ref 5 (Assets)
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	-	

Table 3: Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet

Template EU IF CC2			
	Balance sheet as in audited financial statements	Cross reference to EU IF CC1	
	As at period end (\$ '000)		
<i>Assets - Breakdown by asset classes according to the balance sheet</i>			
Ref			
1	Property, plant and equipment	2,688	
2	Right-of-use assets	591	
3	Intangible assets	47	Ref 19
4	Investments in subsidiaries	35,010	Ref 24
5	Contribution to Investor Compensation Fund	2,136	Ref 27
6	Loans Receivable	15,907	
7	Trade and other receivables	664,106	
8	Trading securities	131	
9	Refundable Tax	-	
10	Cash and cash equivalents	1,243,572	
	Total Assets	1,964,188	
<i>Liabilities - Breakdown by liability classes according to the balance sheet</i>			
1	Lease liabilities	709	
2	Trade and other payables	1,236,070	
3	Tax liability	33,884	
4	Provision for other liabilities and charges	753	
5	Contract liabilities	3,067	
	Total Liabilities	1,274,483	
Shareholders' Equity			
1	Share capital	438	Ref 4
2	Share premium	741	Ref 5
3	Translation reserve	9,622	Ref 8
4	Capital reserve	(47)	Ref 11
5	Retained Earnings	678,951	Ref 6
	Total Shareholders' equity	689,705	

5 Capital Requirements

The IFR & IFD framework introduces a different approach for calculating the Minimum Capital Requirements, which dictates for Class 2 investment firms, that they are derived by taking the highest of the Fixed Overhead Requirement ("FOR"), the Permanent Minimum Capital Requirement ("PMCR") and the K-factors that apply to each investment firm.

Fixed Overheads Requirement ("FOR")

The Company's policy is to monitor Fixed Overheads Requirements at least on a quarterly basis. The Company complies with Article 13 of the IFR stating that the Company shall hold Own Funds of at least one quarter of the fixed overhead expenses of the preceding year. The Fixed Overheads Requirement as at 31 December 2025 amounted to US\$19.029 thousand.

Permanent Minimum Capital Requirement ("PMCR")

The Company's policy is to monitor on a continuous basis its Own Funds and ensure that they remain above the Permanent Minimum Capital Requirement of €750 thousand (\$881 thousand equivalently), which corresponds to the initial capital that applies to the Company, in accordance with Article 9 of the IFD.

Table 4: Minimum Capital Requirements

Minimum Capital Requirements	31 st December 2025
	(\$ '000)
Risk to client	12.054
<i>Assets under management</i>	-
<i>Client money held - Segregated</i>	5.989
<i>Client money held - Non-segregated</i>	-
<i>Assets safeguarded and administered</i>	5.125
<i>Client orders handled - Cash trades</i>	915
<i>Client orders handled - Derivatives Trades</i>	25
Risk to market	3.919
<i>K-Net positions risk requirement</i>	3.919
<i>Clearing margin given</i>	N/A
Risk to firm	1,298
<i>Trading counterparty default</i>	1,298
<i>Daily trading flow - Cash trades</i>	-
<i>Daily trading flow - Derivative trades</i>	-
<i>K-Concentration risk requirement</i>	-
Total K-Factor Requirement	17.271
Fixed Overhead Requirement ('FOR')	
<i>FOR</i>	19.029

Table 4: Minimum Capital Requirements (continued)

Permanent Minimum Capital Requirement ('PMCR') <i>PMCR</i>	881
Total Own Funds Requirements	19.029

Table 4 breaks down the Pillar minimum capital requirement that the Company is required to hold as of 31st December 2025. The Company's K-factor requirement is calculated in accordance with Articles 16 through to 33 of IFR. As stated in Article 11(1) of IFR, the Company is required to hold the higher of its K-factor requirement, fixed overhead requirement and permanent minimum capital requirement.

Therefore, in accordance with the IFR & IFD requirements, the Company's Own Funds Requirement as at 31 December 2025 stood at the level of the Fixed Overhead Requirements of \$19.029 ('000).

The Company's Own Funds comprised entirely of Common Equity Tier 1 capital and amounted to \$686.919 ('000) which exceeds the Own Funds Requirement of \$19.029 ('000) resulting to a capital surplus of \$667.890 ('000). Therefore, the Capital Adequacy (CAD) ratio was calculated at 3.609,9%, well above the 100% minimum CAD ratio set out in Article 9(1)(c) of IFR. Shown in Table 5.

Table 5: Capital Excess/Ratio

	31st December 2025 (\$'000)	Reference
Capital		
Common Equity Tier 1	686.919	a
Additional Tier 1	-	b
Tier 2	-	c
Total Own Funds	686.919	d = (a + b + c)
Own Funds Requirement		
K-factor Requirement	17.271	e
Fixed Overhead Requirement	19.029	f
Permanent Minimum Capital Requirement	881	g
Minimum Own Funds Requirement	19.029	h = max(e, f, g)
Capital Surplus/Ratio		
CET 1 Ratio	3.609,9%	a / h
Surplus(+)/Deficit(-) of CET 1 Capital	676.263	a - (h * 56%)
Tier 1 Ratio	3.609,9%	(a + b) / h
Surplus(+)/Deficit(-) of Tier 1 Capital	672.647	(a + b) - (h * 75%)
Own Funds Ratio	3.609,9%	d / h
Surplus(+)/Deficit(-) of Total capital	667.890	d - h

The Company does not have any crypto-asset exposure (either as a derivative contract, or real crypto).

6 Remuneration Policy and Practices

The Board of Directors of the Company established on 11 August 2016 and implements remuneration policies and practices (hereinafter the “Remuneration policies and practices”) that are consistent with and promote sound and effective risk management and do not encourage risk-taking that exceeds the level of tolerated risk of the Company, in compliance with the requirements of L. 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets, Directive (EU) 2019/2034 and the Cyprus Law on the Prudential Supervision of CIFs of 2021 (165(I)/2021), Circular 181, Circular C138, EBA/GL/2021/14 Guidelines on internal governance under Directive (EU) 2019/2034, ESMA 35-36-2537 Guidelines on certain aspects of the MiFID II remuneration requirements 31 March 2022, The Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007-2018 as well as the applicable European regulatory framework.

In addition, the Company’s Remuneration policies and practices have been designed so as not to create incentives that may lead persons to favor their own interests or the Company’s interests to the potential detriment of clients.

FFEU’s remuneration policy is set by the Board of Directors. The level of remuneration offered by FFEU to management and staff is established based on skills, knowledge, individual performance, and the remuneration offered by other companies that are similar in size and range of activities.

The remuneration structure provided by the company to its management and staff includes both a fixed salary cash component and a variable remuneration component. The variable remuneration scheme is applicable to the Securities Operation Department, Customer Support Department, and Portfolio Manager. In addition, variable remuneration (bonuses) provided once per year and applies to all employees of the Company. Variable remuneration (cash or non-cash) is received in a form of bonuses at the end of the year.

Albeit, annually, at the end of the year, Directors or/and employees of FFEU receive performance-based remuneration. Bonuses and other remunerations are linked to personal targets and confirmed by the Executive Director. Meanwhile bonuses and other remuneration are not based on sales targets (sale of specific financial instruments or of a specific category of financial instrument), or the value of transactions, or the value of clients’ deposits, or on retention of clients, or on the number of new clients attracted, or on any other clients’ connected performance.

The 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 an employee to perform each position/role. Staff engaged in control functions is independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control. The remuneration is also set in comparison with standard market practices employed by the other market participants/ competitors.

Table 6 provides aggregate quantitative information on remuneration, broken down by Management body (including Non-Executive Directors) and members of staff whose actions have a material impact on the risk profile of the Company.

One member of the Board is not remunerated by the Company. The fees of Non-Executive Directors include fees payable to them as members of the Company's Board as well as for being members of the Board's Committees. They include the fees for the period that they serve as members of the Board.

During 2025, the Company did not award any non-cash remuneration benefits, outstanding deferred remuneration or severance payments.

Table 6: Quantitative information on remuneration

Aggregate Remuneration for the year ended 31st December 2025				
	No. of beneficiaries	Fixed Remuneration \$'000	Variable Remuneration \$'000	Total Remuneration \$'000
Management body	4	439	-	439
Other Staff	31	4.109	942	5.051
Total	35	4.548	942	5.490

7 Investment Policy

According to paragraph 1 of IFR Article 52, investment firms which do not meet the criteria referred to in point (a) of Article 32 (4) of Directive (EU) 2019/2034 shall disclose the following in accordance with IFR Article 46 of this Regulation:

- a) the proportion of voting rights attached to the shares held directly or indirectly by the investment firm, broken down by Member State and sector;
- b) a complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with paragraph 2 of IFR Article 52, an explanation of the votes, and the ratio of proposals put forward by the administrative or management body of the company which the investment firm has approved; and
- c) an explanation of the use of proxy advisor firms;
- d) the voting guidelines regarding the companies the shares of which are held in accordance with paragraph 2 IFR Article 52.

Article 52 (2) of the IFR states:

“The investment firm referred to in paragraph 1 shall comply with that paragraph only in respect of each company whose shares are admitted to trading on a regulated market and only in respect of those shares to which voting rights are attached, where the proportion of voting rights that the investment firm directly or indirectly holds exceeds the threshold of 5 % of all voting rights attached to the shares issued by the company. Voting rights shall be calculated on the basis of all shares to which voting rights are attached, even if the exercise of those voting rights is suspended.”

As at the reference date the Company did not hold any shares that would meet the criteria stated in Article 52(2) of IFR and therefore no disclosures regarding investment policy were made.

8 Environmental, Social and Governance ('ESG') risk

Environmental

Globally, regulators and standard setters continue to publish proposals and discussion papers on ESG topics, which the company continue to monitor to address all new requirements in its policies and procedures to ensure best practice in this area.

In accordance with the CySEC Circular C683 "Sustainability-related obligations of CIFs", the key legislative acts and obligations applicable to CIFs, with a focus on ensuring compliance and alignment with the sustainability-related frameworks established at the EU level are the following:

- Sustainability-Related Disclosures Regulation ('SFDR') – Regulation (EU) 2019/2088

SFDR mandates financial market participants, including investment firms, to disclose sustainability risks and adverse impacts at both entity and product levels. This includes pre-contractual disclosures and ongoing reporting about ESG characteristics and sustainable investments

- EU Taxonomy – Regulation (EU) 2020/852

This regulation provides a classification system for environmentally sustainable activities. CIFs promoting environmental or social characteristics must assess and disclose the extent to which their investments align with the EU Taxonomy.

- SFDR Delegated Regulation – Commission Delegated Regulation (EU) 2022/1288

The templates provided in the Delegated Regulation must be adhered to for consistent disclosure practices

- Integration of Sustainability into MiFID II

Updates to MiFID II require CIFs to incorporate sustainability risks into their organizational processes, risk management frameworks, and conflict-of-interest policies. Firms must also consider clients' sustainability preferences in their advisory and portfolio management services

- Product Governance Obligations – Commission Delegated Directive (EU) 2021/1269

CIFs must incorporate sustainability-related objectives in target market identification, product distribution, and periodic reviews

The CIF will follow as well Corporate Sustainability Reporting Directive (CSRD): While primarily targeting large companies, the CSRD indirectly affects CIFs by expanding the scope of sustainability reporting. Fund managers investing in entities covered by the CSRD should utilize these reports to assess the sustainability performance of their investments. The EU Commission has published an omnibus proposal that aims to reduce significantly the sustainability and due diligence reporting burden for entities. Under the proposals, the Corporate Sustainability Reporting Directive (CSRD) would only apply to entities with more than 1000 employees on average on their balance sheet date and with a net turnover exceeding EUR 50 million or a balance sheet total exceeding EUR 25 million. The proposals would also postpone by two years the effective date of the existing reporting requirements under the current CSRD for the second wave (large entities that are not in the first wave) from 2025 to 2027, and the third wave (listed SMEs, small and non-complex credit institutions, and captive insurance and reinsurance entities) from 2026 to 2028.

The CIF implemented in 2024 Freedom Holding Corporation's Environmental, Social and Governance (ESG) Policy within its operations, aligning with the Holding Company's sustainability objectives. ESG Policy of FRHC is presented here: <https://ir.freedomholdingcorp.com/esg-for-investors>

The Holding's ESG Policy is composed with reference to the following principles, guidelines, and standards: Ten Principles of UN GC; UN SDGs; Nasdaq's 'ESG Reporting Guide 2.0'; UN Guiding Principles on Business and Human Rights; IFC Performance Standards on Environmental and Social Sustainability.

Freedom Holding Corp. adheres to the following principles within its operations:

- ✓ Ethical and responsible conduct of business;
- ✓ Credibility and transparency. The principle confirms the Company's commitment to provide full, timely and accurate disclosure of information in reports and other relevant documents;
- ✓ Compliance with law and regulations;
- ✓ Creation of long-term added value for the Company's stakeholders. The principle confirms the Company's commitment to secure shareholder value, fulfill its commitment to public authorities and contribute to the well-being of local communities;
- ✓ Adherence to Human Rights, equality, and promotion of equal opportunities;
- ✓ Cautious and responsible stance towards the environment. Adhering to the "precautionary approach", the Company strives to improve environmental risk management, reduce its carbon footprint, increase resource efficiency, and thoughtfully manage waste;
- ✓ Promotion of sustainable finance principles. The principle confirms the Company's commitment to developing sustainable finance products and services and integrating comprehensive ESG risk management practices.

Sustainability Risk arising from the interaction between hazard, vulnerability and exposure, including those related to the effects of climate change. Sustainability change risks are embedded in the CIF's risk management process and risk register. The CIF identifies, assesses, and manages climate change risks alongside all other types of risk as an integral part of its Business-wide Risk Management Framework.

According to the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD), climate change risks can be classified into two major categories:

– Transition Risks – Transitioning to a lower-carbon economy may entail policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change and may pose varying levels of financial impacts as well as reputational risk to the CIF.

– Physical Risks – Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns, causing direct damage to assets and indirect impacts from supply chain disruption. Environment of the company is committed to reducing Physical risks, especially waste and energy consumption. The Company consistently implements measures aimed at reducing ESG risks, primarily related to resource consumption and waste management. Below are the key initiatives implemented in 2025, as well as measures planned for 2026.

Implemented measures (2025)

- Occupational health and safety is ensured both through a third-party outsourcing provider and internal processes, including regular training sessions and onboarding acknowledgment letters signed by employees;
- A centralized register of electricity, water and fuel consumption has been introduced, along with additional energy efficiency measures, including:
 - automated control of HVAC systems (working vs non-working office modes);
 - unified temperature settings and seasonal modes (winter/summer);
 - automated lighting systems in common areas.
- Office waste sorting for recycling has been implemented, supported by regular employee training sessions, awareness campaigns and internal communication materials;
- Measures to reduce plastic usage have been introduced, including:

- additional water filtration systems;
 - elimination of plastic and glass bottles in meeting rooms;
 - transition to reusable solutions (water dispensers, carafes).
- Strict business travel budgeting and approval procedures have been implemented, with limitations on travel and preference given to online meetings;
 - Control over paper usage has been introduced, with priority given to electronic document flow;
 - Employees participate in environmental initiatives (beach cleanups, tree planting);
 - Permits have been obtained for participation in reconstruction projects of public infrastructure (including a volleyball court in Dassoudi Park and a tennis court), with implementation planned for 2026;
 - The provisions of the FF EU Whistleblower Policy regulate the process of handling reports of violations, and a responsible officer has been appointed.

Planned measures (2026)

“Green Office” Project (Property initiative)

The Company plans to implement the “Green Office” initiative aimed at standardizing and reducing the environmental impact of office operations across Freedom24 offices in Europe in 2026. Key areas of the project include:

1. Reduction of plastic usage

- full elimination of single-use plastics in offices;
- transition to reusable and recyclable materials;
- standardization of water supply, kitchen and office consumables;

2. Procurement and suppliers standardization

- transition to certified EU suppliers (including ESG-certified vendors);
- implementation of unified procurement standards (including household and food supply categories);
- centralized control of procurement categories by Property.

3. Introduction of metrics and KPIs

- development and implementation of KPIs for resource consumption (electricity, water, paper, reduction of disposable batteries);
- monitoring of waste volumes and recycling rates;
- control of office consumables (paper, plastic, household goods).

4. Operational integration

- further integration of ESG requirements into procurement, cleaning, maintenance and fit-out processes (including ESG certification requirements);
- implementation of unified standards across all EU offices;
- regular monitoring and reporting.

5. Employee training and engagement

- launch of regular training programs;
- development of internal ESG communication and culture;
- increasing employee awareness of sustainable consumption practices.

6. Overall approach and responsibilities

The implementation of the above measures (environmental initiatives and standardization) is centrally managed by the Property function in order to:

- ensure unified standards across all offices in Cyprus and EU countries (11 EU countries);
- increase transparency and manageability of processes;
- reduce operational and environmental risks;
- prepare for evolving ESG reporting requirements at the Holding level.

In relation to the transition risks, the company is not a systemic and doesn't have material exposure to ESG factors and risks due to the fact that it doesn't have large portfolios on their balance sheets. When dealing on behalf of clients, ESG factors and risks are affect the balance sheet indirectly through potentially decreasing financial performance of their clients' portfolios as well as their profitability through decreasing fees, commissions, and other monetary gains the firms are generating from this activity.

In its investment advising activity during 2025 the Company provided many business ideas to invest in the "green" companies (for example, photovoltaic manufacturers, production of carbon-negative materials, renewable energy sector).

Social

The Company is committed to actively opposing all forms of unfair and discriminatory practices and also seeks to ensure that no person is victimised or subjected to any form of bullying or harassment. It encourages full contribution from its diverse community via its policies and best practices.

The Company supports projects aimed at improving health, developing sports and providing infrastructure.

Governance

The firm operates a meritocratic approach to Board member selection. All new Board members must be agreed by the Board. The company is committed to ensuring that there is no discrimination on any grounds. The firm, through its policies and procedure, operates robust controls to prevent corruption and bribery occurring as part of its activities. The firm's employees are required to read and accept the Code of Conduct

At operation level, the CIF aims to identify, analyse, evaluate, and mitigate all operational hazards and risks. It does this in order to create a safe, healthy, efficient, and environmentally-friendly workplace for employees and contractors while ensuring public safety and health, minimising environmental impact, and securing asset integrity and adequate insurance.

At a strategic level, the CIF focuses on the identification and management of material risks inherently associated with the pursuit of the CIF's strategic and business objectives. In pursuing growth opportunities, the CIF aims to optimise risk and return decisions as defined and quantified through diligent and independent review and challenge processes. At an operational level, the CIF aims to identify, analyse, evaluate, and mitigate all operational hazards and risks. It does this in order to create a safe, healthy, efficient, and environmentally-friendly workplace for employees and contractors while ensuring public safety and health, minimising environmental impact, and securing asset integrity and adequate insurance.

The CIF recognises that certain external global trends could have a significant impact on its operating and strategic environment. These megatrends encompass significant political, economic, social, environmental and technological changes which could evolve rapidly, changing the context in which the CIF operates. Following a thorough review of transformative global megatrends, the CIF identified decarbonisation and digitalisation as the key long-term drivers of change. This process resulted also in the definition of a set of material topics to be managed, of which the ones below are the most relevant for the CIF:

- Responding to climate change
- Harnessing the power of technology
- Reinforcing cyber resilience and data protection
- Building an agile, inclusive and sustainable workforce.

9 Operating Environment of the Company

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As of April 2026, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual nonperformance.

The geopolitical situation in Israel has intensified in early October 2023 and its financial effect on the global economy and the overall business activities of the Company cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome. The Company is not directly exposed. Management will continue to monitor the situation closely and take appropriate actions when and if needed.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Company has business relationship with Ukrainian and Russian counterparties, including brokerage services and financial arrangements. The management has considered the direct exposure to Russia, Ukraine, and Belarus as limited and as such does not expect significant impact from direct exposures to these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely.

On 31 December 2025, Cyprus enacted significant tax reform measures, with most changes effective from 1 January 2026. Among the most notable changes anticipated to impact most companies are, without limitation, the increase in the corporate income tax rate from 12.5% to 15%, the extension of the corporation tax loss carry forward period from 5 to 7 years, the abolishment of the deemed dividend distribution rules for corporate profits earned after 1 January 2026.

Although current tax balances for reporting periods ending before 1 January 2026 are not affected by the tax reform, some of the new rules introduced will, in certain cases, require the remeasurement of deferred tax assets and liabilities at the revised corporate tax rate and/or lead to the recognition of deferred tax balances that were previously unrecognised, for periods ending after the enactment date of the tax reform but before 1 January 2026.

Appendix – Own Funds Main Features

Common Equity Shares		
1	Issuer	Freedom Finance Europe Ltd
2	Unique identifier (Legal Entity Identifier)	2138006Q4P69VVS8MZ72
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
Regulatory Treatment		
6	Amount recognised in regulatory capital	\$1.179.315
7	Nominal amount of instrument	€350.000 or \$438.239
8	Issue price	€1,00 each
9	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	05 August 2013, 250.000 ordinary shares 21 November 2016, 50.000 ordinary shares 7 February 2024, 50.000 ordinary shares
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	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
23	Noncumulative or cumulative	Noncumulative
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	No
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	No
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

(1) Insert 'N/A' if the question is not applicable