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Deriv Investments (Europe) Ltd

**Financial Disclosures Annual Report
2025**

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1. INTRODUCTION

The Investment Firms Regulation (EU) 2019/2033 (“IFR”) and the Investment Firms Directive (EU) 2019/2034 (“IFD”) of the European Parliament and of the Council of 27 November 2019, lay down financial disclosure requirements applicable to investment firms.

Deriv Investments (Europe) Limited (the “Company”) is registered in Malta and licensed by the Malta Financial Services Authority (“MFSA”) as an Investment Services provider, under the Investment Services Act (Cap. 370, Laws of Malta).

This document is prepared in accordance with the above-mentioned Directive and Regulation and published on the Company’s website.

2. SCOPE AND APPLICATION

The Company is required to publicly disclose on an annual basis information on the following topics:

- Risk management objectives and policies;
- Governance;
- Own funds;
- Own funds requirements; and
- Remuneration policies and practices.

The criteria for disclosing such information is based on the Company's business activities and the impact of these activities on the Company itself, the market it operates in, and its clients. According to the IFR and IFD package the Company is considered a Class 2 firm.

The Company, which forms part of the Deriv Group of Companies, has no subsidiaries and does not form part of prudential group consolidation, and is therefore making these financial disclosures on an individual basis.

This document is only applicable to clients contracted directly with the Company. It does not apply to clients contracted with any of the other subsidiaries forming part of the Deriv Group of Companies.

3. RISK MANAGEMENT OBJECTIVE & POLICIES

3.1. Risk Management Strategy

The development and implementation of the Company's strategic objectives depend on the Company's capability and risk management strategy. As such, risk management forms one of the core foundations of the Company's strategic objectives.

The Company's risk management strategy is based on a set of principles that include the following rules of conduct when dealing with risks.

- **Principle 1:** The risk management, meaning risk identification, measurement, monitoring, setting risk limits and accepted level of risk, risk reporting and the implementation of mitigating measures, are carried out systematically and consistently.
- **Principle 2:** Risk management activities reflect the nature, size, complexity, structure and diversity of the Company's business.
- **Principle 3:** Overall undertaken risk is managed through systematic management of individual risks.
- **Principle 4:** Governance structure of the risk management is based on three lines of defense and is reflected in the risk management operating model.
- **Principle 5:** The Company manages its risks by designing, implementing, and operating various risk management tools and by regularly reporting on the performance of these tools.
- **Principle 6:** The Company prepares the methodology for contingency planning used to ensure the business continuity of the Company activities in the unpredictable circumstances.

- **Principle 7:** The Company maintains an adequate capital reserve to absorb losses without significantly affecting the Company's financial stability in case of risk realization.
- **Principle 8:** Risk management practices adopted by the Company shall comply with all relevant legal and regulatory requirements.

3.2. Risk Management Policy

Risk management is an integral part of the management of the Company's operations and is carried out internally using policies including Risk Management Policy (the "RM Policy" defined by the Board of Directors ("Members of the Board", "Directors", "Board")).

The RMPolicy defines the risks to which the Company is exposed, the management process on these risks, decision making procedures and measures taken to improve risk exposure in line with the Company's risk appetite.

The RM Policy describes the approach to identification, assessment, mitigation, and monitoring of risks across the Company. Aligned with the policies defined by the Board of Directors, this policy outlines the processes, tools and procedures aimed to maintain financial stability and viability for its long-term vision through strong and effective internal risk management controls.

The RM Policy also delineates specific roles and responsibilities for teams engaged in risk management activities and includes a description of the reporting mechanism that aims to provide timely and accurate information on the Company's risk exposure, ensuring transparent communication and facilitating informed decision-making at all levels.

The RM Policy is reviewed regularly, at least annually, to reflect changes in market conditions and the Company's activities and objectives. The Risk Manager oversees the adequacy and functioning of the entire system of risk management and internal control with the Boards' oversight.

3.3. Conduct of Business

The Company conducts its operations in a manner that avoids unnecessary excessive risks and that assumes an acceptable level of risk which is integral to the day-to-day running of the business.

The Company's Board and senior management team act in a prudent and diligent manner to safeguard its reputation. Risks that arise due to the nature of the Company's business operations are minimized through a prudent and diligent conduct of business, and in accordance with its risk appetite and risk profile.

Risks are minimized through adherence to the Company's own internal control systems and procedures. Adherence to applicable laws, regulations, directives, and guidelines issued by the MFSA and European Supervisory Authorities ("ESAs") is overseen by the Board.

The Company adopts a positive and proactive approach to managing these risks and maintains capital levels that exceed the minimum regulatory requirements.

Furthermore, the Board and senior management team of the Company acknowledge that proper conduct of business not only safeguards against adverse reputational consequences to the Company but also helps to protect the reputation of its peers and the industry.

3.4. Board of Directors – Concise Risk Statement

The Board acknowledges that senior management has taken reasonable steps to establish and maintain risk management policies, processes, and day-to-day applications that are adequate and appropriate to the nature of the business.

In order to reflect its stance toward the risk, the Board has established and approved the Risk Appetite Statement (“RAS”).

The RAS) contains the amount of risk that the Company is willing to accept in achieving its objectives. This RAS serves as a guideline for understanding the boundaries within which the Company can operate regarding risk. The RAS is tailored to the Company’s specific risk circumstances and operational profile. The risk appetite and acceptable risk level is cascaded to the Key Risk Indicators (“KRIs”) of the Company.

3.5. Risk Management Processes and Objectives

The Company has in place a risk management process, coordinated by the Risk Manager, to identify the risks to which the Company is or could be exposed, and to manage those risks

The Company has identified key risk areas and implemented a risk taxonomy to ensure the comprehensive coverage of current and potential future risks, as follows:

- **Market Risk:** The Company manages market risk through product governance, the establishment of comprehensive risk limits, and continuous exposure monitoring.
- **Credit (Settlement) Risk:** The Company mitigates settlement risk through collateral arrangements, collecting the initial margin upfront from the client's account balance at the time of contract purchase. In the event of a Liquidity Provider default, trades can be automatically routed to alternative providers.
- **Liquidity Risk:** The Company identifies and mitigates liquidity challenges by employing specific KRIs with defined warning and critical limits. Furthermore, regular stress testing is conducted across low, medium, and high stress levels to evaluate the Company's liquidity resilience.
- **Concentration Risk:** Concentration risk is managed by constantly evaluating product, platform, and geographic diversification. The Company also utilizes automated control procedures to check and limit large exposures, ensuring no client exposure reaches or exceeds 25% of eligible capital.

- **Reputational Risk:** To mitigate reputational impacts, the Company requires that all marketing materials and client-facing content undergo a thorough, independent review and approval process by the Compliance Function prior to launch.
- **Non-Financial Risks (Operational, Regulatory, and People Risks):** The Company conducts an annual Enterprise Risk Assessment (“ERA”) to interactively identify, measure, respond to, and report on key non-financial risks. This is supported by KRIs that act as early warning signals – especially for regulatory risks – to ensure operations remain within the defined risk appetite.
- **Third-Party Risk:** Each third party is subject to a comprehensive risk assessment prior to onboarding. This is followed by ongoing monitoring and regular re-assessment to ensure contractual obligations are securely met .
- **Operational Digital Resilience and Cyber Security Risks:** The Company utilizes an ICT Risk Management Framework to identify, assess, and mitigate risks associated with information and communication technologies across all organizational departments.

3.6. Capital Adequacy (K-factors)

The IFR/IFD regime outlines basic capital requirement equals to the higher of initial capital requirements, fixed overheads requirement and K-factors requirement.. The K-Factors are grouped in 3 distinct categories of risk which are defined as Risk to Clients (RtC), Risk to Market (RtM) and Risk to Firm (RtF).

The Company monitors these risk K-Factors on an ongoing basis to determine its minimum capital requirement.

Risk	K-Factor (USD)
Risk to Clients (RtC)	10,796.01
Risk to Firm (RtF)	73,015.76
Risk to Market (RtM)	61,713.21

3.7. Risk to Client (RtC)

RtC takes into consideration the risks that may pose potential harm to the Company's clients. A range of measures are taken into consideration when calculating the RtC, these are represented as the sum of K-AUM + K-CMH + K-ASA + K-COH as shown hereunder.

3.7.1. Assets under Management (K-AUM)

Assets under management (AUM) means the value of assets that an investment firm manages for its clients under both discretionary portfolio management and nondiscretionary arrangements constituting investment advice of an ongoing nature

K-AUM is equal to AUM measured, multiplied by the coefficient 0.02%, The Company does not manage any assets for its clients therefore, $K-AUM = 0$.

3.7.2. Client Money Handled (K-CMH)

Client money handled (CMH) means the amount of client money that an investment firm holds (including both retail and internal institutional clients), considering the legal arrangements in relation to asset segregation and irrespective of the national accounting regime applicable to client money held by the investment firm.

3.7.3. Assets under Management (K-ASA)

Assets safeguarded and administered (ASA) means the value of assets that an investment firm safeguards and administers for clients, irrespective of whether assets appear on the investment firm's own balance sheet or are in third-party accounts.

The Company does not safeguard any client assets within this definition, and only holds client money, which is accounted for above when calculating K-CMH, therefore, $K-ASA = 0$.

3.7.4. Client orders Handled (K-COH)

Client orders handled (COH) means the value of orders that an investment firm handles for clients, through the execution of orders on behalf of clients.

This excludes trades executed on own account, which are accounted for when calculating K-DTF.

3.8. Risk to Firm (RtF)

The Company assesses, monitors, and has established policies in place to adequately control, mitigate or transfer such risks. This risk can arise from trading counterparty default, the number of daily transactions resulting from dealing on own account as well as concentration risk. The K-Factor for RtF is measured as the sum of K-TCD + K-DTF + KCON, as shown hereunder.

3.8.1. Trading Counterparty Default (K-TCD)

K-TCD means trading counterparty default which considers the exposures in the Company's trading book which give rise to the risk of a counterparty defaulting on a contract.

3.8.2. Daily Trading Flow (K-DTF)

K-DTF measures the value of daily trades handled by the Company which are executed on own account and excludes trades executed on behalf of clients which are already considered in the calculation for K-COH.

3.8.3. Concentration Risk (K-CON)

K-CON measures the concentration risk the Company may be exposed to. The Company monitors concentration risk through its accounting measures and robust internal control

mechanisms. The limit with respect to the concentration risk of an exposure value to an individual client or group of connected clients shall be 25% of the Company's own funds. The Company shall be obliged to notify the MFS should this limit be exceeded.

3.9. Risk to Market (RtM)

The RtM K-Factor is assessed for all trading book positions that result in the Company dealing on own account. The Company assesses its trading book risk including positions other than trading book positions which may give rise to foreign exchange and commodity risk.

3.9.1. Net Position Risk (K-NPR)

K-NPR is the risk of losses arising from movements in market prices, in on- and off-balance sheet investments in financial instruments which qualify as trading book business. Within its exposure to this risk, the Company excludes its positions in derivatives that have underlying instruments categorized as non-financial instruments.

Liquidity Risk Management

Liquidity risk refers to potential financial loss due to the organization's failure to meet its liabilities as they become due, because of an inability to liquidate assets or obtain enough funding. The goal of liquidity risk management is to ensure sufficient financing in all situations and to establish a comprehensive liquidity risk management system to address all significant sources of liquidity risk.

To effectively manage liquidity risk, the Risk function employs a set of Liquidity KRIs and conducts regular stress testing to assess potential vulnerabilities. By monitoring liquidity risk exposure and conducting stress testing, the Risk function aims to proactively identify and mitigate potential liquidity challenges.

4. GOVERNANCE

4.1. Corporate Governance Principles

The Board of Directors is committed to meeting high standards of corporate governance and strives to uphold these standards of corporate governance as a private limited company by monitoring the developments in corporate governance standards within the industry and the region.

The Board's roles, powers, duties, and functions are established based on the following guiding principles:

- Be responsible for the Company's leadership and provision of strategic direction and oversight;
- Monitor and periodically assess the effectiveness of the Company's governance arrangements;
- Approve and oversee the development and implementation of the Company's strategic objectives, risk strategy and internal governance;
- Ensure integrity of accounting and financial reporting procedures;
- Ensure adequacy and effectiveness of risk management and internal control functions; and
- Ensure compliance with applicable legislation and relevant business standards.

4.2. Roles and Responsibilities of Members of the Board

The Board of Directors is committed to achieving and upholding the Company's governance standards, the following roles and responsibilities are attributed to the Board to maintain this standard:

- Maintain a sufficiently good reputation and possess sufficient collective knowledge, skills, and experience;
- Consider and approve frameworks, policies, and procedures;
- Devote adequate human and financial resources to the training of employees and members of the Board;
- Assess and consider acceptable risk tolerance level and the RAS;
- Determine dividend policy and amount;
- Consider and approve implementation of appropriate corporate governance arrangements;
- Monitor adequacy and effectiveness of controls and address deficiencies;
- Act with honesty, integrity and independence of mind; and
- Oversee and monitor decision-making process.

To ensure proper oversight and accountability, the Board has approved and implements effective Terms of Reference.

4.3. Members of the Board of Directors

In line with the Company's Governance arrangements, the Board established is adequate to the Company's business endeavours. The Board is composed of 2 executive directors and 1 non-executive director.

During the financial year ending 31 December 2025, the directors in office and their directorships were listed accordingly as follows:

- Internal directorships within the Deriv Group of Companies including the Company; and
- External directorships outside the Deriv Group of Companies.

Members of the Board		Internal	External
1	Joanna Frendo – Executive Director	4	1
2	Derek Swift – Executive Director	2	Nil
3	Damien Antoine Francois Narozniak- Non-executive Director	1	1

4.4. Recruitment Policy of members of the Board of Directors

The members of the Board are responsible for reviewing the appropriate diversity in the context of Board composition and perceived needs of the Board at a particular point in time. When a recruitment need arises, the Board shall attempt to identify appropriate individuals as potential candidates. Consideration shall be based on skills, knowledge, expertise, qualification, experience, characteristics, competency, financial soundness, and with due regard for the benefits of diversity on the Board, in accordance with good governance practices and applicable law.

The candidates shall be screened, and shortlisted candidates shall be interviewed and assessed by the members of the Board. The assessment of candidates against fit and proper standards includes the collection of necessary documents and the successful completion of a due diligence process. The successful candidate shall be nominated for election to the Board at the upcoming Board Meeting.

A candidate shall not be appointed or begin performing any director-related function which requires prior approval by the MFSA, until the MFSA has granted its approval. The Company's Board and Key Stakeholders Diversity, Recruitment & Suitability Policy is assessed at least on an annual basis.

4.5. Policy on Diversity of the members of the Board of Directors and Senior Management

The Board is committed to fostering diversity within its Company, recognizing that a blend of skills, knowledge, experience, geographical insights, professional backgrounds, as well as diversity in gender, tenure, age, ethnicity, and other individual differences among Directors, is essential. The Company believes that such diversity enriches the decision-making processes, offering varied perspectives, insights, and viewpoints that ultimately lead to superior business performance and stakeholder satisfaction.

With regards to selection of Board composition, the Company is committed to embracing diversity to achieve our strategic objectives and to sustain our competitive advantage.

The Board Diversity Policy encompasses the following areas of diversity:

- Knowledge, Experience and Skills;
- Board Competencies;
- Gender Equality;
- Geographic Location; and
- Age, Ethnicity and Cultural Background.

A well-balanced representation of the Board enables efficient discharge of its duties and responsibilities, making use of all aspects of its diversity.

Board appointments shall be made taking into consideration the skills, experience, independence, competence, and knowledge which are essential to effectively promote the success of the Company.

Board members are subject to evaluation on an annual basis. Board member's performance may be reviewed in accordance with the processes agreed by the board from

time to time. The board is collectively responsible for the success of the Company. The adequacy and appropriateness of this policy is assessed at least on an annual basis.

4.6. Diversity Policy and Objectives

In accordance with the requirements of the IFR and the Company's Board and Key Stakeholders Diversity, Recruitment & Suitability Policy, the Company is committed to fostering an inclusive and strategically robust leadership environment. The Board recognizes that a blend of skills, knowledge, experience, and diversity in gender and background is essential for superior decision-making and sustainable performance.

4.6.1. Diversity Objectives and Targets

The Board's primary diversity objective is to maintain a Board of Directors with optimal collective competence. Given the nature, scale, and complexity of the Company, the Company has adopted a qualitative approach to diversity, supplemented by the following measurable targets:

- Gender Diversity: The Board aims to maintain a minimum of 25% representation of the underrepresented gender within the Board of Directors. Furthermore, the Company strives for an aggregated balanced gender representation within its pool of senior management and Board of Directors.
- Recruitment and Selection: To ensure continuous progress, the Company has implemented a "Tie-Breaker Rule," which mandates that when two candidates of different genders are equally qualified for a position, preference is given to the underrepresented gender.
- Competence and Residency: The Company targets to have two local residents for Board members to ensure effective local operational oversight.

4.6.2. FY2025 Performance Summary

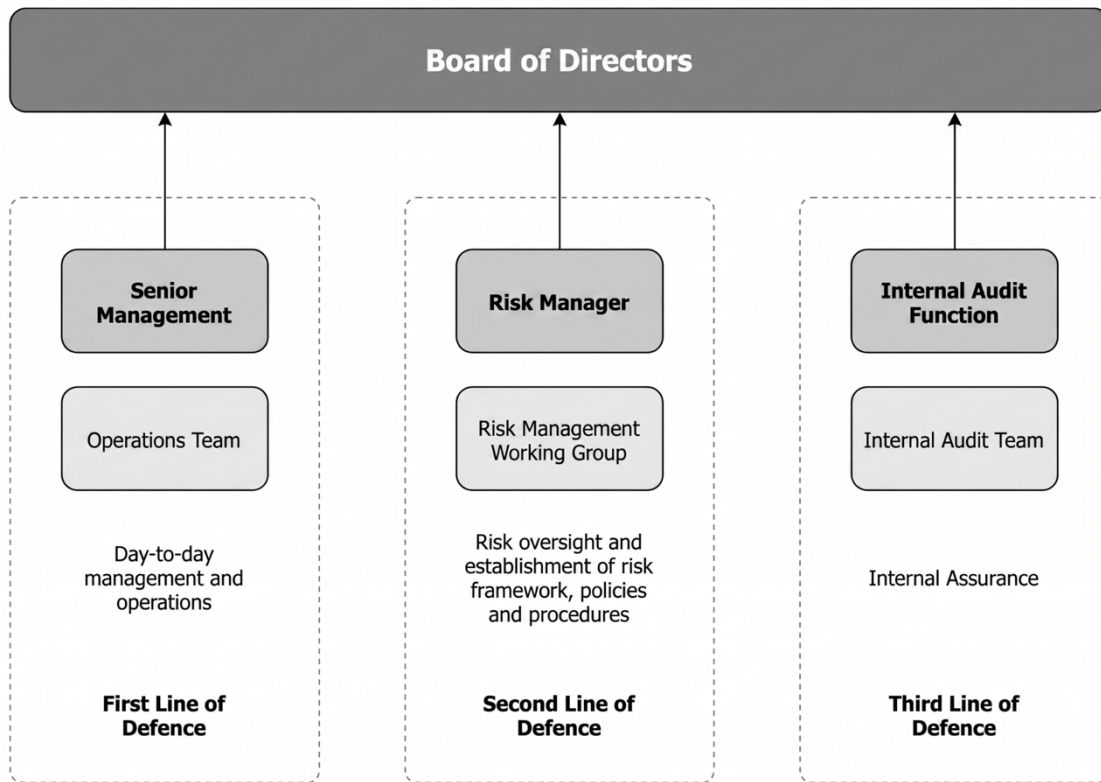
As at the end of FY2025, the Company has successfully achieved the following:

- **Board Composition:** The Board maintained a balanced structure, including both Executive and Non-Executive Directors. As of the reporting date, the gender composition of the Board was 66% male and 33% female meeting our diversity objective.
- **Aggregated Leadership Diversity (Board and senior management):** In line with our objective to foster an aggregated balanced gender representation across our leadership tiers, the Company evaluated the combined pool of Board members and Senior Management. This aggregated leadership group reflects a strong commitment to diversity, with females representing 57% of the total combined pool, ensuring a broad range of perspectives across both strategic oversight and key operational functions. This effectively complements and offsets the current gender distribution at the Board level. This reflects the Company's success in fostering a diverse leadership pipeline.
- **Regulatory Compliance:** All Board members remained compliant with local residency requirements throughout the year.

Commitment: The Company continues to adhere to its policy of merit-based selection, ensuring that diversity objectives do not compromise the professional competency or integrity of the Board.

4.7. Risk Management Function

Risk is an inherent component in all aspects of the Company's business. The Company continuously promotes a culture of risk awareness and responsibility. The following describes the structure and organisation of the Company's risk management function.



4.8. Risk Management Working Group

In addition to the Board of Directors, the Company has set up a Risk Management Working Group (RMWG) which is composed of the Risk Manager, Compliance Officer, Head of Trading, Executive and a Non-Executive Director. The Non-Executive Director is the Chair of the RMWG.

The RMWG reports directly to the Board of Directors who is responsible for maintaining oversight of the RMWG’s risk management framework and internal control systems which are designed to manage the risks the Company is or may be exposed to.

The RMWG periodically reviews the effectiveness and adequacy of the framework and systems by identifying, assessing, monitoring, and communicating key business risks. The RMWG meets at least on a quarterly basis unless otherwise determined.

5. OWN FUNDS REQUIREMENT

The Company has established adequate accounting procedures to assess and monitor its Own Funds requirements. According to the Capital Requirements Regulation (Regulation (EU) No 575/2013), the Own Funds Requirements are comprised of Common Equity Tier 1, Additional Tier 1 items and Tier 2 items, including applicable filters and deductions.

The following restrictions are applied to the calculation of own funds including a reference to the instruments and deductions to which those restrictions apply.

5.1. Reconciliation – Balance Sheet with Regulatory Capital

	Balance sheet in accordance with IFRS	Regulatory adjustments	Regulatory own funds
	2025	2025	2025
	US\$	US\$	US\$
Ordinary share capital	2,000,000	-	2,000,000
Accumulated profit	3,478,170	1,110	3,479,280
Inadmissible assets - intangible assets	-	(564)	(564)
Investor compensation scheme	1,110	(1,110)	-
	5,479,280	(564)	5,478,716

	2024	2024	2024
	US\$	US\$	US\$
Ordinary share capital	2,000,000	-	2,000,000
Accumulated loss	(109,000)	948	(108,052)
Inadmissible assets – intangible assets	-	(564)	(564)
Investor compensation scheme	948	(948)	-
	1,891,948	(564)	1,891,384

5.2. Own Funds Disclosures

The Company does not issue any instruments classified as either Common Equity Tier 1 items, Additional Tier 1 items or Tier 2 items. The Company's own funds consist of Common Equity Tier 1 (CET1) capital, comprising fully paid-up ordinary share capital and retained earnings, net of applicable regulatory deductions.

The Company does not issue any Additional Tier 1 or Tier 2 capital instruments.

The following tables contain a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and applicable filters and deductions applied to own funds of the Company and the balance sheet in the audited financial statements of the Company.

5.2.1. Template EU IF CC1.01 - Composition of regulatory own funds

				Amount	
				0010	
Own funds	Tier 1 Capital			0010	5478715.860
	Common Equity Tier 1 Capital			0020	5478715.860
Own funds	Tier 1 Capital	Common Equity Tier 1 Capital	Common Equity Tier 1 Capital	0030	5478715.860
			Fully paid up capital instruments	0040	2000000.000
			Share premium	0050	
			Retained earnings	0060	
			Retained earnings	0070	3479279.860
			Previous years retained earnings	0080	0.000
			Profit eligible	0090	
			Accumulated other comprehensive income	0100	
			Other reserves	0110	
			Minority interest given recognition in CET1 capital	0120	
			Adjustments to CET1 due to prudential filters	0130	
			Other funds	0140	-564.000
			(-)Total deductions from Common Equity Tier 1	0150	
			(-) Own CET1 instruments	0160	
			(-) Direct holdings of CET1 instruments	0170	
			(-) Indirect holdings of CET1 instruments	0180	
			(-) Synthetic holdings of CET1 instruments	0190	
			(-) Losses for the current financial year	0200	
			(-) Goodwill	0210	-564.000
			(-) Other intangible assets	0220	0.000
			(-) Deferred tax assets that rely on future	0230	
			(-) Qualifying holding outside the financial	0240	
			(-) Total qualifying holdings in undertaking	0250	
			(-) CET1 instruments of financial sector entities	0260	
			(-) CET1 instruments of financial sector entities	0270	
			(-) Defined benefit pension fund assets	0280	
			(-) Other deductions	0290	
			CET1: Other capital elements, deductions and adjustments	0300	
Additional Tier 1 Capital			0310		
Fully paid up, directly issued capital instruments			0320		
Share premium			0330		
(-) Total deductions from Additional Tier 1			0340		
(-) Own AT1 instruments			0350		
(-) Direct holdings of AT1 instruments			0360		
(-) Indirect holdings of AT1 instruments			0370		
(-) Synthetic holdings of AT1 instruments			0380		
(-) AT1 instruments of financial sector entities where the			0390		
(-) AT1 instruments of financial sector entities where the			0400		
(-) Other deductions			0410		
Additional Tier 1: Other capital elements, deductions and adjustments			0420	0.000	
Tier 2 Capital			0430	0.000	
Fully paid up, directly issued capital instruments			0440		
Share premium			0450		
(-) Total deductions from Tier 2			0460		
(-) Own T2 instruments			0470		
(-) Direct holdings of T2 instruments			0480		
(-) Indirect holdings of T2 instruments			0490		
(-) Synthetic holdings of T2 instruments			0500		
(-) T2 instruments of financial sector entities where the			0510		
(-) T2 instruments of financial sector entities where the			0520		
Tier 2: Other capital elements, deductions and adjustments					

In accordance with the applicable IFR/IFD capital requirement framework the Company is considered a Class 2 firm. The following table outlines the Company’s Basic own funds requirement calculated accordingly (values are represented in USD and EUR equivalent, with a conversion rate of 1.1750 USD as of 31 December 2025).

Requirement	Amount - USD	Amount - EUR
Permanent minimum capital requirement	881,250	750,000
Total K-Factor requirement	145,524.98	433,679.49
Fixed overheads requirement	375,387.69	291,489.85
Own Funds requirement	881,250	750,000

5.3.1. Permanent Minimum Capital

The Company must always maintain a permanent minimum capital of EUR 750,000 which is defined as the higher of its calculations for its K-Factors and fixed overheads requirement. Robust accounting procedures and ongoing monitoring are in place to ensure the Company maintains such capital requirements.

5.3.2. K-Factors and Fixed Overheads Requirement

The amount required to be maintained shall amount to at least 25% of the fixed overheads of the preceding year. The Company calculates and maintains its fixed overheads requirement in accordance with its accounting procedures and overall business structure. The Company’s total K-Factor and fixed overheads requirements are both calculated to be lower than the required permanent minimum capital and therefore, maintains its own funds according to the required permanent minimum capital of EUR 750,000.

5.4. Internal Capital Adequacy

The Company has a sound and comprehensive process to assess and maintain on an ongoing basis the amounts, types, and distribution of internal capital to cover the risks of the Company. The Company applies the Overall Financial Adequacy Rule (“OFAR”) through a three-tier capital monitoring structure that escalates progressively from the statutory regulatory floor to a supervisory early-warning buffer:

- **Pillar 1 – Basic Capital Requirement (BCR):** equal to own funds requirements as described above.
- **Pillar 2 – Requirement (P2R):** the binding internal capital threshold determined as the maximum of three independent comparators: the BCR-based statutory floor (PMR), the operational continuity comparator (FOR plus the Additional Wind-Down costs for orderly wind-down), and the risk-adjusted comparator (KFR plus Pillar 2 Additional Harm Assessment).
- **Pillar 2 – Guidance (P2G):** the supervisory early-warning benchmark equal to P2R plus an add-on equivalent to 50% of annual fixed operating expenses. A P2G breach triggers mandatory review and a documented remediation plan by the RMWG before P2R floor is approached. This structured buffer provides an orderly intervention window and ensures corrective action is taken well in advance of any regulatory capital breach.

For Pillar 1 regulatory reporting, only audited retained earnings and paid-up share capital are included in Own Funds, as unverified interim losses are also adjusted from this amount. Pillar 2 monitoring additionally uses Economic Own Funds which include real-time net profit and loss. Both the Regulatory and Economic measures are monitored simultaneously by the RMWG.

By comprehensively capturing Pillar 1 (Basic Capital Requirement), Pillar 2 Requirements (binding internal thresholds for operational continuity and uncaptured risks), and Pillar 2

Guidance (a proactive early-warning buffer), the Company effectively secures its risk coverage without duplicating exposures.

5.5. Professional Indemnity Insurance

In accordance with regulatory requirements for Professional Indemnity Insurance (“PII”), the Company has opted to hold a dedicated capital buffer in lieu of entering into a traditional insurance contract. Within this process, each risk is strictly assessed based on the potential financial exposure arising from claims by clients or third parties due to errors, omissions, negligence, or breaches of professional duty.

To ensure maximum transparency and avoid any risk of double-counting, the Company computes this professional indemnity requirement entirely separately from its standard operational and financial risk calculations. Rather than blending it into the Pillar 1 K-factors or the standard Pillar 2 Additional Harm assessments, this dedicated PII capital buffer¹ is added over and above both the Pillar 1 and Pillar 2 capital requirements.

By treating the PII capital as a distinct, standalone layer, the Company ensures that these funds remain structurally isolated and readily available to absorb third-party liability claims, providing an uncompromised layer of protection consistent with regulatory expectations. PII capital for 2026 was established at 135,780 USD.

¹ This additional PII capital buffer is calculated utilizing the same methodology applied to the assessment of additional harm of risks not covered by K-factors as detailed in this report, ensuring a consistent approach to probability and financial impact quantification.

6. REMUNERATION POLICY AND PRACTICES

6.1. Remuneration Policy

The Company has in place a risk-based remuneration policy that does not expose it to excessive risk. The Company's Remuneration Policy is designed to achieve an appropriate balance between risk and reward. This Policy is established and approved by the Board of Directors and complies with the following principles:

- The remuneration policy is documented and approved by the Board of Directors;
- It is adequate to the size, organisation, nature and complexity of business activities;
- It is gender-neutral;
- It promotes sound and effective Risk management;
- It avoids conflicts of interest; and
- Promotes responsible conduct of business.

The Board of Directors reviews the Remuneration Policy at least annually and is responsible for its overall implementation.

6.2. Remuneration Structure

The current remuneration structure is based on two (2) key principles, which are considered best practice in the human resources domain:

- Internal equity – directors /staff who perform similar job functions with similar skill levels should earn similar amounts.
- External competitiveness – directors /staff compensation package compares favorably with companies operating in a similar industry, business nature, size, and geographical area of the business.

Over time, remuneration reflects the directors /staff value to the Company and is fair vis-à-vis other directors /staff within the Company.

The Remuneration Policy applies to those categories of staff whose professional activities have a material impact on the Company's risk profile and is based on basic fixed remuneration criteria, which reflects relevant professional experience and organizational responsibility as set out in an employee's job description as part of the terms of employment.

The Company is committed to a strictly gender-neutral Remuneration Policy that prevents any form of discrimination based on gender, age, ethnicity, or other individual differences. The Company ensures that all compensation is determined solely by objective, merit-based criteria. Fixed remuneration is calculated based on an individual's relevant professional training, level of education, seniority, expertise, and specific organizational responsibilities. Any performance appraisals are evaluated against individual competencies such as job knowledge, critical thinking skills, productivity, and quality of work.

Therefore, the Company's gender pay gap is not a result of gender bias or discriminatory practices, but rather reflects differences in these objective variables—such as varying levels of professional experience, tenure, and the specific organizational responsibilities held by individuals across different roles. This approach ensures that all staff are compensated fairly and equitably based strictly on their competence, skills, and the value they bring to the Company.

6.3. Senior Management and Members of Staff Remuneration

Remuneration amounts paid are fixed and any increase is based on the Company's performance as well as individual performance. Any consideration of a bonus is discretionary and performance based.

When considering the award of discretionary variable remuneration, the Company conducts holistic annual performance reviews based on both the Company's overall results and qualitative individual assessments. Individual performance is evaluated against four core categories: Knowledge, Attitude, Performance (including productivity and quality of work), and personal Traits (such as judgement and resilience). Furthermore, variable remuneration is strictly aligned with regulatory compliance and client protection; it is assessed based on the employee's fair treatment of clients and the quality of service provided. Any employee determined to have acted against the best interest of clients will have their performance bonus severely impacted.

In addition, all payments are settled in cash and no shares or share options are granted as part of the remuneration package. The Company did not apply additional payments such as variable or guaranteed variable remuneration at any time, nor does it apply deferred remuneration payments. The staff's remuneration does not depend on any trend in revenues or sales targets. Therefore, this approach does not affect the Company's sound capital base, nor does it have an adverse effect on the interests of our clients and furthermore, promotes sound conduct of business.

Furthermore, the Company has not issued any severance payments from previous periods which were paid during the financial year ending 31 December 2025, nor were any new severance payments awarded during the year ending 31 December 2025.

6.3.1. Aggregate Quantitative Information

The details of remuneration for 2025 of all members of staff whose professional activities have a material impact on the Company's risk profile expressed in USD as shown below

Type of Remuneration	Fixed US\$	Variable US\$	Number of Beneficiaries
Senior Management	60,455.00	-	3
Members of Staff (Material Risk Takers)	56,934.7	-	3
Total Remuneration / Beneficiaries	122,064.55	0	6

Note: During 2025 the total fixed remuneration reached 100% of total remuneration and variable remuneration reached 0% of total remuneration.

6.3.2. Article 32 (4) IFD Derogation

The Company benefits from the derogation laid down in Article 32(4) of IFD. The Company meets the requirements for this derogation as follows:

Asset Threshold: The value of the Company's on and off-balance sheet assets has been, on average, equal to or less than EUR 100 million over the four-year period immediately preceding the current financial year.

Remuneration Policy: The Company did not pay any variable remuneration during 2025; therefore, the remuneration of all directors / staff remains well below the thresholds specified in point (b) of Article 32(4).

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