



Regulated by the Cyprus Securities and Exchange Commission License no. 247/14

**PILLAR III DISCLOSURES AND MARKET DISCIPLINE
REPORT FOR THE YEAR ENDED 31 DECEMBER 2025**

April 2026

DISCLOSURE

Disclosures in accordance with Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

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

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The Board of Directors is ultimately responsible for the risk management framework of the Company. The Risk Management framework is the sum of systems, policies, processes and people within the Company that identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Company's operations.

The Board of Directors approves in full the adequacy of Risk Management arrangements of the institution providing assurance that the risk management systems in place are adequate with regards to the institution's profile and strategy.

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1. Introduction

1.1. Investment Firm's Information

Table 1: Company information

Company name	IQOPTION EUROPE LTD
CIF Authorization date	30/07/2014
CIF License number	247/14
Company Registration Date	12/12/2013
Company Registration Number	327751
Legal Entity Identifier (LEI) Code	213800EG2RLGP5VLLM74
Investment Services	
Reception & Transmission of orders in relation to one or more financial instruments	
Execution of Orders on Behalf of Clients	
Dealing on own account	
Portfolio Management	
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	
Financial Instruments	
1. Transferable securities	
2. Money-market instruments	
3. Units in Collective Investment Undertakings	
4. 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	
5. 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	
6. Options, futures, swaps, and any other derivative contracts relating to commodities that can be physically settled, provided that they are traded on a regulated market and/or an MTF or an OTF, except for wholesale energy products traded on an OTD that must be physically settled	
7. Options, futures, swaps, forwards, and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point (6) above and not being for commercial purposes, which have the characteristics of other derivative financial instruments	
8. Derivative instruments for the transfer of credit risk	
9. Financial contracts for differences	
10. 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 a 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 Section, 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 present report is prepared by IQOPTION EUROPE LTD (the “Company”), a Cyprus Investment Firm (“CIF”) authorized and regulated by the Cyprus Securities and Exchange Commission (the “CySEC”, the “Commission”) under the license number 247/14 and operates in harmonization with the Markets in Financial Instruments Directive (“MiFID II”).

Since 26th of June 2021, the Company abides by the prudential rules set by 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). These rules address the prudential requirements for investment firms so that these entities avoid disproportionate administrative burden. Also, the IFR permits a transitional period of five years, until the 26th of June 2026, for certain of the enhanced capital requirements.

The Company is a Class 2 CIF and is required to hold EUR 750k 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 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, its risk governance policies and procedures along with remuneration policies and practices, 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”). Unless stated otherwise, all amounts are in thousands of euros (“€” or “EUR”).

The information contained in the Pillar III Market Discipline and Disclosure Report is audited by the Company’s external auditors and published on the Company’s website at www.eu.iqoption.com on an annual basis.

Furthermore, the Board of Directors and Senior Management have the overall responsibility for

the internal control systems in the process of capital adequacy assessment and they have established effective processes to ensure that the full spectrum of risks faced by the Company is properly identified, measured, monitored and controlled to minimize adverse outcomes. The Company's business effectiveness is based on the guidelines of the risk management policies and procedures put in place. The Board of Directors, Internal Audit, Risk Manager, Compliance and Anti-Money Laundering Officer control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

1.3. The Company

The principal activity of the Company is acting as a financial services provider across foreign exchange, equity and commodities derivatives and prime services including the reception and transmission of orders in relation to one or more financial instruments, the execution of orders on behalf of clients and the dealing on own account in accordance with the provisions of the applicable legislation and requirements of the CySEC.

The Company is 100% owned by QHL Quad Code Holding Limited. The ultimate controlling party is Mr. Sergei Dobrovolskii, who holds the majority of shares of QHL Quad Code Holding Limited.

The Company's growth strategy focuses on its existing areas of expertise and the quality and diversification of its customer base. The Company strives for sustainable profitability consistent with its cost of capital and a balanced business model. To this end, the Company:

- Seeks to contain the volatility of its results.
- Calibrates its capital ratio to ensure a significant safety margin relative to the minimum regulatory requirements.
- Monitors the stability and diversification of its funding sources.
- Ensures sufficient resilience in scenarios of liquidity shortages.
- Tightly controls its foreign-exchange risks.

In addition, the Company acts as a market maker and the financial instruments offered by the Company are executed outside of a regulated exchange or Trading Venue (i.e. Over The Counter). The Company acts as the sole execution venue and as principal to the clients' trades. The clients' positions are not transferable, and clients can only close their positions with the Company.

The Company provides investment and ancillary services to the client, through its online electronic system (i.e. Trading Platform). The Company executes clients' orders as the principal to the transaction and is always the counterparty in the transaction. The trades are placed by the clients with the Company via the Company's trading platform only and the Company does not facilitate telephone orders or face-to-face trading i.e. all trading activity is 100% automated. The Company automatically records all orders and allocates them in sequential order ensuring their fair and prompt execution.

The Company's Dealing Department does not interfere with the orders placed by the clients in the Company's trading platform. However, in certain circumstances, the Company reserves the right to proceed with the closure of the clients' positions; such circumstances are described in the Company's Order Execution Policy.

The Company publishes, through its trading platform, the live-steaming prices at which the financial instruments offered can be traded to the clients.

All information relating to executed trades is immediately available on the client's platform, and the client's profit and loss for an associated closed trade is reflected in the balance of his/her trading account.

The Company ensures that compliance rules are rigorously respected, especially in the area of anti- money laundering and counterterrorism financing. The Company monitors the loyalty of the behavior of its employees with regards to customers and all its stakeholders, as well as the integrity of its investment and financial practices.

The Company considers its reputation to be an asset of great value that must be protected to ensure its sustainable development. The prevention and detection of the risk of harm to its reputation are integrated within all the Company's operating practices. The Company's reputation is protected by making its employees aware of the values of responsibility, ethical behavior and commitment.

1.4. Operating environment of the Company

In October 2023, the Palestinian political and military movement "Hamas" launched surprise attacks against Israel from the Gaza Strip and Israel responded militarily in these attacks. The conflict remains ongoing, with significant implications for region and international relations. The growing uncertainty in relation to global supply goods due to the conflict between Russia and Ukraine and between Israel and Hamas disrupted some global trade flows and put upward pressure on the prices of commodities, energy, input costs and interest rates. It also increased inflation and created unprecedented anxiety in the stock market.

The Company's 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.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment. Management of the Company will continue to monitor the situation closely and will assess the need for further actions in case the period of disruption becomes prolonged.

Further to the above, the geopolitical situation in Middle East escalated on 28 February 2026, with the actions taken by the United States and Israel against targets in Iran. Cyprus has experienced geopolitical sensitivity due to its proximity to the Middle East and the presence of the United Kingdom Sovereign Base Areas at Akrotiri and Dhekelia. As of the date of preparation of this Report, the conflict continues to evolve in Middle East as military activity persists.

The conflict has caused significant volatility in global energy markets and disruptions to the supply of oil and gas, contributing to increased uncertainty in commodity prices and potential inflationary pressures. Broader consequences have also been observed in financial markets and global supply chains, particularly affecting energy and transportation sectors, as heightened geopolitical tensions around key shipping routes add to market uncertainty.

Challenges for companies may include disruptions to supply chains, higher energy and raw material costs and increased uncertainty in operational and financial planning.

The Company has assessed the potential impact of these geopolitical developments, considering its specific risk exposures. As the Company has no direct exposure to the affected regions, no significant impact on its financial position, financial performance, cash flows, or operations has been identified. These events are not expected to have a material effect on the Company's activities.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment. Management of the Company will continue to monitor the situation closely and will assess the need for further actions in case the period of disruption becomes prolonged.

In addition, the Company has evaluated the changes introduced by the Cyprus tax reform, including the increase in the corporate income tax rate from 12.5% to 15%, and does not expect these changes to have a material impact on its financial position or operations.

1.5. Investment Policy & Environmental, Social and Governance risks

The Company is not considered as significant CIF given that its total on and off-balance sheet assets are on average less than EUR 100 million over the four-year period immediately preceding the given financial year. Therefore, the Company has no obligation to disclose in this Report any information relating to IFR Article 52 (Investment Policy) and Article 53 (Environmental, Social and Governance risks).

2. Governance and Risk Management

2.1. Risk Management Approach

Risk exists in every aspect of the Company's business throughout its operating environment and is a core consideration within the Company's Strategic Plan. The Company's approach to risk management is based on the principle that risk management capability must be embedded within the business's front-line teams in order to be effective.

This overriding principle embodies the following concepts:

- Senior Management and Board of Directors use the Risk Management Framework (hereafter "RMF"), to balance out the effects of everyday business with the available capital and liquid assets; and
- Employees are responsible for risk management in their day-to-day activities. To this extent, the Head of each department is ultimately responsible for encouraging good risk management practices within their respective teams and departments.

2.2. Risk Management Principles

The Company's business model requires the identification, assessment, measurement, aggregation and management of the risks, and the allocation of capital among the business. Risk and capital are managed via a framework of principles and measurement and monitoring processes that are closely aligned with the activities of the Company:

- Core risk management responsibilities are embedded in the Board of Directors and delegated to senior management responsible for execution and oversight. The Board regularly monitors the risk and capital profile.
- The Company operates a Three Lines of Defence ("3LoD") risk management model. The 1st Line of Defence ("1st LoD") are all the business divisions and services who have responsibility for day-to-day risk management. The 2nd Line of Defence ("2nd LoD") are all the independent risk and control functions, who oversee, support, monitor and report risks. The 3rd Line of Defence ("3rd LoD") is Internal Audit, which assures the effectiveness of the risk governance framework. All 3LoD are independent of one another and accountable for maintaining structures that ensure adherence to the design principles at all levels.
- Material risks and their corresponding mitigation actions are identified, monitored, and communicated to the Board of Directors, who review and acknowledge these risks to ensure proper oversight of the Company's risk, capital, liquidity, and performance considerations.

All material risk types are managed via risk management processes. Measurement approaches for quantifying risk and capital demand are implemented across the material risk types. Non-standard risks (reputational risk, model risk, compliance risk) are implicitly covered in the risk management framework, primarily within operational and strategic risk. Systems, processes and policies are critical components of the risk management capability.

2.3. Risk Governance

The Company's operations are regulated by CySEC with supervision focusing on licensing, capital adequacy, risk concentration, conduct of business as well as organizational and reporting requirements.

Several layers of management and reporting provide cohesive risk governance:

- The Board of Directors regularly is informed through reports and board meetings, and – as necessary – on special developments in the Company's risk situation, risk management and risk controlling, as well as on reputation and material litigation cases.
- At the meetings of the Board, the Risk Manager identifies and evaluates the fundamental risks faced by the Company. Furthermore, it provides recommendations regarding risk management, exposures and control, which are presented to the Board of Directors and the Senior Management.
- The Board of Directors is responsible for managing the Company in accordance with the law and the Articles of Association with the objective of creating sustainable value in the interest of the Company, thus taking into consideration the interests of the shareholders, employees and other stakeholders. It is responsible for establishing a proper business organization, encompassing an appropriate and effective risk management.

It is noted that, following consideration of its size, internal organisation and the nature, the scope and the complexity of its activities, the Company does not deem necessary to establish a Risk, Nomination, or a Remuneration Committee for the year under review.

2.4. Risk Appetite & Capacity

Risk appetite expresses the level of risk that the Company is willing to assume, within its risk capacity, in order to achieve the business objectives, as defined by a set of minimum quantitative metrics and qualitative standards.

Risk capacity is defined as the maximum level of risk the Company can assume in both normal and distressed situations before breaching regulatory constraints and its obligations to stakeholders.

The Company monitors on a regular basis the risk indicators, which are designed to flag a state outside of its risk capacity that will affect the Company's capital, profitability, or liquidity using its risk appetite limits.

Risk appetite is an integral element in the business planning, to promote the appropriate alignment of risk, capital and performance targets, while at the same time considering risk capacity and appetite constraints from both financial and non-financial risks. Top-down risk appetite serves as the limit for risk-taking for the bottom-up planning from the business functions.

The Risk Appetite Statement ("RAS") articulates the Company's appetite thresholds. This is important as it provides the definitive view on the broad direction of risk-taking activity the Board of Directors is comfortable that the Company undertakes and allows decision makers (including those with delegated authority and also those providing oversight) to exercise

judgment with greater confidence and speed. The RAS aligns to the risks identified and defined in the RMF. The design and structure of the RAS has taken into consideration best industry practices and supervisory expectations which are aimed at ensuring Boards should be strongly involved in the validation process and monitoring of the RAS.

The Company has established its ICT RAS, illustrating the Company's internal limits for establishing the acceptable risk limits across such as cybersecurity, data privacy, system operations, third-party engagements, and technology investments.

Further to the above, the Company has defined its Red, Amber, Green level for its risk indicators (capital, profitability, liquidity and asset quality indicators) for defining the maximum exposure that the Company is prepared to incur given its strategic targets.

The Risk Appetite Framework of the Company includes risk preferences, risk tolerances and risk limits.

Risk Appetite Thresholds:

In case that the desired risk appetite is breached under either normal or stressed scenarios, these breaches are highlighted to the Senior Management, and ultimately to the Board of Directors. In addition, the Company has in place well-documented Risk Management procedures that describe the immediate actions at an adverse event.

In December 2024, as part of the annual risk appetite thresholds calibration exercise, no further adjustments on the thresholds were required. Furthermore, the positioning of the business in terms of risk/return ratio as well as the Company's risk profile by type of risk are analyzed and approved by the Board of Directors. The Company's risk appetite strategy is implemented by the Senior Management in collaboration with the Board of Directors and applied by all divisions through an appropriate operational steering system for risks, covering:

- Governance (decision-making, management and supervisory bodies).
- Management (identification of risk areas, authorization and risk-taking processes, risk management policies through the use of limits and guidelines, resource management).
- Supervision (budgetary monitoring, reporting, leading risk indicators, permanent controls and internal audits).

Essential indicators for determining the Risk Appetite and their adaptations are regularly supervised over the year in order to detect any events that may result in unfavorable developments in the Company's risk profile. Such events may give rise to remedial action, up to the deployment of the recovery plan in the most severe cases.

2.5. Risk Culture

The Company promotes a strong risk culture throughout the organization. The aim is to help reinforce the Company's resilience by encouraging a holistic approach to the management of risk and return throughout the organization, as well as the effective management of the risk, capital, liquidity and reputational profile. The Company actively takes risks in connection with the business and as such, the following principles underpin the risk culture:

- Risk is taken within a defined risk appetite.

- Every risk taken is approved within the RMF.
- Risk taken needs to be adequately compensated.
- Risk is continuously monitored and managed.

Employees at all levels are responsible for the management and escalation of risks. The Company expects all employees to exhibit behaviours that support a strong risk culture. To promote this, the policies require that behaviour assessment is incorporated into the performance assessment and compensation processes of employees. The Company has communicated the following risk culture behaviours through various communication vehicles:

- Being fully responsible for Company's risks.
- Being rigorous, forward looking and comprehensive in the assessment of risk.
- Inviting, providing and respecting challenges.
- Trouble shooting collectively.
- Placing the Company and its reputation at the heart of all decisions.

2.6. Internal Capital Adequacy and Risk Assessment Process ("ICARA")

The Company's ICARA Report has been prepared in accordance with the requirements of Law L.87(I)/2017, Chapter 2 of the Cyprus Law 165(I)/2021 and provisions of the IFR/IFD. The objective of the ICARA Report is to assess and quantify the Company's position, how the Company mitigates, and controls risks and to determine the amount of internal capital and the amount of liquid assets that the Company considers adequate in order to cover the nature and the level of all risks that the Company faces or to cover any potential risks to which the Company may be exposed in the future. The ICARA Report is intended to capture the Company's capital management process and methodologies as stipulated in accordance with the IFD.

The Company performs tailored made stress tests scenarios which are documented in the ICARA Report. The stress tests scenarios are assessed throughout the year by the Risk Management Function and the Board of Directors in order to evaluate the current and future internal capital and liquid assets that are required to cover all the risks of the Company under normal business conditions and at different stress test scenarios.

The Company prepares its ICARA Report on an individual basis.

The Company maintains compliance with the ICARA as required under Pillar II of Basel IV, IFD and its local implementation in Cyprus, through risk management and governance framework, methodologies, processes and infrastructure.

The ICARA of the Company plays an integral part of risk management practices, informing the Board of Directors of the on-going assessment of the Company's risks, the measures implemented to mitigate such risks and the current and future capital requirements and liquid assets, based on the analysis. Pillar II complements and strengthens Pillar I, by considering risks not covered in Pillar I. It involves corporate governance assessment, a quantitative and qualitative risk management framework, forward-looking capital planning and stress testing, offering a comprehensive and robust evaluation of CIFs capitalisation and liquidity position.

The Company's Risk Management Function is responsible to design the Company's ICARA,

identify, assess and quantify all material risks surrounding the Company, and propose the allocation of the necessary funds to cover those risks. On the other hand, the Company's Board of Directors is responsible to ensure that the personnel of the Company are educated and trained on risk-related issues, as well as on ICARA matters.

It is the objective of the Company to maintain high standards of internal governance and a sound system of internal control processes and procedures at all times.

2.7. Diversity Policy

The Company implements the diversity policy in accordance with the relevant Guidelines set forth by ESMA, promoting diversity on the management body in order to promote a diverse pool of members. The diversity policy aims to engage a broad set of qualities and competences when recruiting members of the management body, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the management body. Diverse management bodies can help improve decision-making regarding strategies and risk-taking by facilitating a broader range of views, opinions, experience, perception, values and backgrounds. A more diverse management body reduces the phenomena of 'group think' and 'herd behavior'.

The diversity policy is aligned with the Company's overall corporate governance framework, corporate culture and risk appetite and that the processes under the policy are fully operating as intended.

The diversity policy refers to the following diversity aspects: educational and professional background, gender, age and, geographical provenance. Further, the diversity policy includes a quantitative target for the representation of the underrepresented gender in the management body and quantifies the targeted participation of the underrepresented gender and specifies an appropriate timeframe within which the target should be met and how it will be met. In addition, and according to the diversity policy, there are "Diversity practices" which are implemented by the Company.

2.8. Directorships held by Members of the Management Body

In 2025, the members of the management body of the Company, given their industry experience, have been taking seats in other Company boards. In line with this, the following table indicates the number of positions that each member holds. For the purposes of the below, executive, or non-executive directorships held within the same group of companies are considered as a single directorship. 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. As already mentioned, the Company is not considered significant in terms of its size, internal organization and the nature, scope and complexity of its activities, therefore the provisions of the paragraph 46(2)(a)(ii) of the Law 87(I)/2017 do not apply.

Table 2: Directorships held by Members of the Management Body

Name	Position in the CIF	Directorships (Executive) in other entities other than the Company	Directorships (Non-Executive) in other entities other than the Company
Sergei Dobrovolskii	Executive Director	-	1
Loukas Kokkinos	Independent, Non - Executive Director	-	1
Anthon Rabinovich ⁴	Executive Director	-	-
Aleksei Zaitzenkov ³	Executive Director	-	-

Notes:

1. The information in this table is based only on representations made by the directors of the Company as at the time of preparation of this Report.
2. Mr. Christos Samaras resigned from the position of Independent, Non-Executive Director on 24/02/2026.
3. Mr. Aleksei Zaitzenkov was appointed as Executive Director on 01/06/2025.
4. Mr. Anthon Rabinovich resigned from the position of Executive Director on 19/03/2026.
5. Mr. Konstantinos Polyviou was appointed as an Executive Director on 19/03/2026, replacing Mr. Anthon Rabinovich.
6. The Company is in the process of preparing an application for the appointment of an Independent Non-Executive Director to replace Mr. Christos Samaras.

3. Principal Risks

This section sets out the Company's objectives and policies to manage each key risk that arises from its activities and operations, as well as the strategies and processes it has put in place in order to manage and mitigate each such risk.

3.1. K-Factor risk components

The IFR introduced the approach of accounting the potential harm that an investment firm can do to its clients, the markets in which it operates and to itself.

The K-factor requirement captures the Risk-to-Client, Risk-to-Market and Risk-to-Firm. As per Article 15 of the IFR, an investment firm's capital requirement equals to the sum of the following K-factor requirements:

- **Risk-to-Client:** Risk-to-Client covers risks carried by an investment firm during its services, actions or responsibilities, which could negatively impact its clients.
- **Risk-to-Market:** Risk-to-Market captures the net position risk ("K-NPR") from the trading book in accordance with the market risk provisions of the CRR or, where permitted by the competent authority for specific types of investment firms which deal on own account through clearing members, based on the total margins required by an investment firm's clearing member ("K-CMG").
- **Risk-to-Firm:** Risk to Firm covers the risk of an investment firm's exposure to the default of its trading counterparties, concentration exposure in its large trading book exposures to specific counterparties and operational exposures from its daily trading flow.

The K-factor requirement is tailored to the investment firms based on the type and scale of the investment firm's activities. The investment firms are required to calculate the K-factor requirement only for the K-factor components that are relevant to the services and activities that they are authorized to provide.

During the year under review, the Company based on its type and scale of activities and the services authorized to provide, was exposed to risks arising from the potential harm that an investment firm can do to its clients, can do to the markets in which it operates and to itself.

The Company monitors the value of its K-factors in order to detect any trend that could leave the Company with a materially different own funds requirement and reports these exposures on a quarterly basis.

3.2. Risk to Client

The K-factors under the Risk-to-Client capture the client assets under management and ongoing investment advice ("K-AUM"), client money held ("K-CMH"), assets safeguarded and administered ("K-ASA") and client orders handled ("K-COH").

The Company calculates its Risk to Client K-factor requirement based on the Article 16 of IFR. The overall own fund requirement under the Risk-to-Client equals the sum of K-AUM, K-CMH, K-ASA and K-COH.

K-AUM, K-ASA, K-CMH and K-COH relate to the volume of activity referred to by each K-factor. The K-factor requirement is tailored to the Company based on the type and scale of its activities.

K-AUM (Assets Under Management):

The K-AUM captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of continuity of service ongoing portfolio management and investment advice.

The Company calculates its K-AUM based on the provisions of Articles 15 and 17 of the IFR.

The Company does not make use of its investment services “Portfolio Management” and “Investment Advice” and thus its K-AUM requirement as of 31st December 2025 was equal to zero.

K-CMH (Client Money Held):

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

The Company calculates its K-CMH based on the provisions of Articles 15 and 18 of the IFR. For computing the applicable K-factor in relation to the Client money that the Company holds the IFR takes into account the legal arrangements in relation to asset segregation. The Company solely treats as client money held on segregated accounts, the client money which satisfies the conditions set out in applicable legislation.

As per Article 4 of the Delegate Directive 2017/593, the Company treats as client money held on segregated accounts those that are held in central banks, authorized credit institutions in accordance with the Capital Requirements Directive (“CRD”) as amended, authorized banks in third country and qualifying money market funds.

In addition, the Company manages, monitors, and mitigates its CMH risk by adhering to the requirements of the CySEC Directive DI87-01 for the Safeguarding of Client Assets, Product Governance Obligations and Inducements.

Based on the year ending on 31st of December 2025, as part of its business, the Company receives from its customers, cash deposits to enable them to perform transactions in financial instruments and to this end, it is subject to the risk captured by this K-factor.

K-ASA (Assets Safeguarded and Administered):

The K-ASA captures the risk of safeguarding and administering client financial instruments and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third party accounts. The Company solely provide CFDs which are treated as cash as of 31 December 2025 and thus its K-ASA requirements was equal to zero. In addition, due to the nature of CFD products and the fact that Company solely provide CFDs, the safeguarding of clients’ positions in CFD products is captured under K-CMH.

K-COH (Client Orders Handled):

The K-COH captures the potential risks from both execution of orders in the name of the client and the reception and transmission of client orders.

The Company is not exposed to Client Orders Handled risk due to the fact that all of its transactions are executed under its investment service “Dealing on Own Account”.

3.3.Risk to Market

The K-factor under RtM captures net position risk (K-NPR) in accordance with the market risk provisions of Regulation (EU) No 575/2013 (“CRR”) or, where permitted by the competent authority for specific types of investment firms which deal on own account through clearing members, based on the total margins required by an investment firm’s clearing member (K-CMG). Market risk of the Company comprises of equity risk, foreign exchange risk and commodity risk. As per IFR, the investment firms have an option to apply K-NPR and K-CMG simultaneously on a portfolio basis.

- **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 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's exposure to market risk at any point in time depends primarily on short-term market conditions and client activities during the trading day. The Company is subject to Market Risk as a result of its trading activities where it acts as a counterparty to its clients’ CFD transactions, of its own account activities in marketable securities as well as from its on-balance sheet assets and liabilities that are denominated in a currency other than its reporting currency (the Euro). The Company is therefore exposed to losses in the case where adverse market movement cause the value of its open positions to decline.
- **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.

As at the reference date, the Company was exposed to the following types of Market Risk:

Interest rate risk: Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Company’s management monitors the rate fluctuations on a continuous basis and acts accordingly.

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 United States Dollars and the British Pounds. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Commodity risk: Commodity risk is the risk of loss from movements in the price of commodities. As at 31 December 2025, the Company was exposed to Commodity risk as it held positions in CFD commodity instruments and cryptocurrency.

Equity risk: Equity risk results from the exposure of the Company's investment portfolio to adverse movements in equity prices, as well as for client transactions in equity CFD products where the Company acted as Market Maker. As at 31 December 2025, the Company was exposed to this type of risk.

The Market Risk distinguishes between two different types:

- **Trading Market Risk** arises primarily through the dealing on own account activities. This involves taking positions in debt, equity, foreign exchange and commodity CFDs.
- **Non-trading Market Risk** arises from market movements, in the banking book. This includes mainly foreign exchange risk. The Company is exposed to foreign exchange risk, which arises from the Company's non-trading asset and liability positions, which are not denominated in the Company's reporting currency.

The Company measures and mitigates its exposure to market risk with the following principles and philosophies:

- Medium market risk appetite.
- Business model focused on the customer.
- Independent calculation of the results of market activities by the Risk Management Function.
- Strict control ex ante of products, underlying assets, currencies, etc., for which operations are authorised as well as of the corresponding valuation models.

The Company aims to accurately measure all types of market risks by a comprehensive set of risk metrics reflecting economic and regulatory requirements. In accordance with economic and regulatory requirements, the Company measures market risks by several internally developed key risk metrics and regulatory defined market risk approaches.

The Company is exposed to market risk arising from its trading book and non-trading book activities.

In addition, the Company monitors its exposures towards market risk on an ongoing basis as well as it has in place a hedging policy as part of its Internal Operations Manual ("IOM") incorporating the controls and procedures in place for reducing Market Risk. The Company currently maintains hedging accounts with reputable institutions.

The Company's capital requirements related to Market Risk are determined using the standardized approach set out in Chapters 2, 3 and 4 of Title IV of Part Three of CRR. The Company's total capital requirements for Market Risk as of 31 December 2025 amounted to EUR 450K, compared to EUR 2.397K as of 31 December 2024.

Table 3: Market risk capital requirements, € thousands

Risk Type	Capital Requirements
Foreign exchange risk	343
Equity risk	11
Interest rate risk	-
Commodity risk	96
Total	450

3.4. Risk to Firm

Risk-to-Firm captures an investment firm's exposure to the default of its trading counterparties ("K-TCD"), concentration risk ("K-CON") in an investment firm's large exposures to specific counterparties and operational risks from an investment firm's daily trading flow ("K-DTF").

The Company calculates its Risk to Firm K-factor requirement based on Article 24 of IFR. The overall own funds requirement under the Risk-to-Firm equals to the sum of K-DTF, K-TCD and K-CON.

K-DTF, K-TCD and K-CON are intended to capture risks to an investment firm's solvency from its trading activity and market participation. The K-factor requirement is tailored to the Company based on the type and scale of its activities.

K-TCD (Trading Counterparty Default):

K-TCD captures the risks from trading counterparties failing to meet their obligations to the investment firm. K-TCD shall be based on the transactions recorded in the trading book of an investment firm dealing on own account, whether for itself or on behalf of a client. So, K-TCD is an own funds requirement designed to capture the risk of an investment firm's exposure to the default of its trading counterparties when dealing on its own account, either for itself or when executing client orders in the name of the firm.

The Company calculates its K-TCD based on the provisions of Articles 25 to 32 of the IFR.

This applied to the Company as a result of its positions in CFDs opened in the process of executing client Over-The-Counter transactions on a principal basis.

The Company performs due diligence procedures for its trading customers and assess their economic profile prior approving the potential risks they may face upon commencement of their business relationship.

K-DTF (Daily Trading Flow):

K-DTF captures the potential risks from the transactions recorded in the trading book of an investment firm dealing on own account, whether for itself or on behalf of a client, and the transactions that an investment firm enters into through the execution of orders on behalf of clients in its own name.

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

The Company was exposed to K-DTF due to the fact that it executes its trades on a principal basis (i.e., dealing on own account).

K-CON (Concentration Risk):

K-CON is an additional own funds requirement, which only applies to exposures in the trading book for investment firms, which deal on own account, or execute orders on behalf of clients in the name of the investment firm. The K-CON aims to provide additional own funds for managing concentration risk to a single counterparty or group of connected counterparties.

The investment firms shall monitor and control their concentration risk and where the trading book exposures with regard to a client or group of connected clients exceeds the limits as set out in the IFR shall meet an own funds requirement in accordance to Article 39 of the IFR and shall notify the competent authorities of the excess, the name of the individual client concerned

and where applicable the group of connected clients concerned without delay as per Article 38 of the IFR.

As per Article 37 of the IFR these limits are in line with those set out for large exposures purposes in the CRR and are:

- 25% of own funds of the investment firm in case of an individual client or group of connected clients other than credit institution or investment firm.
- The higher of 25% of own funds of the investment firm or EUR 150 million where individual client is a credit institution or investment firm or where a group of connected clients includes one or more credit institutions or investment firms. However, where the EUR 150 million is higher than the 25% of own funds of the investment firm, the applicable limit shall not exceed 100% of the investment firm's own funds.

The Company is required to report and monitor its trading book Large Exposures on a quarterly basis. As of 31st December 2025, the Company's TCD exposures towards its clients, affiliate and issuers of equity and interest-rate instruments in the trading book do not exceed the allowable thresholds as per Article 37 of the IFR and thus the Company was not subject to K-CON requirement.

4. Other Risks

4.1. Crypto currencies

Risks arising from the Company's operations with cryptocurrencies, such as valuation risk and volatility risk. Valuation risk arises from the fact that cryptocurrencies do not possess a definitive value and cannot be properly valued due to lack of information and due to high volatility.

The Company offers CFDs relating to virtual currencies.

The Company complies with the requirements of CySEC's Circular C268 when providing CFDs relating to virtual currencies which are the following:

- Company must inform its clients before investing into CFDs on Virtual Currencies:
 - a. of the risks associated with these products in a specific risk warning.
 - b. that such products are complex, extremely risky, and usually highly speculative.
 - c. that they entail a high risk of losing all the invested capital.
 - d. that the values of virtual currencies values are subject to extreme price volatility and hence may result in significant loss over a short period of time.
 - e. they are not appropriate for all investors. As such, customers should not engage in trading in relation to such products if they a) do not have the necessary knowledge in this specific product; or b) if they cannot bear the loss of the entire invested amount. Customers must be fully aware of, and understand, the specific characteristics and risks in relation to these products.
 - f. of the fees and costs entailed.
- The Company ensures that the reference prices used in relation to the underlying asset are gathered from publicly available sources of good repute. The Company should perform a thorough evaluation before selecting its pricing sources. Moreover, the Company must undertake an ongoing evaluation and review of its pricing sources, in order to ensure that it

complies with the execution requirements.

- The Company must also include the risks associated with their activities relating to the CFDs on Virtual Currencies when calculating their total own funds ratio. Where relevant, it should adjust its risk mitigation strategies.
- The Company abides to the leverage limits (1:2), the margin close-out rule, negative balance protection, the restriction on incentives and providing a firm-specific risk warning. The Company also abides by the ESMA Questions and Answers Relating to the provision of CFDs and other speculative products to retail investors under MiFID II.

The Company is treating exposures coming from CFDs in Crypto assets as market commodity risk and is calculated according to Articles 355 to 361 of the CRR.

Crypto-asset exposure amounts and capital requirements:

As at 31st of December 2025, the Company held material exposure in crypto-asset holdings and therefore, is under the disclosure requirements of CySEC's C462 "Prudential treatment of crypto assets and enhancement of risk management procedures associated with crypto assets".

Under K-TCD, the overall exposure amount from CFDs in crypto assets as at 31st of December 2025 was EUR 33K, while the overall capital requirement was EUR 3K. Under Market (Commodity) Risk, the Net Position of the Company on CFDs in cryptos was EUR 6K long and 381K short, resulting to total Market Risk capital requirements of EUR 70K. Both the Company's exposure amounts and capital requirements in relation to CFDs in cryptos are computed based on the provisions of Circular C462 that issued by CySEC on August 3rd, 2021.

4.2. 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 minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Moreover, 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 of the 31st of December 2025, the Company satisfied the Liquidity Requirement. The Company monitors the level of its liquid assets on at least a quarterly basis.

4.3. Compliance and Reputational Risks

Compliance risk arises from violations of the Law, Directives and Circulars issued, regulations, prescribed practices, internal policies and procedures or ethical standards. This risk exposes the Company mainly to financial losses due to imposed fines from the regulating body. Compliance incidents may also negatively affect the Company's reputation, reduce the Company's value, limit business opportunities, reduce the potential to expand and the possibility of not being able to enforce contracts.

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

Reputational risk could materialise after an incident urges the Company's counterparties, investors, regulators or clients to adopt an adverse perception about the Company and its image. It may also occur as an effect of poor customer service or from potential fines/sanctions imposed by CySEC, due to the loss of a key director, the loss of large Clients, fraud or theft, Client claims, legal actions against the Company and from negative publicity relating to the overall Company's operations.

By ensuring that these rules are observed, the Company works to protect its customers and, in general, all of its counterparties, employees, and the various regulatory authorities to which it reports.

The Compliance and Reputational Risks are the following:

- Compliance with all the regulatory requirements, ensuring qualifications and substantial recommendations are avoided in audits and supervisors' reviews.
- Maintain the confidence of customers, shareholders and employees, as well as society in general, regarding solvency and reputation.
- Maintain a low appetite in compliance and reputational risk through corporate policies, backed by risk indicators and the functioning of committees that enable risk to be identified, monitored and mitigated in matters of Prevention of money laundering.
- Compliance: codes of conduct in the securities market; suspicious operations; abuse of market; institutional relations; MiFID II; customers' complaints to supervisors; data protection regulations and code of conduct of employees.
- Commercialization of products: reputational risk management, marketing and monitoring of products, observing operational, conduct and reputational risk criteria.
- Continuous monitoring of audits and revisions of the supervisors and of their corresponding recommendations in the sphere of compliance and reputational risk.

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

Duties of the Compliance Function

In reference to Article 22 of the Commission Delegated Regulation (EU) 2017/56, Article 16(2) of Directive 2014/65/EU and paragraph 17(2) of the Law L. 87(I)/2017 (hereinafter the 'Law'), the Company is required to establish, implement and maintain adequate policies and procedures designed to detect any risk of failure by the Company to comply with its obligations under the Law, as well as the associated risks, and put in place adequate measures and procedures designed to organize such risks and to enable the Commission to exercise its powers effectively under the applicable regulatory framework.

In addition, the Company is required to establish and maintain a permanent and effective Compliance Function, which operates independently, and which has the following responsibilities:

- To monitor and assess the adequacy and effectiveness of the measures and procedures put in place and the actions taken to address any deficiencies in order to ensure the Company's compliance with its obligations under the Law and the Directive 2014/65/EU;
- To advise and assist the relevant persons responsible for carrying out investment services and activities to comply with the Company's obligations under the Law and the Directive 2014/65/EU;
- To perform on a regular basis a compliance risk assessment taking into account the investment services, activities and ancillary services provided by the Company as well as the types of financial instruments traded and distributed to ensure that the focus and the scope of compliance monitoring and advisory activities remain valid;
- To establish a monitoring programme that takes into consideration all areas of the investment services or other business provided/performed by the Company. In particular, the monitoring programme establishes priorities determined by the compliance risk assessment ensuring that compliance risk is comprehensively monitored;
- To provide support for staff training and day-to-day assistance for staff and participating in the establishment of new policies and procedures within the Company;
- To oversee the operation of the complaints process and consider complaints as a source of relevant information in the context of its general monitoring responsibilities. In addition, the Compliance Officer is required to implement Company's complaints policy and maintain records as required by the legislation;
- To perform reviews on the procedures followed by the employees to ensure compliance with legislation and Company's IOM and to update them regarding new legislation;
- To perform reviews to ensure that the employees of the Company are aware of their duties as these are outlined in the Company's IOM;
- To ensure that its monitoring activities are not only desk-based, but to verify how policies and procedures are implemented in practice through on-site inspections at the operative business units of the Company;
- To ensure that information requested from the Commission through circulars and/or direct communication with the Company is accurate and is provided within the set timeframe;
- To ensure that the Commission is notified promptly and in accurate manner for any material changes that might occur in the organizational structure of the Company;
- To have the necessary authority, resources, expertise and access to all relevant information of the Company;
- To ensure that there are measures in place for minimizing the risk of non-compliance with legislation;
- To ensure submission of the Annual Compliance Officer report to the Board of Directors on the implementation and effectiveness of the overall control environment for investment services and activities, on the risks that have been identified and on the complaints-handling reporting. The respective report will also contain advice on the necessary remedial measures;
- To review and where necessary update the IOM;
- To review randomly clients' files to ensure that the account opening procedure is properly implemented and that adequate records are kept by the Company, as required by legislation;
- To review randomly the clients' accounts with special consideration to the recording process of deposits/withdrawals and clients' transactions;

- To perform checks over the adequacy of funds held for trading of the accounts held by the Company with other brokers. The Compliance Officer performs checks on the Dealing Room activities with the intention of ensuring that trades executed for clients are within the set limits and in accordance with Best Execution Policy of the Company.

Prevention of Money Laundering and Terrorist Financing

Money laundering and terrorist financing risk mainly refers to the risk where the Company may be used as a vehicle to launder money and/or assist/be involved in financing terrorism.

The Company has in place the “Annual report on the prevention of money laundering and terrorism financing for 2025” which analyses and describes the below mentioned:

- Regulatory Framework and Information from Relevant International Organizations
- Inspections And Reviews Performed by The AMLCO During the Year 2025
- Internal Reporting
- External Reporting
- Customer’s Cash Deposits
- Prepaid Card Transactions
- High-Risk Customers
- Ongoing Monitoring of Customers Accounts and Transactions
- Branches And Subsidiaries Outside The EEA
- Communication, Education and Training of Employees
- Compliance Officer’s Department

In addition, the Company has in place, and is updating as applicable, certain policies, procedures and controls in order to mitigate the money laundering and terrorist financing risks.

Among others, these policies, procedures and controls include the following:

- The adoption of a risk-based approach that involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage the Money Laundering and Terrorist Financing risks faced by the Company.
- The adoption of adequate Client due diligence and identification procedures in line with the Clients’ assessed Money Laundering and Terrorist Financing risk.
- Setting certain minimum standards of quality and extent of the required identification data for each type of Client (e.g., documents from independent and reliable sources, third party information).
- Obtaining additional data and information from Clients, where this is appropriate and relevant, for the proper and complete understanding of their activities and source of wealth and for the effective management of any increased risk emanating from a particular Business Relationship or an Occasional Transaction.
- Monitoring and reviewing the business relationship or an occasional transaction with clients and potential clients of high-risk countries.
- Ensuring that the Company’s personnel receive the appropriate training and assistance.

The Company is frequently reviewing its policies, procedures and controls with respect to money laundering and terrorist financing to ensure compliance with the applicable legislation and incorporated, as applicable, any new information issued/available in this respect.

4.4. Litigation Risk

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations.

4.5. Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash flows from financial assets on hand. The Company is exposed to credit risk in various forms, one of which is Counterparty Credit Risk. The Company has significant concentration of Credit Risk in financial institutions without credit ratings.

4.6. Operational Risk other than DTF

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.

4.7. Business (Strategic) Risk

Business risk arises from probable losses that might be incurred by the Company during unfavourable market conditions, thus having a current and/or future possible impact on earnings or capital from adverse business decisions and/or lack of responses to industry changes by the Company. On the other hand, Strategic risk is the result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Board of Directors is responsible for setting the strategy while the management body is responsible for the implementation. Most importantly, there should be no discrepancy between the Board of Director's and managers' interests.

4.8. ESG Risks

With regard to ESG risks, the Company is currently in the process of assessing its approach to addressing the challenges arising from the implementation of the relevant prudential framework, including consideration of the following actions:

- Remain up to date with the ESG Regulatory changes.
- Review and adjusts its followed strategy if needed to mitigate its ESG Risks.
- Define the responsibilities of management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels.
- Review and assesses its remuneration practices in order to ensure that ESG sensitive products are not promoted.
- Establish Risk Appetite limits in response to ESG Risks and set the frequency of reporting in relation to environmental risks to the Company's Board of Directors.

4.9. DORA

Following the implementation of the DORA Act, the Company faces the ICT challenges to ensure compliance with the regulation and to strengthen ICT risk management and operational continuity. The Company ensures that ICT-related systems and processes are:

- Managed under a sound and comprehensive ICT risk management framework.
- Protected against cyber threats, data breaches, and system failures through appropriate technical and organizational measures.
- Capable of detecting, responding to, and recovering from ICT-related incidents.
- Supported by regular testing of digital operational resilience, including advanced scenario-based and threat-led testing.
- Documented through well-defined policies, response plans, and governance structures.
- Monitored continuously for performance, availability, and risk indicators linked to critical third-party ICT service providers under contracts that ensure compliance with DORA requirements.
- Not reliant on external ICT providers in a way that creates systemic or single points of failure without proper mitigation and oversight.

The Company has proceeded with the review and update of its procedures in place for ensuring digital operational resilience and proceeded with the establishment of standalone DORA Manual. The Company is currently finalizing its gap analysis report for identifying any potential gaps of compliance with the DORA Act.

5. Own Funds

Since 26th of June 2021, the Company abides by the prudential rules set by the IFR & IFD framework, which comprise of EU Regulation 2019/2033 on the prudential requirements of investment firms ("Investment Firm Regulation" or "IFR") and EU Directive 2019/2034 on the prudential supervision of investment firms ("Investment Firm Directive" or "IFD"), as the latter has been harmonized into local legislation through Law 165(1)/2021 on the Prudential Supervision of Investment Firms. Also, the IFR permits a transitional period of five years, until the 26th of June 2026, for certain of the enhanced capital requirements.

5.1. Minimum Capital Adequacy Ratio

Investment firms are required to maintain own funds consisting of the sum of their Common Equity Tier I capital, Additional Tier I capital and Tier 2 capital, and shall meet all the following conditions at all times:

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

Table 4 below presents the composition of the Company's Own Funds as of 31 December 2025, while **Table 5** indicates how these Own Funds reconcile with the Company's audited Balance Sheet as of this date. These tables have been prepared using the format set out in the Commission Implementing Regulation (EU) 2021/2284 laying down implementing technical standards for the application of IFR with regard to supervisory reporting and disclosures of investment firms.

As shown below, the Company's Own Funds as of 31 December 2025 amounted to EUR 19.035K.

Table 4: Template EU IF CC1.01 - Composition of Regulatory Own Funds

Template EU IF CC1			
Ref	(€'000)	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	19.035	
2	TIER 1 CAPITAL	19.035	
3	COMMON EQUITY TIER 1 CAPITAL	19.035	
4	Fully paid-up capital instruments	3	Ref 1 (Shareholders' Equity)
5	Share premium	598	Ref 2 (Shareholders' Equity)
6	Retained earnings	18.532	Ref 3 (Shareholders' Equity)
10	Adjustments to CET1 due to prudential filters	(1)	Ref. 1 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(97)	Ref 1 & Ref 2 (Assets)
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	-	

**Table 5: Template EU IFCC2: Own Funds: Reconciliation of Regulatory Own Funds to
Balance Sheet in the Audited Financial Statements**

Template EU IF CC2			
Ref	31 Dec 2025 (€'000)	Balance sheet as in audited financial statements	Cross reference to EU IF CC1
	Assets		
	Total Assets	19.946	
	Of which		
1	Deposit with Investors' Compensation Fund & Additional Valuation Adjustment (Financial assets at fair value through profit or loss)	57	Ref. 10 & 27
2	AstroBank - ICF Buffer (Cash and cash equivalents)	40	Ref. 27
	Liabilities		
	Total liabilities	813	
	Shareholders' Equity		
	Total Shareholders' equity	19.133	
	Of which		
1	Share capital	3	Ref 4
2	Share premium	598	Ref 5
3	Reserves	18.532	Ref 6

6. Minimum Capital Requirements

6.1. Capital Requirements

The IFR & IFD framework introduces a different approach for calculating the Minimum Capital Requirements, which for Class 2 investment firms dictates 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 its FOR at least on a quarterly basis. The Company calculates its FOR by taking the one quarter of the fixed overhead expenses of the preceding year in accordance with the provisions of Article 13 of the IFR. The Fixed Overheads Requirement as of 31 December 2025 amounted to EUR 1.403K.

Permanent Minimum Capital Requirement ("PMCR")

The Company monitors its Own Funds on a continuous basis and ensures that they remain above the Permanent Minimum Capital Requirement of EUR 750K, which corresponds to the initial capital that applies to the Company in accordance with Article 9 of the IFD.

Table 6 below breaks down the Pillar I minimum capital requirement that the Company was required to hold as of 31st of December 2025. The Company's K-factor requirement is calculated in accordance with Articles 16 through to 33 of the IFR.

As shown on the table below, the total K-factor Requirement of EUR 2.916K is the highest amount of minimum capital that it must hold at all times.

Table 6: Minimum Capital Requirements

Minimum Capital Requirements		
K-Factor Requirement		31 December 2025 (€'000)
Risk-to-Client (RtC)	k-AUM	-
	k-CMH	40
	k-ASA	-
	k-COH	-
Risk-to-Market (RtM)	k-NPR	450
	k-CMG	N/A
Risk-to-Firm (RtF)	k-TCD	14
	k-DTF	2.412
	k-CON	-
Total K-Factor Requirement		2.916
Fixed Overhead Requirement – FOR		1.403
Permanent Minimum Capital Requirement – PMCR		750

The table below indicates that the Company has excess capital of EUR 16.119K above the minimum capital requirement it is required to hold. This is reflected by a Capital Adequacy Ratio of 652,82%, which is above the minimum threshold of 100% set out in Article 9(1)(c) of IFR.

Table 7: Capital Excess/Ratio

(€'000) - 31 December 2025	Fully phased in	Reference
Capital		
Common Equity Tier 1	19.035	a
Additional Tier 1	-	b
Tier 2	-	c
Total Own Funds	19.035	$d = (a + b + c)$
Own Funds Requirement		
K-factor Requirement	2.916	e
Fixed Overhead Requirement	1.403	f
Permanent Minimum Capital Requirement	750	g
Minimum Own Funds Requirement	2.916	$h = (\text{higher of } e, f, g)$
Capital Excess/Ratio		
Capital Excess	16.119	$d - h$
Capital Ratio	652,82%	d / h

7. Remuneration

The Remuneration Policy is aligned with effective conflicts of interest management duties in order to ensure that clients' interests are not impaired by the Company's remuneration practices and is designed in such a way so as not to create incentives that may lead persons to favor their own interests, or the Company's interest, to the potential detriment of clients.

This Policy is consistent with and promotes sound and effective risk management and does not encourage risk taking that exceeds the level of tolerated risk of the Company. It is in line with the business strategy, objectives, values and long-term interests of the Company, and incorporates measures to avoid conflict of interest. The provisions of this Policy are disclosed to relevant persons (all employees of the Company) at the outset.

The Board has the responsibility for the implementation of this Policy and its practices and for preventing and dealing with any relevant risks that this policy may create. Review of this Policy is made at least annually so as to ensure that the business developments are aligned with all provisions.

Members of the Board of Directors (Non-Executive directors) receive a fixed amount which is awarded based on expertise, responsibility, knowledge, and reputation. In relation to the Executive Directors of the Company, variable remuneration might be provided. The variable remuneration does not exceed 100% of the fixed remuneration and such variable remuneration is subject to, inter alia, the provisions included in this policy. In addition, such variable remuneration must ensure that the clients' interests are not impaired and must not incentivize them to favor their own interests, or the Company's interest, to the potential detriment of clients.

The remuneration of any other staff member consists of a significant amount of fixed salary as per the provisions of the Remuneration Policy, as well as variable remuneration, incentive or reward schemes. Such schemes ensure the Company's ability to attract, retain and motivate high quality people required to lead, manage and serve the Company in a competitive environment. The variable remuneration of staff members whose activities have a material impact on the Company's risk profile does not exceed 200% of the fixed remuneration and such variable remuneration is subject to, inter alia, the provisions included in the policy. In addition, such variable remuneration must ensure that the clients' interests are not impaired and must not incentivize employees to favor their own interests, or the Company's interest, to the potential detriment of clients.

Further to the above, the Company offers variable remuneration to its employees who are client-facing ("sales force staff") based on Key Performance Indicators ("KPIs") that are determined by Senior Management with advice from the Compliance Function. The remuneration structure of these employees is based on the compliance and quality, and is designed in a way to mitigate the risk of creating inappropriate incentive to act against the best interests of the Company's clients i.e., awarding additional remuneration to employees who pressurize their clients into taking actions that are not in the client's best interest. Such practices are prohibited and are not in line with the Company's ethics.

The Company's Remuneration Policy is gender neutral and respect the principle of equal pay for male and female employees for equal work or work of equal value. The Company does not

tolerate any form of discrimination and the Company's employees are aware and agree that discrimination is unacceptable in all its forms and has no place in the workplace.

The gender-neutral remuneration policy is being monitored by appropriately documenting the value of the position (e.g. documenting job descriptions or defining wage categories) for all employees and determining which positions are considered as having an equal value (by implementing a job classification system) taking into account the type of activities, tasks and duties assigned to each employee. Job classification systems (if and when used for determining pay) are based on the same criteria for men, women and employees of diverse genders and exclude any discrimination. Additional gender neutral aspects in relation to remuneration purposes for employees shall include educational, professional and training requirements, skills, effort and responsibility, work undertaken and the nature of tasks involved, the place of employment and its costs of living, the hierarchical level of the employee and any managerial responsibilities, the level of formal education, the scarcity of employees available in the labour market for specialised positions, the nature of the employment contract, the length of professional experience, professional certifications, appropriate benefits (including the payment of additional household and child allowances) and dependent family members.

This Policy applies to all employees of the Company who can/may have a material impact on the service provided and/or corporate behavior of the Company, including persons who are client-facing front-office staff, sales force staff, and/or other staff indirectly involved in the provision of investment and/or ancillary services whose remuneration may create inappropriate incentives to act against the best interests of the Company's clients. This includes persons who oversee the sales force (i.e., supervisors) who may be incentivized to pressurize staff, as well as any persons involved in complaints handling, client retention and product design.

The table below presents the annual remuneration for 2025, of the members of the Board of Directors and Senior Management whose actions have a material impact on the risk profile of the Company. No outstanding deferred remuneration and no share options were offered during 2025 and no new sign-on or severance payments awarded to staff members whose actions have a material impact on the risk profile of the Company. There were no individuals being remunerated EUR 1 million or more.

Table 8: Aggregate Quantitative Information on Remuneration by Board of Directors and Senior Management, and, by Business area, € thousands

	<i>No. of staff</i>	<i>Fixed</i>	<i>Variable</i>	<i>Total</i>
<i>Senior Management*</i>	5	340	39	379
<i>Other staff whose actions have a material impact on the risk profile of the investment firm**</i>	8	633	153	786
Total	13	973	192	1.165

**All Executive and Non-Executive Directors are included.*

***The category of other staff includes the heads of Back Office & Anti-Fraud Supervisor, Compliance Department, Reception & Transmission Department, Dealing on Own Account Department, Dealing Department, Legal Department, IT Department, Chief Accountant/Safekeeping Department/Risk Manager.*

Moreover, the Company benefits from the derogation in points (a) and (b) of Article 32(4) of the IFD in relation to the remuneration principles set by points (j) and (l) of paragraph 1 and the third subparagraph of paragraph 3 of IFD Article 32. This derogation applies to all staff employed by the Company.

Appendix I – Main Features of Own Funds

Template EU IF CCA		
	<i>Common Equity Shares</i>	
1	Issuer	IQOption Europe Ltd
2	Unique identifier (ISIN)	N/A
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
	<i>Regulatory Treatment</i>	
6	Amount recognised in regulatory capital	EUR 601K
7	Nominal amount of instrument	EUR 3K
8	Issue price	Various
9	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	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		