WISE WOLVES FINANCE LTD

Pillar III Disclosures and Market Discipline

for the year ended 31 December 2024

May 2025

Name of Investment Firm............ ....: Wise Wolves Finance Ltd
CySEC License Number.......................: CIF 337/17
CIF Registered Address: ....: Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus.
CIF Contact Details...............................: Phone Number +357 25366336, Fax Number +357 25355233

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DISCLOSURE

*The Disclosure and Market Discipline Report for 2024 has been prepared by **Wise Wolves Finance Ltd** in accordance with Part Six of Regulation (EU) 2019/2033 (the IFR) and Directive (EU) 2019/2034 (the IFD), as required by the Cyprus Securities and Exchange Commission.*

Wise Wolves Finance Ltd confirms that any information not included in this report was either not applicable to the Company's business activities or is considered proprietary. Sharing such proprietary information publicly or with competitors would potentially undermine the Company's competitive position.

Wise Wolves Finance Ltd operates under the regulation of the Cyprus Securities and Exchange Commission, holding License No. 337/17.

Contact Us

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KPMG

KPMG Limited
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Independent Auditors' Report to the Board of Directors of Wise Wolves Finance Ltd for the year ended 31 December 2024 pursuant to Part Six of Regulation (EU) 2019/2033 concerning disclosure requirements of investment firms

1. We report in relation to the fair presentation of the disclosures of Wise Wolves Finance Ltd (the "Company") for the year ended 31 December 2024, pursuant to our Engagement Letter for the provision of services in relation to Pillar 3 Disclosures, dated 8 April 2025. The Disclosures, which are set out on the Company's website, are attached as an Appendix and have been initialed for identification purposes.

Respective responsibilities

2. The Company's Board of Directors is responsible for the preparation and fair presentation of the Disclosures in accordance with Part Six of Regulation (EU) 2019/2033 (the "IFR"). Our responsibility is to express an independent conclusion in relation to the fair presentation of the Disclosures, in all material respects, in accordance with the requirements of the IFR.

Scope of work performed

3. We conducted our work in accordance with International Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This Standard requires that we plan and perform our work to obtain limited assurance whether any matters have come to our attention that cause us to believe that the Disclosures are not fairly presented, in all material respects, in accordance with the requirements of the IFR. Our procedures included verifying, on a sample basis, the compliance of the Disclosures with the requirements of Part Six of the IFR, as well as obtaining evidence supporting certain of the amounts and notifications included in the Disclosures. Our procedures also included an assessment of any significant estimates made by the Company's Board of Directors in the preparation of the Disclosures. We believe that our procedures provide a reasonable basis for our conclusion.

KPMG

4. The procedures performed do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, and hence we do not express any assurance other than the statement made below. Had we performed an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Conclusion

5. Based on our work described in this report, nothing has come to our attention that causes us to believe that the Disclosures for the year ended 31 December 2024 are not fairly presented, in all material aspects, in accordance with the requirements of the IFR.

6. Our report is solely for the purpose as set out above and is not to be used for any other purpose or to be distributed to any other parties without our prior consent in writing, other than to the Cyprus Securities and Exchange Commission to which we acknowledge that our report will be provided. This report relates only to the Disclosures required pursuant to Part Six of the IFR and does not extend to any financial statements or other financial information of the Company.

KPMG Limited

Certified Public Accountants and Registered Auditors

Nicosia, 30 May 2025

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for the year ended 31 December 2024

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APPENDIX

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1 INTRODUCTION

1.1 CIF Information

Wise Wolves Finance Ltd (hereinafter referred to as the "**Company**" and/or "**WWF**") is an investment firm incorporated in the Republic of Cyprus through the Department of Registrar of Cyprus and Official Receiver with incorporation number HE 361580 and is regulated by the Cyprus Securities and Exchange Commission (hereinafter referred to as the "**CySEC**") with license number 337/17 and lei code 254900Y6DFIZ8ZX7WY93.

The Company is a member of the Investor Compensation Fund ("**ICF**" or "**the Fund**") for the clients of Cyprus Investment Firms ("**CIFs**"), under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended ("**the Law**").

Any compensation provided to covered clients by the Fund shall not exceed the lower of €20k and the lower of 90% of the cumulative covered claims of the covered client. The said coverage applies to the total amount of claims by an applicant against an ICF member, irrespective of the number of accounts, the currency and the place of provision of the service. This applies to clients' aggregate claims against any CIF or other Investment Firm.

The Company falls under the classification of "Class 2" CIF according to the IFR/IFD, with a minimum or initial capital requirement of €750k.

The Company is authorized to provide the following investment services, in accordance with Part I of the First Appendix of the Law:

1) Reception and transmission, on behalf of investors, of orders in relation to one or more of the financial instruments.
2) Execution of orders on behalf of Clients.
3) Dealing on own account.
4) Portfolio Management.
5) Investment Advice.

The Company is authorized to provide the following ancillary services, in accordance with Part II of the First Appendix of the Law:

1) Safekeeping and administration of financial instruments, including custodianship and related services.
2) Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.
3) Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings:
4) Foreign exchange services where these are connected to the provision of investment services:
5) Investment research and financial analysis or other forms:

The Company is authorized to provide investment and ancillary services for the following financial instruments, in accordance with Part III of the First Appendix of the Law:

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, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.

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5) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event).
6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF.
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.
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 default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF.

It should be noted that, the investment services of "Portfolio Management" and "Investment Advice" are provided only with respect to transferable securities, while the ancillary services of "Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings and "Foreign exchange services where these are connected to the provision of investment services" are provided with respect to all financial instruments.

The principal activities of the Company are the provision of brokerage services and trading in debt and equity securities.

1.2 Regulatory (Prudential) Framework

The Pillar III Disclosures have been prepared in accordance with the new regulatory regime for Investment Firms adopted by the European Parliament, the IFR and IFD, as well as the relevant provisions of "**The Prudential Supervisions for Investment Firms Law of 2021**", Law 165(I)/2021.

The IFR on the prudential requirements of investment firms amends the EU Regulation 575/2013 ("**CRR**"), Markets in Financial Instruments Regulation (the "**MiFIR**" or "**EU Regulation 600/2014**"), Single Resolution Mechanisms Regulation ("**EU Regulation 806/2014**"), and **EU Regulation 1093/2010**. The IFR lays down uniform prudential requirements that apply to investment firms authorized and supervised under MiFID II and supervised for compliance with prudential requirements under IFD. The prudential requirements include the following:

- Own funds requirements relating to quantifiable, uniform, and standardized elements of risk to-firm, risk-to-client, and risk-to-market (Part Two and Three of IFR).
- Requirements limiting concentration risk (Part Four of IFR).
- Liquidity requirements relating to quantifiable, uniform, and standardized elements of liquidity risk (Part Five of IFR).
- Reporting requirements related to above mentioned points.
- Public disclosure requirements.

The IFD lays down rules on the initial capital of investment firms, on the supervisory powers and tools for prudential supervision of investment firms by competent authorities which is in a manner that is consistent with the rules of IFR as well as the publication requirements for competent authorities in the field of prudential regulation and supervision of investment firms. IFD amends Capital Requirements Directives (the "**CRD IV**" or "**Directive 2013/36/EU**"), Bank Recovery & Resolution Directive (the "**BRRD**" or "**Directive 2014/59/EU**"), Markets in Financial Instruments Directive (the "**MiFID II**" or "**Directive 2014/65/EU**"), Financial Conglomerates Directive (2002/87/EC), and Alternative Investment Fund Managers Directive (the "**AIFMD**" or "**Directive 2011/61/EU**").

The current regulatory framework (IFR/IFD framework) is based on three pillars:

a) **Pillar I- Capital Requirements:** Covers minimum regulatory capital and liquidity requirements calculated using prescribed methods.
b) **Pillar II- Internal Capital Adequacy and Risk Assessment Process** (the "**ICARA**"): Risk-based assessment of risks not fully captured under Pillar I. The ICARA includes a complete risk assessment and analysis of financial impact to determine any additional capital requirements, and include capital adequacy calculations, stress testing and scenario analysis, as well as all the relevant information on liquidity adequacy. The ICARA might be subject to regulatory review through the Supervisory Review and Evaluation Process ("SREP") which may trigger a 'Pillar 2R' (the "**P2R**") capital add-on, "Pillar II Guidance" (the "P2G")' capital buffer or a liquidity buffer (Chapter 2 of Title IV of IFD).
c) **Pillar III- Public Disclosure:** Based on the requirements of Part Six of the IFR, an obligation to publish qualitative and quantitative information on risk management objectives and policies, governance, own funds requirements, remuneration policy and practices, which may also extend to environmental, social and governance risks (ESG) and investment policy.

1.3 Classification and Prudential Requirements

The IFD and IFR entered into force on 26 July 2021, introducing a new classification system for Investment Firms (the "**IFs**"), based on their activities, systemic importance, size, and interconnectedness.

The aim of the new framework is to introduce more proportionate and risk sensitive rules for IFs. Under the IFR/IFD framework, most IFs in the EU are no longer subject to rules that were originally designed for banks. All IFs are classified as Class 1, 2 or 3 Investment Firms. The largest and most systemic investment firms are classified as Class 1 and have an equivalent treatment as credit institutions in the sense of a level playing field accordingly and they will fall entirely under the CRR.

IFs categorized as Class 2 will be most impacted and to a lesser extend Class 3 from the prudential framework as, the capital requirements, reporting requirements and internal governance policies are subject to the provisions of IFR/IFD.

As mentioned above and In accordance with its license, the Company is categorized as Class 2 IF and, as such, it should maintain own funds at least the higher between:

- Permanent minimum capital requirement ("PMCR") of€750k.
- Fixed Overhead Requirement.
- K-Factor Requirement.

1.4 Reporting Details

The Company prepares this disclosure's report on a solo basis and its reporting currency is EUR. The present report is prepared for the financial year ending on 31st of December 2024. The financial statements have been prepared in accordance with International Financial Reporting Standards (the "IFRS") as adopted by the European Union (the "EU") and the requirements of the Cyprus Companies Law, Cap. 113.

Unless stated otherwise, all amounts are in thousands of Euro ("€" or "EUR").

1.5 Frequency, Disclosure and Verification

The Company has an obligation to publish information relating to risks and risk management on an annual basis at a minimum. The frequency of disclosure will be reviewed should there be a material change in the approach used for the calculation of capital or the business structure of regulatory requirements.

According to the IFR, the Pillar III disclosures should be included in either the financial statements of the IFs, if these are published or on their website. The Company's Pillar III Disclosures are published on the Company's website at: https://wise-wolves.finance/our-company/

The Company is expected to provide CySEC a copy of its external auditor's verification report with regards to its Pillar III disclosures report, five months after the end of each financial year, at the latest.

2 RISK MANAGEMENT OBJECTIVES AND POLICIES

2.1 Risk Management Objectives and Policies

Within the Risk Management Framework ("RMF"), the Company aligns risk management strategies with its business strategies, processes, and capabilities. The organizational structure defines tasks, reporting relationships, and risk owners based on the nature of the business and inherent risks. Permissible and desirable actions are specified. The Board oversees the development of risk policies, assigns risk owners, and evaluates policy effectiveness. The Investment Committee coordinates decision-making, and oversight related to the RMF. The Company's risk and compliance management system follows the three lines of defense model.

First line of defense: The business management which has day-to-day ownership, responsibility, and accountability for assessing, controlling, and managing risk. The business function and all support functions (managers and employees) that generate exposure to a risk make up the first line of defense. All employees are required to ensure the effective management of risks within the scope of their direct organizational responsibilities. The senior management takes the lead role with respect to implementing and maintaining appropriate controls across the business to ensure the quality standards expected by clients and regulators.

Second line of defense: The second line of defense is provided by independent risk functions (including compliance) which provides support and challenge on risk management and define risk to ensure effective risk mitigation. It consists of activities covered by several components of internal governance such as compliance, risk management, legal functions, IT and other control departments. The role of these functions is to provide independent oversight and challenge the risk management activities performed by the first line of defense. These functions are responsible for ensuring that the risks are managed in accordance with the risk appetite defined by senior management and to foster a strong risk culture across the Company. They must also provide guidance, advice and expert opinion in all key risk - related matters.

Third line of defense: The third line of defense is provided by internal audit. As the last layer of control, regularly assesses policies, methods and procedures to ensure they are adequate and are being implemented effectively in the management and control of all risks. It provides independent assurance on the first and second lines, and the appropriateness and effectiveness of policy implementation and internal controls.

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Risk Management Framework

The Company's RMF is an integral part of our business processes, supported by a uniform policy which has been developed to manage these risks. One of the Company's major priorities is the development of a forward-looking risk management strategy, through a sound control environment.

Risk is an inherent part of the Company's operations within its operating environment and represents a fundamental aspect of its strategic planning. The Company's risk management strategy is based on the belief that effective risk management must be integrated into the operations of each business unit to be truly impactful. This philosophy encompasses the following principles:

- Integration of risk management: Senior management utilizes the RMF to achieve an optimal balance between risk and reward, ensuring that risks are managed in a manner that supports the Company's strategic objectives and growth.
- Accountability and Responsibility: Every employee is accountable for managing risks within their daily tasks and responsibilities. This ensures that risk management is a collective effort, with each individual playing a crucial role in maintaining the Company's resilience and sustainability.
- Proactive Measures: The Company proactively identifies potential risks, assesses their impact, and implements measures to mitigate or manage these risks effectively.
- Continuous Improvement: The Company continuously reviews and refines its risk management practices to adapt to changes in the business environment and regulatory landscape.
- Compliance with regulations: The Company adheres with all relevant regulations and standards set by authorities such as CySEC and EU directives and regulations, ensuring that risk management practices align with legal and industry requirements.

By adhering to these principles, the Company aims to foster a culture of risk awareness and proactive management, which is essential for navigating the complexities of the financial markets and safeguarding the interests of all stakeholders.

2.2 Risk Culture

The Company is dedicated to cultivating a strong risk culture throughout all of its levels, which aims to bolster its resilience by promoting a holistic approach to risk management and return. This includes the effective management of its reputation. Recognizing that risk-taking is inherent in its business activities, the Company adheres to the following principles to underpin its risk culture:

a) Risks are assumed only within defined risk appetite boundaries.
b) Each risk undertaken must be approved and aligned with the established risk management framework.
c) Risks should be continuously monitored and addressed.
d) Every employee, regardless of their role, plays a pivotal role in managing and escalating risks. The Company expects employees to exhibit behaviors that uphold a robust risk culture. To reinforce this, policies mandate the inclusion of behavioral assessments in performance evaluations and compensation processes.

   Additionally, the Company regularly communicates behaviors that contribute to a strong risk culture, such as:
   - Taking full responsibility for one's risks.
   - Conducting thorough, forward-looking, and comprehensive risk assessments.
   - Encouraging, providing, and respecting challenges from colleagues.
   - Collaboratively troubleshooting issues.
   - Prioritizing the Company's reputation in decision-making processes.

2.3 Risk Assessment Process

Adhering to ISO 31000 principles, the Company conducts a comprehensive risk assessment process that involves identifying potential risks and uncertainties. A thorough evaluation of the Company's environment is essential for pinpointing risks inherent to its business activities.

The risk analysis provides the Company with insights into the origins and drivers of identified risks, evaluating their likelihood and potential impact in light of existing controls and mitigation strategies. Risks are systematically identified, assessed, and managed continuously. The analysis culminates in a detailed risk profile in the Company's risk register, which delineates the types of threats encountered and the mitigation strategies currently in place. This process also maps risks to the relevant business areas, outlines primary control mechanisms, and highlights areas where adjustments in controls may be necessary.

Risk analysis activities are crucial for the efficient operation of the Company highlighting risks that demand management focus. It enables the prioritization of risk control actions based on their potential benefits to the organization. The Company employs a range of risk response strategies, including risk tolerance, treatment, transfer, and termination.

Integrating risk management into the Company's culture necessitates strong leadership and commitment from the Board. This involves translating the risk strategy into tactical and operational objectives, assigning risk management responsibilities throughout the organization, and establishing accountability, performance measurement, and reward mechanisms to promote operational efficiency at all levels. Achieving a robust risk-aware culture involves establishing appropriate risk architecture, strategy, and protocols.

The risk management process outlined in the ISO 31000 standard includes the following key activities:

a. Risk Identification: Identifying potential obstacles that may hinder the achievement of objectives.
b. Risk Analysis: Understanding the sources and causes of identified risks, assessing probabilities and consequences given existing controls, and determining the level of residual risk.
c. Risk Evaluation: Comparing risk analysis results with predetermined risk criteria to determine whether the residual risk is acceptable.
d. Risk Treatment: Implementing measures to modify the magnitude and likelihood of both positive and negative consequences to achieve a net increase in benefit.
e. Establishing the Context: Defining the scope of the risk management process, organizational objectives, and risk evaluation criteria, considering both external (regulatory environment, market conditions, stakeholder expectations) and internal elements (governance, culture, capabilities, etc.).
f. Monitoring and Review: Measuring risk management performance against indicators, reviewing deviations from the risk management plan, assessing the appropriateness of the risk management framework, policy, and plan, and evaluating the effectiveness of risk management.
g. Communication and Consultation: Understanding stakeholders' interests and concerns, ensuring the focus of the risk management process is aligned with organizational goals, and explaining decision rationale and risk treatment options.

2.4 Risk Appetite

As part of its business objectives, the Company's risk appetite represents the level of risk the Company is willing to accept to maintain an adequate balance between risk and return. As part of the strategic decision-making process, the Company's risk appetite is aligned with its financial and strategic planning processes.

The Risk Appetite Statement ("RAS") articulates the Company's appetite thresholds. This is important as it provides the definite view of the board direction of risk-taking activity. The Board is comfortable that the Company undertakes and allows decision makers (including those with delegated authority and those providing oversight) to exercise judgment with greater confidence and speed. The RAS aligns to the risks identified and defined under the RMF.

The Board of Directors reviews and approves the risk appetite and capacity on an annual basis, with the aim of ensuring that they are consistent with the Company's strategy, business and regulatory environment and stakeholder's requirement.

Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events, and outcomes. It should also reflect the potential impact on earnings, capital, and funding/liquidity. According to the relevant legislation, an appropriate risk appetite framework ("RAF") should enable risk capacity, risk appetite, risk limits, and risk profile to be considered for business lines and legal entities as relevant, and within the group context.

To determine the risk appetite and capacity, it is the Risk Manager's suggestion that various triggers and thresholds be set on a forward-looking basis and define the escalation of requirements for further actions. The Company then assigns risk metrics that are sensitive to material risks the Company is exposed to and able to function as key indicators of financial health. In detail, the metrics, should be assessed under stress f within the regularly performed benchmark and more severe Companywide stress tests and compared levels as defined in the table below.

Risk Appetite Threshold	CET1 Ratio	Total Ratio	Own Funds
• Normal	>75%	>125%	> 890k
• Waring	56% < x ≤75%	100% < x ≤125%	750k< x ≤ 890k
• Crisis	<56%	<100%	<750k

Throughout the year 2024, the Company has remained in the normal levels regarding the Common Equity Tier 1 ("CET1") ratio and Total Ratio, as well as the amount of Own funds as defined in the table above. In the event 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. In addition, the Company has in place well-documented Risk Management procedures that describe the immediate actions during an adverse event.

2.5 Internal capital adequacy and risk assessment process ("ICARA")

The ICARA process is a new requirement for investment firms, which is set out in the IFD. Investment firms that are in scope of the requirement must assess and maintain internal capital and liquid assets sufficient to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed. The ICARA requirements include an obligation on the Company to maintain documentation setting out appropriate strategies and processes to ensure that it can meet the requirements. As part of its RMF and procedures, the Company conducts stress tests, in the context of its ICARA that help the Company to evaluate the impact on its current and future profitability and capital and liquidity adequacy, as well as, to assess and quantify risks using forward looking stress testing scenarios.The Company has prepared its ICARA report for the financial year ending 31/12/2023.

Fundamental to the ICARA process is identifying risks and potential harms and considering what could go wrong to the point of failure of the Company. Investment firms need to consider 'what-if' scenarios for the activities they undertake, the harm that can be caused and the events leading to that harm. The assessment will need to factor in the likelihood of the events materializing, and that different events might occur at the same time. The ICARA process includes new assessment of the liquidity adequacy, new financial projections and stress tests, which have been established to reflect the new K-Factors requirement. The report is being reviewed and updated annually, while it is submitted to CySEC upon its request as laid down at Article 50(b) of the IFR.

3 GOVERNANCE ARRANGEMENTS

3.1 Board of Directors

For the year ended 31 December 2024, the Board consisted of two Executive Directors and three Independent, Non-Executive Directors. The main duties of the Board of Directors (BoD) include:

- Define and oversee governance arrangements for effective and prudent management, including segregation of duties and conflict of interest prevention, promoting market integrity and client interests.
- Ensure the proper implementation of relevant laws and regulations.
- Formulate the Company's business strategy and govern the organization through broad policies and objectives.
- Ensure sufficient resources are available for the Company to carry out its operations.
- Appoint the Anti-Money Laundering Compliance Officer (AMLCO) and ensure they have the necessary resources and access to data.
- Define, record, and approve general policy principles for the prevention of money laundering and terrorist financing.
- Assess and periodically review the effectiveness of policies, arrangements, and procedures to comply with legal obligations.

- Receive annual written reports from the Compliance Officer, AMLCO, Risk Management Officer, and Internal Audit function, and follow up on issues raised, ensuring remedial measures are taken.

3.2 Board Composition & Responsibilities

The management of a CIF must be undertaken by at least two qualified individuals.

- Members of the Board must be of good repute and possess sufficient knowledge, skills, and experience to perform their duties. The Board's composition should reflect a broad range of experiences.
- Board members must commit sufficient time to their roles.
- The number of directorships held by a Board member should consider individual circumstances and the nature, scale, and complexity of the Company's activities. For significant companies, Board members should not hold more than: (a) One executive directorship and two non-executive directorships; (b) Four non-executive directorships.
- Directorships within the same group or institutional protection scheme, or undertakings where the CIF holds a qualifying holding, count as a single directorship.
- Directorships in non-commercial organizations do not count towards these limits.
- The CySEC may allow additional non-executive directorships.

Board Responsibilities:

- The Board must collectively possess adequate knowledge, skills, and experience to understand the Company's activities and principal risks.
- Each Board member must act with honesty, integrity, and independence to effectively assess and challenge senior management decisions and oversee management's decision-making.
- The Chairman of the Board must not simultaneously serve as the Chief Executive Officer unless authorized by the CySEC.

3.3 Diversity Policy

Diversity is a key driver of organizational success and economic performance. The Company integrates diversity into its core business practices, recognizing its critical role in achieving commercial success.

The Company value a diverse and skilled workforce and management team, leveraging differences in age, skill, experience, background, race, and gender to optimize team composition. The Company is committed to fostering an inclusive and collaborative workplace culture that ensures organizational sustainability. This aligns with best practices outlined in the Corporate Governance Code of many EU countries. The Company has established an Equality and Diversity policy which aims to:

- Create a positive, respectful, and inclusive work environment for all employees and customers.
- Prohibit discrimination based on protected characteristics (age, disability, gender, race, ethnicity, religion, sexual orientation, etc.).
- Ensure equal opportunities for all individuals, regardless of background.
- Promote diversity at all levels, including the Board of Directors.

Regular monitoring and/or annual reviews ensure the policy remains effective. The Company strives to build a workforce that reflects societal diversity, treating every employee with respect and empowering them to perform at their best.

Decisions regarding employment, promotion, training, and benefits are based solely on aptitude and ability. The Company provides support to help employees unlock their potential, maximizing organizational efficiency.

Key Principles

- Zero tolerance for harassment, bullying, or intimidation.
- Equal access to training, development, and advancement opportunities.
- Encouragement for employees to report discrimination concerns.
- Regular review of employment practices to maintain fairness.

The Company is opposed to all forms of unlawful and unfair discrimination.

3.4 Control Functions

<u>Risk Management function</u>
The Company's Risk Management function operates independently and carries out the following tasks:

- Implementation of the policy and procedures relevant to the risk management activities.
- Provision of reports on a frequent basis, and at least annually.
- Provision of advice to senior management.
- Develop and retain a Risk Register to facilitate all risks associated with Company operations and achieve a proactive approach to Risk Management.

To apply the above principles, the Company monitors the following:

- The adequacy and effectiveness of the Company's risk management policies and procedures.
- The level of compliance by the Company and its relevant persons with the arrangements, processes and mechanisms adopted.
- The adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons to comply with such arrangements, processes and mechanisms or follow such policies and procedures.

The Company has appointed a qualified and experienced Risk Manager who heads the Risk Management function of the Company. The Risk Manager reports directly to the Board.

Compliance Department

The Company has established a Compliance function which is an independent unit within the Company and has the necessary authority, resources, expertise and access to all relevant information.. The main duties/responsibilities of the Compliance function are the following:

- Monitor on a permanent basis and assess on a regular basis, the adequacy and effectiveness of the measures, policies and procedures put in place, and the actions taken to address any deficiencies in the Company's compliance with its obligations.
- Advise and assist the relevant persons responsible for carrying out investment services and activities to comply with the Company's obligations under the relevant laws.
- Report to the Board of Directors, on at least an annual basis, 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, as well as the remedies undertaken or to be undertaken.
- Monitor the operations of the complaints-handling process and consider complaints as a source of relevant information in the context of its general monitoring responsibilities.

The Company employs an in-house Compliance Officer who heads the Compliance function and reports directly to the Board of Directors.

Anti- Money Laundering Compliance Department ("AMLCO")

The Company retains a person to take up the position of the AMLCO to whom the Company's employees report their knowledge or suspicion of transactions involving money laundering. The AMLCO is independent and has the necessary authority, resources, expertise and access to all relevant information.

The AMLCO reports directly to the Senior Management and BoD of the Company and is responsible for the following:

- To detect, record, and assess, at least on an annual basis, all risks arising from existing and new customers, new products and services as well as the measures or changes to the systems and procedures implemented by the Company for the effective management of the aforesaid risks.
- Designs, based on the general policy principles in relation to ML/TF adopted by the Board of Directors, the internal practice, measures procedures and controls relevant to the prevention of money laundering and terrorist financing, and describes and explicitly allocates the appropriateness and the limits of responsibility of each department that is involved in the abovementioned.
- Receives information from the Company's employees which is considered to be knowledge or suspicion of money laundering or terrorist financing activities or might be related with such activities.
- Reporting any suspicious activity to MOKAS.
- Prepares the AML annual report.

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Internal Audit

The Company's Internal Audit function is outsourced to a qualified and reputable firm. The Internal Auditor reports directly to the Board of Directors of the Company and is separated and independent from the other functions and activities of the Company.

The main duties and responsibilities of the Internal Auditor are the following:

- Establish, implement and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the Company's systems, internal control mechanisms and arrangements
- Issue recommendations based on the result of the audit.
- Verify compliance with the recommendations.
- Report in relation to internal audit matters to the management of the Company, the Board of Directors and to the regulators.

3.5 Committees

The Board establishes sub-committees to focus on specific areas and make informed decisions within their delegated authority. These committees are integral to the governance framework, with clearly defined mandates and reporting procedures.

Under CySEC's Circular C487, the Company is not classified as a Significant CIF for the financial year ending on 31/12/2024 so there is no obligation for establishing any Committee. However, the Company has established Risk Management and Investment committees.

Composition of the Risk Management Committee

The Risk Management Committee, composed of the Compliance Officer/AMLCO, the Risk Manager and one Independent, Non-Executive Director, meets as needed to address key risk-related matters, including policy updates, new product introductions, and risk level adjustments. Its core responsibilities include:

- Establish and oversee the Company's approach to risk and its risk tolerance, ensuring the risk profile remains appropriate considering external factors like new sanctions, evolving regulatory requirements, and shifting regulatory frameworks.
- Review the adequacy of the entire risk strategy in relation to the Company's risk appetite and risk management framework and monitor the Company's future risk strategy in alignment with its long-term business objectives.
- Verify the presence of effective internal controls for monitoring compliance risks, and continuously monitor the Company's risk management, internal controls, training, culture, and information systems.
- Formulate recommendations regarding the Company's future risk tolerance, strategy, and alignment with short and long-term business plans, considering external factors such as economic, political, and regulatory conditions, and identify areas of significant exposure and concentration risk, suggesting diversification strategies.
- Ensure a comprehensive assessment of emerging and major risks facing the Company, including those that could threaten its business model, future performance, solvency, liquidity, regulatory compliance, and reputation.
- Promote a culture of ethical behavior and compliance with the Company's code of conduct and relevant industry standards, and assess the risk associated with third-party relationships, including vendors and partners, ensuring appropriate risk mitigation measures are in place.
- Stay updated with evolving regulatory requirements and ensure the Company's risk management practices remain compliant.

It is worth noting that, due to the size and complexity of the business model, the Company has included Information and Communication Technology ("ICT") matters under the Risk Management Committee with the following core responsibilities:

- Develop and maintain a comprehensive ICT risk management framework to identify, monitor, prevent, and mitigate ICT-related risks.
- Ensure adherence to DORA and other regulatory requirements, including the European Banking Authority (EBA) guidelines on ICT and security risk management.
- Establish processes for detecting, responding to, and reporting ICT-related incidents.
- Oversee ICT third-party risk management, including contractual provisions and documentation.
- Implement robust digital operational resilience testing programs, including threat-led penetration testing ("TLPT") if needed and required.
- Develop and recommend ICT risk management policies to the Risk Management Committee.
- Regularly monitor ICT risks and report findings to the Risk Management Committee.
- Coordination: Coordinate with other departments (e.g., Operations, Internal Audit) to ensure integrated risk management.
- Promote ICT risk awareness and provide training to employees.

The topics regarding risk management were integrated into the Board of Directors meetings held within 2024 (4 in total).

Investment Committee

The Investment Committee, composed of the Executive Director, one Independent, Non-Executive Director, Head of Portfolio Management, Investment Advice, Risk Manager and the Compliance Officer/ALMCO, and its core responsibilities are the following:

- To supervise the proper choice of investments (framework for investment decisions).
- Information analysis for adequate briefing prior to decision-making.
- To analyse the investment potential and contribute to the elaboration of the investment policy of the Company
- To decide upon the markets and types of Financial Instruments in which the Company shall be active.
- To select appropriate benchmarks for different type of portfolios, where applicable.
- To examine the returns and the associated risks of the Client portfolios, as applicable

3.6 Number Directorships held by Members of the Board

The Board of Directors' composition directly impacts business effectiveness. A diverse Board, with varied backgrounds, expertise, and perspectives, ensures balanced decision-making. This includes a mix of dependent and independent members, along with gender diversity. While prioritizing diversity, the Company also values knowledge, skills, experience, and reputation.

Differences in ability, background, gender, age, and nationality within the top management team enhance value creation and improve performance. Gender equality efforts are prioritized, with a target of 40% female Board representation achieved this year.

The table below lists the number of directorships held by each member of the Company's management body in other entities, excluding Wise Wolves Finance Ltd and group companies. Directorships in non-commercial organizations (e.g., non-profits) are excluded.

Table : Illustrates the number of directorships held by the Company's Board of Directors as at 31/12/2024

Name of Director	Position in the Company	Directorships - Executive	Directorships – non-executive
Ms. Alla Starodubtseva	Executive Director	-	-

Mr. Timur Gubaydulin	Executive Director	-	-
Mr. Sergey Stopnevich	Non-Executive Director, Non-Independent	1	1
Ms. Yevheniya Savchenko Paschalides	Non-Executive Director, independent	2	-
Mr. Nicos Kacoullis	Non-Executive Director, independent	1	-

Note: 1. The information on this table is based on representations made by the directors of the Company at the time of preparation of this report.
2. Mr. Konstantinos Xitas resigned from the position of Independent Non-Executive Director on 15/07/2024.

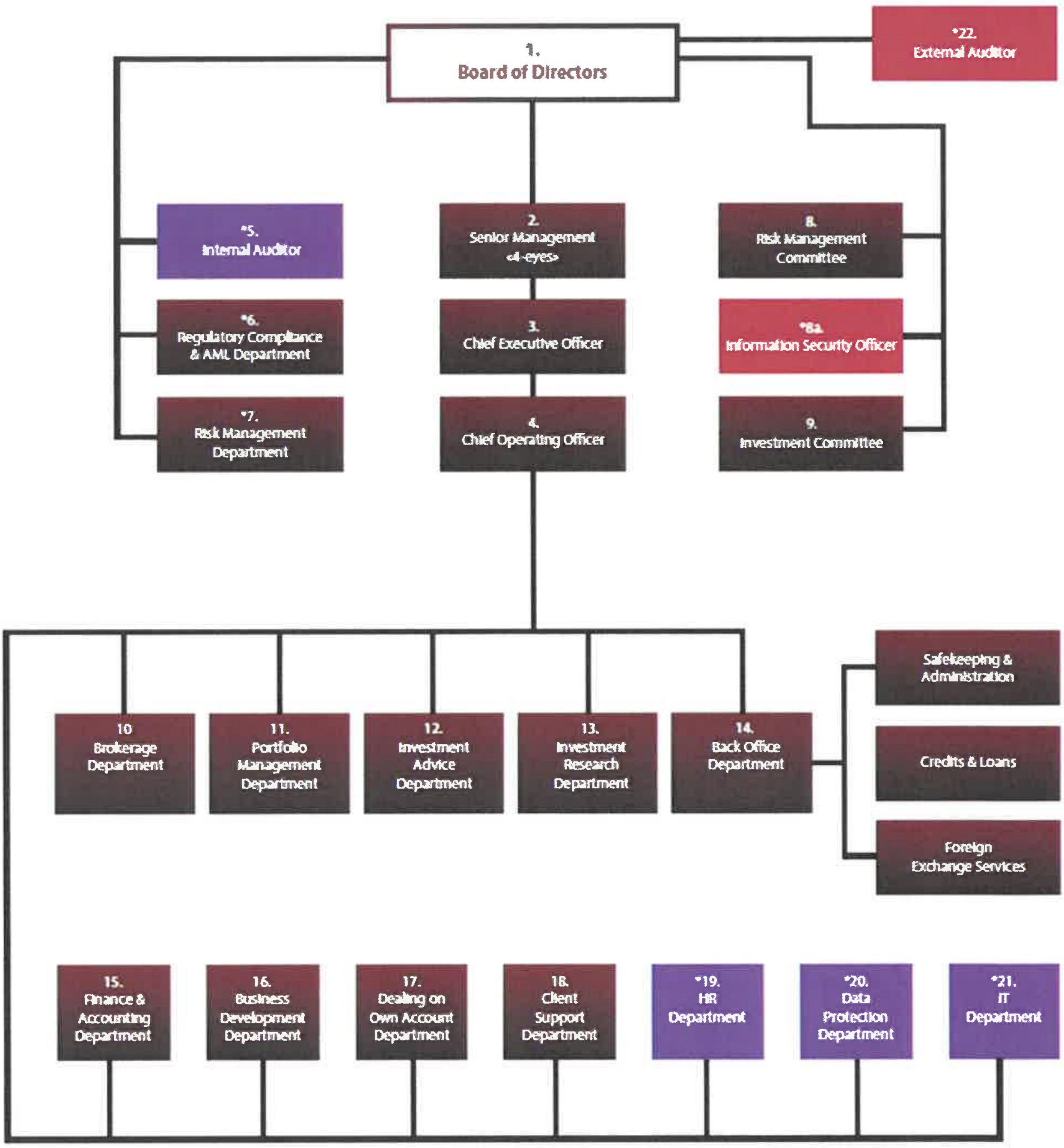
3.7 Staff Recruitment

The Company recognizes that effective recruitment and selection are essential for maintaining a high-quality workforce. As mentioned, the Company has established an Equality and Diversity Policy which is followed to ensure equal employment opportunities for all qualified individuals.

Recruitment and selection of the right people is paramount to the success of the Company and its ability to retain a workforce of the highest quality. The Company provides equal employment opportunity to all qualified persons. The relevant organizational unit manager obtains authorization for staff recruitment in compliance with the relevant procedure and then notifies the HR department. In cases where there is a planned expansion of activities the need for additional recruitment may come from the Board of Directors. The HR department then follows a prescribed procedure.

3.8 Organizational Structure

The Company's latest organizational structure is as follows:



*Outsourced Internal Function
*Outsourced External Function

4 OWN FUNDS

The Company's primary capital management objective is to comply with the minimum own funds' requirements under IFR/IFD (Pillar I), specifically:

- Maintain a CET1 ratio of at least 56%, calculated as CET1 capital as a percentage of total Minimum Own Funds Requirement.
- Achieve a Tier 1 (CET1 + Additional Tier 1) ratio of at least 75%, calculated as Tier 1 capital as a percentage of Minimum Own Funds Requirement.
- Ensure a total capital (Tier 1 + Tier 2) ratio of 100%, calculated as total own funds as a percentage of total Minimum Own Funds Requirement.

4.1 Composition of Regulatory Own Funds

The composition of the Company's Own Funds which is cross-referenced to the corresponding rows in table EU IF CC2, is shown below. As at 31/12/2024, the Company's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital.

Table: Composition of regulatory own funds (Investment firms other than small and non- interconnected) based on Template EU IFCC1.01

	Common Equity Tier 1 (CET1) Capital: Instruments and Reserves	31/12/2024 EUR '000	Source Based on Reference Numbers/Letters of The Balance Sheet in The Audited Financial (Cross reference to *EU IFCC2)*
1	**Own funds**	**2.221**	N/A
2	**Tier 1 Capital**	**2.221**	N/A
3	**Common Equity Tier 1 Capital**	**2.221**	N/A
4	Fully paid-up capital instruments	4	Ref.1 (Equity)
5	Share premium	3.476	Ref.2 (Equity)
6	Retained earnings	(580)	Ref.3 (Equity)
10	Adjustments to CET1 due to prudential filters	(1)	N/A
17	(-) Losses for the current financial year	(633)	Ref.3 (Equity)
19	(-) Other intangible assets	(4)	Ref.1 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(41)	Ref.2 & 3 (Assets)
28	**Additional Tier 1 Capital**	-	N/A
40	**Tier 2 Capital**	-	N/A

Table: Own funds: Reconciliation of regulatory own funds to balance sheet in the audited financial statements based on Template EU IFCC2

	Balance Sheet as in audited financial statements 31/12/2024 EUR '000	**Cross Reference to EU IFCC1**
Total assets	**2.418**	
of which:		
Intangible assets	4	Ref. 19
Cash at banks and with brokers (Additional Cash Buffer)	1	Ref. 27
Deposit with Investors' Compensation Fund	40	Ref. 27
Total liabilities	**151**	
Total equity	**2.267**	
of which:		
Share capital	4	Ref. 4

Share premium	3.476	Ref. 5
Accumulated losses	(1.213)	Ref. 6 & 17

The above tables have been prepared in accordance with the Pillar III templates established by the Commission Implementing Regulation (EU) 2021/2284 laying down implementing technical standards for the application of the IFR with regard to supervisory reporting and disclosures of investment firms.

4.2 Main features of the capital instruments

Table: Own funds: main features of own instruments issued by the firm based on Template EU IFCCA

1	Issuer	Wise Wolves Finance Ltd
2	Unique Identifier (E.G., CUSIP, Isin or Bloomberg Identifier for Private Placement)	N/A
3	Public Or Private Placement	Private Placement
4	Governing Law(S) Of the Instrument	Cyprus Companies Law
5	Instrument Type (Types to Be Specified by Each Jurisdiction)	Ordinary Shares
6	Amount Recognized in Regulatory Capital (Currency in Million, As of Most Recent Reporting Date)	EUR 3.963
7	Nominal Amount of Instrument	EUR 1 each
8	Issue Price	Various
9	Redemption Price	N/A
10	Accounting Classification	Shareholder's 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 Coupons / Dividends	N/A
17	Fixed Or Floating Dividend/Coupon	N/A
18	Coupon Rate and Any Related Index	Floating
19	Existence Of a Dividend Stopper	N/A
20	Fully Discretionary, Partially Discretionary or Mandatory (In Terms of Timing)	No
21	Fully Discretionary, Partially Discretionary or Mandatory (In Terms of Amount)	N/A
22	Existence Of Step Up or Other Incentive to Redeem	N/A
23	Noncumulative Or Cumulative	N/A
24	Convertible Or Non-Convertible	N/A
25	If Convertible, Conversion Trigger(S)	Non-convertible
26	If Convertible, Fully or Partially	N/A
27	If Convertible, Conversion Rate	N/A
28	If Convertible, Mandatory or Optional Conversion	N/A
29	If Convertible, Specify Instrument Type Convertible Into	N/A
30	If Convertible, Specify Issuer of Instrument It Converts Into	N/A
31	Write-Down Features	N/A
32	If Write-Down, Write-Down Trigger(S)	N/A
33	If Write-Down, Full or Partial	N/A
34	If Write-Down, Permanent or Temporary	N/A
35	If Temporary Write-Down, Description of Write-Up Mechanism	N/A
36	Non-Compliant Transitioned Features	N/A
37	If Yes, Specify Non-Compliant Features	No
38	Link To the Full Term and Conditions of The Instrument (Signposting)	N/A

5 OWN FUND REQUIREMENTS

The Company's primary goal in terms of capital and liquidity management is to ensure compliance with the IFR/IFD prudential framework.

Within this framework, the Company is required to monitor its capital base and maintain a robust capital adequacy ratio. This enables the Company to present itself as fully compliant and financially sound, support its operations, and maximize shareholder value. In this context, capital and liquidity requirements should not be viewed as a business constraint, but rather as proactive risk management measures designed to benefit both the Company and its clientele.

The Board and the Risk Manager oversee the reporting requirements and have established policies and procedures to meet specific regulatory requirements. This is accomplished by preparing management accounts to monitor the Company's financial status, capital and liquidity position.

The Company manages its capital structure and adjusts it in response to changes in economic and business conditions and the risk profile of its operations.

As per its classification, the minimum Pillar I Capital Requirement (own funds requirements) for the Company is the highest of:

- A PMCR of EUR 750k, applicable as long as the Company holds a license for Dealing on own account.
- A FOR, set at 25% of the Company's fixed overheads from the previous year; and
- A K-factors Requirement, which is based on risk exposure indicators ("K-factors") designed to measure risk to customers, risk to market and risk to the Company itself.

5.1 Capital Ratios & Minimum Capital Requirements

The total Pillar I capital requirement for the Company (on an individual basis) for the year 2024 is EUR 750k. As of December 31, 2024, the Total Own Funds amount to EUR 2.221k. The Minimum Capital Requirements on an individual basis are met as of this date.

Table: Minimum Capital Requirements

Minimum Capital Requirements		
K-Factor Requirement		**31 Dec 2024 (€'000)**
Risk-to-Client (RtC)	K-AUM	-
	K-CMH	26
	K-ASA	-
	K-COH	13
Risk-to-Market (RtM) Saint Vincent	K-NPR	191
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	-
	K-DTF	-
	K-CON	-
Total K-Factor Requirement		**230**
Fixed Overhead Requirement ('FOR')		**284**
Permanent Minimum Capital Requirement ('PMCR')		**750**

As can been seen from the above table, the PMCR is the highest of the three amounts indicated by the IFR methodology, hence determining the ultimate amount of minimum capital requirements that must be held at all times.

As of 31 December 2024, the Company's capital ratio is presented below, and they are higher than the minimum capital requirements (100%).

Table – Capital Excess/Ratio

	31/12/2024 EUR '000	Reference
Capital		
Common Equity Tier 1	2.221	
Additional Tier 1	-	
Tier 2	-	
Total Own Funds	**2.221**	a
Own Funds Requirement		
K-factor Requirement	230	b
Fixed Overhead Requirement	284	c
Permanent Minimum Capital Requirement	750	d
Minimum Own Funds Requirement	**750**	***e = (higher of b, c, d)***
Capital Excess/Ratio		
Capital Excess	**1.471**	**a-e**
Capital Ratio	**296,14%**	**a/e**

5.2 Permanent Minimum Capital Requirement

Article 9 of the IFD specifies initial capital requirements for investment firms, which vary based on authorized activities, ranging from EUR 75.000 to 750.000. The Company authorized to provide investment services or conduct activities listed in points (1), (2), (3), (4) and (5) of Part I of the Law and must maintain an initial capital of EUR 750kwhich corresponds to its PMCR.

5.3 Fixed Overheads requirement

In accordance with Article 13 of the IFR, the fixed overheads requirement for an investment firm must be at least one-quarter of the fixed overheads from the preceding year. Fixed overheads are calculated by subtracting variable expenses, as defined in the EBA/RTS/2020/11. As of 31 December 2024, the Company's FOR was EUR 284k.

5.4 K-factor requirement

The K-factor Requirement is predicated on risk exposure indicators ("K-factors"), which target the services and business practices that are most likely to generate risks to the Company. The K-factors Requirement is at least the sum of the following and is calculated according to the rules laid down in Articles 15 - 33 of the IFR:

- Risk-to-Client (RtC) K-factors encompass client assets under management and ongoing advice (K-AUM), client money held (K-CMH), assets safeguarded and administered (K-ASA), and client orders handled (K-COH).

As of 31 December 2024, the Company was subject to K-CMH as it holds clients' money on behalf its customers, to enable them to perform transactions.

In addition, for the year under review, the Company was subject to K-ASA as it holds real clients' securities on behalf of its customers to enable them to perform transactions.

Further to the above, the Company mitigates its K-CMH & K-ASA by employing the following measures:

- The Company keeps the majority of client's money and financial instruments in segregated accounts with reputable, regulated financial institutions to protect against Company insolvency or misuse.
- The Head of Back-office department performs daily reconciliation for both financial instruments and for cash to identify and resolve any discrepancies.
- The Company performs due diligence on third party custodians regularly.
- The Company has internally a strict control in dual signatory approval for all clients' money transactions and for financial instruments they use swift connections (only accepted channel of execution).
- Monitoring capital requirements for K-CMH & K-ASA by submitting the relevant excel-to-XBRL CoRep templates to CySEC on a quarterly basis as well as performing a stress test on them during the ICARA process.

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".

Further to the above, the Company's license was updated in September 2024 to include the provision of Investment Advice and Portfolio Management services. However, the Company was not subject to K-AUM as at year end since as per the provisions of Article 17 of IFR, AUM shall be the rolling average of the value of the total monthly assets under management, measured on the last business day of each of the previous 15 months converted into the Company's functional currency, excluding the three most recent monthly values.

- Risk-to-Market (RtM) K-factors capture net position risk (K-NPR) in line with the market risk provisions of CRR as amended or, where allowed by the competent authority, based on the total margins required by an investment firm's clearing member (K-CMG). The Company does not engage in dealing on its own account through clearing members and , therefore, it was not subject to K-CMG.

  Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

  The Company was subject to K-NPR as a result of its trading book activities. In addition, the Company is also exposed to market risk arising from its non-trading book exposures and mainly foreign exchange risk.

  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. Instruments issued at variable rates expose the Company to cash flow interest rate risk. Instruments issued at fixed rates expose the Company to fair value interest rate risk. Throughout 2024, the Company faced Interest rate risk stemming from fixed-income instruments within its trading book until August 29024. It is worth noting that the Company liquidated all debt instruments in the trading book by August 2024, and there were no further positions during the rest of the year.

Company's management monitors the interest 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 recognised assets and liabilities are denominated in a currency that is not the Company's functional currency (i.e. EUR). The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollars. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Price risk:

The Company is exposed to financial risks arising from changes in prices of equity securities, debt securities and exchange traded funds. Throughout 2024, the Company faced Price Risk arising from ETF instruments within its trading book. The Company calculates its capital requirements against ETF instruments as per Article 342 and 343 of CRR.

The Board of Directors monitors such changes in prices, as well as the mix of instruments in its portfolio and acts accordingly.

- Risk-to-Firm (RtF) K-factors capture an investment firm's exposure to the default of their trading counterparties (K-TCD) in line with simplified provisions for counterparty credit risk based on CRR, concentration risk in an investment firm's large exposures to specific counterparties based on the provisions of that Regulation that apply to large exposures in the trading book (K-CON), and operational risks from an investment firm's daily trading flow (K-DTF).

  The Company was not subject to K-TCD as its permissible financial instruments did not include CFDs. With respect to K-CON, the Company was exposed to this risk through its equity CFD positions, as at year-end this risk was not regarded as significant for the Company due to the negligible size of its trading book activity.

  The K-DTF applies to the Company, as its permissible services include dealing on own account, and as previously mentioned, during 2024 the Company executed a small number of trades on a principal basis.

6 LIQUIDITY REQUIREMENT

Liquidity risk arises from mismatches in the maturity of assets and liabilities, potentially increasing profitability but also exposure to losses. To mitigate this, the Company maintains procedures such as holding sufficient cash and highly liquid assets, and ensuring access to credit facilities.

Under IFR/IFD regulations, investment firms must maintain liquidity levels equivalent to at least one-third of their FOR. As of 31 December 2024, the Company's liquid assets exceeded the liquidity requirement, confirming compliance with the liquidity standards of Article 43(1) of IFR.

The Company does not consider liquidity risk to be significant as it maintains bank balances that are adequate to cover its liquidity needs and potential broker margin requirements.

7 OTHER RISKS

7.1 Reputational Risk

Reputational risk refers to the potential for negative publicity regarding a financial organization's business practices or affiliations, whether true or not, leading to a loss of trust in the institution's integrity. This risk can arise from regulatory non-compliance, ethical violations, or customer perception gaps between product offerings and staff practices. The Company mitigates reputational risk through the following measures:

- The Company oversees all public marketing communications, aligning with new regulations to maintain a strong reputation. It seeks legal advice for new jurisdictions and tailors marketing materials to third-country requirements.
- Clear policies for handling customer complaints ensure high-quality support. Given the Company's service standards, customer claims are rare.
- Employees adhere to confidentiality policies, and controls are in place to prevent and detect internal fraud.
- Management ensures the Company promptly addresses market and regulatory changes that could impact its reputation.

7.2 Strategic Risk

Strategic risk refers to the potential for earnings downside due to revenues or costs underperforming planned targets. It arises from poor strategic positioning, execution failures, or inadequate responses to material plan deviations caused by external or internal factors, including macroeconomic, financial, and idiosyncratic drivers. Strategic risk is categorized as part of the overall business risk.

The primary objective of strategic risk management is to enhance the Company's earnings resilience and safeguard against excessive earnings volatility, thereby supporting its risk appetite targets, particularly total Capital Ratios. This is achieved through the systematic identification, assessment, limitation, mitigation, and monitoring of key strategic risks.

The Company's exposure to strategic risk is moderate as policies and procedures to minimize this type of risk are implemented in the overall strategy of the Company.

7.3 Business Risk

Business risk, distinct from Pillar I minimum capital requirements, is characterized as the potential for economic loss resulting from unfavorable strategic and business decisions, incorrect implementation of these decisions, or a lack of adaptability to changes in the business environment, including technological advancements. While strategic risk is managed through regular business operations, business risk is further scrutinized during the annual ICARA.

7.4 Regulatory Risk

Regulatory risk pertains to the potential consequences of non-compliance with laws and directives issued by regulatory authorities. The Company mitigates this risk by:

- Establishing and adhering to procedures aligned with CySEC requirements.
- Evaluating and reviewing adherence to procedures, with annual assessments of the control framework's effectiveness.
- Implementing suggestions for enhancements to maintain low non-compliance risk.
- Compliance and Risk Management departments keep abreast of regulatory developments, participate in material regulatory consultations, and aim to anticipate regulatory issues by providing advice to the Company's Board and the business on such matters on an ongoing basis.

7.5 Compliance / Money Laundering and Terrorist Financing Risk

Compliance risk is the potential for current or future earnings and capital losses due to violations or non-compliance with applicable laws, rules, regulations, agreements, practices, internal policies, or ethical standards. This risk can result in fines, damages, and reputational harm. The Company actively manages compliance risk through:

- Identifying critical rules and regulations where non-compliance could jeopardize the Company's assets.
- Advising senior management on adherence to material rules, implementing effective compliance procedures, and establishing controls.
- Monitoring new or changed regulations and developing implementation plans for appropriate controls.
- Enforcing a zero-tolerance policy for violations of corporate ethics.
- Maintaining open regulatory findings within acceptable levels.
- Conducting detailed reviews of compliance levels across functions to identify and eliminate weaknesses.
- Ensuring comprehensive coverage of all existing material rules and regulations by business departments.

The Company is committed to preventing exploitation for money laundering or terrorist financing through:

- Implementing measures to assess and manage ML/TF risks effectively.
- Conducting thorough client identification and due diligence, especially for high-risk clients.
- Continuously monitoring business relationships and transactions.
- Ensuring personnel receive appropriate training and support.

7.6 Information and Technology Risk

IT risk arises from inadequate information technology and processing, insufficient IT strategy and policy, or improper use of the Company's IT resources. To address these risks, the Company has implemented comprehensive policies and measures, including backup procedures, software and hardware maintenance, internet usage guidelines, data protection protocols, and disaster recovery plans.

The Internal Auditor evaluates the adequacy of the Company's systems and infrastructure during annual on-site inspections. The Company aims to minimize IT risk materialization through regular assessments and necessary corrective actions.

Additionally, the Company conducts annual Business Continuity Plan (BCP) stress tests to ensure the effective operation of its systems and backup procedures, further reducing the likelihood of IT risk materialization. These measures ensure the Company maintains robust IT governance and operational resilience.

8 REMUNERATION DISCLOSURES

The Company's Remuneration Policy, an integral part of its corporate governance, aligns with its operational model and strategic objectives. Designed in compliance with ESMA's "Guidelines on Remuneration Policies and Practices (MiFID)", the EBA's "Guidelines on Sound Remuneration Policies under Directive (EU) 2019/2034", and Cyprus Law 165(I)/2021, the Policy ensures competitive compensation to attract and retain skilled personnel. It emphasizes alignment with the Company's business strategy, objectives, values, and long-term interests, while mitigating conflicts of interest and discouraging excessive risk-taking beyond the Company's approved risk tolerance.

The Policy establishes that employee rewards are directly linked to behaviors and results defined by the Board and the Company's documented policies. Applicable to all employees, it places particular emphasis on roles with significant impact on the Company's risk profile, including front-office and back-office staff, Head of Finance & Accounting, Senior Management, Risk Manager, and Compliance/AML Officer.

The Company has implemented a competitive compensation package that balances career advancement opportunities with the minimization of conflicts of interest. This package, which does not incentivize excessive risk-taking, comprises various components including fixed and variable remuneration, benefits, and long-term incentives.

The Remuneration Policy of the Company aims to provide for sufficient incentives so as for the personnel of the Company, including key persons, to achieve the business targets, to deliver an appropriate link between reward and performance whilst at the same time consisting of a comprehensive, consistent and effective risk management tool that prevents excessive risk taking and /or mis selling practices in light of financial incentives schemes, which could lead to compliance risks for the Company.

8.1 Fixed remuneration

Fixed remuneration is determined on the basis of the role of the individual employee, including responsibilities and job complexity, performance and local market conditions. Furthermore, fixed remuneration takes into consideration each individual's "work" characteristics, including:

- Skills and competencies required to generate results.
- Relevant professional experience and organisational responsibility as set out in an employee's job description as part of the terms of employment.
- Contribution to the team and the Company as a whole.
- The value and contribution of the individual in the context of the external market.

The Company's fixed remuneration is approved by the Board of Directors for all the relevant employees and it is reviewed by the Company at such intervals, as it shall decide at its sole discretion, without affecting the other terms of employment.

8.2 Variable remuneration

Variable remuneration, an addition to the monthly fixed salary, is paid in cash through the Company's payroll system via wire transfer or cheque. The amount is determined by key factors including the employee's contribution to the Company's strategy, their experience (particularly in financial and OTC markets), competitiveness, and educational qualifications.

The Company's remuneration policies are simplified to meet the basic requirements for hiring and retaining professional staff, reflecting the Board's view that this approach is practical for the current stage of business growth. As the Company grows, more detailed variable components may be introduced to support long-term goals.

Performance measurements for variable remuneration consider current and future risks, liquidity, capital requirements, and the timing and likelihood of future revenues. The fixed and variable components are balanced, with the fixed component being a significant proportion of total remuneration, allowing flexibility in variable remuneration, including the possibility of zero variable components.

Under Article 32 of the IFD, variable remuneration typically requires at least 50% to be in shares or share-linked instruments and at least 40% to be deferred over three to five years. However, these provisions do not apply to the Company as it does not meet the 'significant CIF' criteria for the year under review.

During the year there were no deferred remuneration, sign-on or severance payments. No form of variable remuneration was given during the year.

8.3 Aggregate Remuneration

During 2024, the Company's remuneration structure for management and staff consisted of a fixed cash salary component. For the year under review, the variable remuneration did not exceed the 100% of the fixed complement of the total remuneration for each employee.

The aggregate remuneration for Senior Management and staff whose actions significantly impact the Company's risk profile, as of 31 December 2024, reflects the Company's commitment to aligning compensation with its strategic objectives and risk tolerance. This structure is designed to attract and retain talent while ensuring that remuneration practices support the Company's long-term goals and regulatory compliance.

Table: Illustrates the aggregate remuneration split by staff who have a material impact on the Company's risk profile

Remuneration as at 31st December 2024	**Annual Remuneration (EUR)**			
Position/ Role	***No. of Beneficiaries***	***Fixed (cash) Remuneration EUR'000***	***Variable (cash) Remuneration EUR'000***	***Aggregated Remuneration EUR'000***
Senior Management (Including Executive and Non-Executive Directors)	6	229	-	229
Other Staff (Control Functions) *	11	457	-	457
Total	**17**	**686**	**-**	**686**

** The category "other staff" includes the Company's executives other than Senior Management category of table above.*

9 ESG DISCLOSURES

In accordance with Article 53 of the IFR, investment firms are required to disclose information on environmental, social, and governance risks, including physical and transition risks, as further defined in IFD. This requirement applies to firms whose average value of on and off-balance sheet assets exceeds €100 million over the four-year period immediately preceding the given financial year.

As of 31 December 2024, the Company did not meet the threshold for disclosure under Article 53 of the IFR, as its average value of on and off-balance sheet assets over the preceding four years did not exceed €100 million. Therefore, no further disclosure is required.

10 Investment Policy

In accordance with Article 52 of the IFR, investment firms are required to disclose information on its investment policy in accordance with Article 46 of IFR. This requirement applies to firms whose average value of on and off-balance sheet assets exceeds €100 million over the four-year period immediately preceding the given financial year.

As of 31 December 2024, the Company did not meet the threshold for disclosure under Article 53 of the IFR, as its average value of on and off-balance sheet assets over the preceding four years did not exceed €100 million. Therefore, no further disclosure is required.

11 APPENDIX - SPECIFIC REFERENCES TO THE IFR

IFR Reference (Article)	High Level Summary	Compliance Reference
Scope of Disclosure Requirements		
46 (1)	Requirement To Publish Disclosures for Class 2 Ifs	1.5
46 (2)	Requirement to publish market disclosures for small and non-interconnected IFs	N/A
46 (3)	Requirement to publish market disclosures for IFs which do not longer meet the criteria of small and non-interconnected IF	N/A
46 (4)	Determination Of the Appropriate Medium and Location to Publish the Disclosures	1.5
Risk management objectives and policies		
47	Investment Firms Shall Disclose Their Risk Management Objectives and Policies for Each Separate Category of Risk, Including A Summary of The Strategies and Processes to Manage Those Risks and A Concise Risk Statement Approved by The Investment Firm's Management Body Succinctly Describing the Investment Firm's Overall Risk Profile Associated with The Business Strategy.	2
	Governance	
48 (a)	Disclosure Of the Number of Directorships Held by Members of The Management Body	3.5
48 (b)	Diversity Policy with regard to the selection of members of the management body	3.2
48 (c)	Risk Committee and Number of Times the Risk Committee Has Met Annually	3.4
	Own Funds Composition	
49 (1) (a)	Full Reconciliation of Common Equity Tier 1 Items, Additional Tier 1 Items, Tier 2 Items and Applicable Filters and Deductions Applied to Own Funds of The Investment Firm and The Balance Sheet in The Audited Financial Statements of The If:	4.1
49 (1) (b)	Description Of the Main Features of The Common Equity Tier 1 And Additional Tier 1 Instruments and Tier 2 Instruments Issued by The If	4.2
49 (1) (c)	Description Of All Restrictions Applied to The Calculation of Own Funds in Accordance with The IFR and The Instruments and Deductions to Which Those Restrictions Apply	4.1
49 (2)	Eba Shall Develop Implementation Standards for Points (A), (B), (C) Above.	N/A
Own Funds Requirements		
50 (a)	Summary Of IF's Approach to Assessing Adequacy of Its Internal Capital to Support Current and Future Activities.	2.5
50 (b)	Result Of ICARA Upon Request of The Competent Authority.	N/A
50 (c)	K-Factor Requirements Calculated in Aggregate Form for RtM, RtF, And RtC, Based on The Sum of The Applicable K-Factors	5.4
50 (d)	Fixed Overheads Requirement	5.3
Remuneration policy and practices		
51	Remuneration Policy, Including Aspects Related to Gender Neutrality and The Gender Pay Gap, For Those Categories of Staff Whose Professional Activities Have a Material Impact on The Risk Profile	8.0
51 (a)	Design Characteristics of The Remuneration System, Including the Level of Variable Remuneration and Criteria for Awarding Variable Remuneration, Payout in Instruments Policy, Deferral Policy and Vesting Criteria	8.0
51 (b)	Ratios Between Fixed and Variable Remuneration	8.0
51 (c)	Aggregated Quantitative Information on Remuneration, Broken Down by Senior Management and Members of Staff Whose Actions Have a Material Impact on The Risk Profile of The Investment Firm	8.0
51 (c) (i)	The Amounts of Remuneration Awarded in The Financial Year, Split into Fixed and Variable Remuneration, And the Number of Beneficiaries	8.0
51 (c) (ii)	The Amounts and Forms of Awarded Variable Remuneration	8.0

51 (c) (iii)	The Amounts of Deferred Remuneration Awarded for Previous Performance Periods	N/A
51 (c) (iv)	The Amount of Deferred Remuneration Due to Vest in The Financial Year	N/A
51 (c) (v)	The Guaranteed Variable Remuneration Awards During the Financial Year and The Number of Beneficiaries of Those Awards	N/A
51 (c) (vi)	The Severance Payments Awarded in Previous Periods, That Have Been Paid Out During the Financial Year	N/A
51 (c) (vii)	The Amounts of Severance Payments Awarded During the Financial Year, Split into Paid Upfront and Deferred, The Number of Beneficiaries of Those Payments and The Highest Payment That Has Been Awarded to A Single Person	N/A
51 (d)	Whether The If Benefits from A Derogation Laid Down in Article 32(4) Of the IFD	8.0
Investment policy		
52	Not Applicable Due to Criteria Referred to In Point (A) Of Article 32 (4) Of the IFD	10
Environmental, social and governance risks		
53	Not Applicable Due to Criteria Referred to Article 53 of the IFR	11