ALPHA FX EUROPE LIMITED

PILLAR III DISCLOSURES

ACCORDING TO PART SIX OF REGULATION (EU) 2019/2033 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE PRUDENTIAL REQUIREMENTS OF INVESTMENT FIRMS

31 DECEMBER 2025

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1. INTRODUCTION

1.1. Company information

Alpha FX Europe Limited (the "Company") is a private limited liability company incorporated and registered pursuant to the laws of Malta, with company registration number C96623 and registered office situated at 171, Old Bakery Street, Valletta VLT1455, Malta.

The Company has been authorized by the Malta Financial Services Authority ("MFSA") as an investment firm in terms of the Investment Services Act (Chapter 370, Laws of Malta) (the "ISAct") to provide the following investment services to Professional Clients (including collective investment schemes) and Eligible Counterparties:

i) executing orders on behalf of clients;
ii) dealing on own account; and
iii) investment advice.

Alpha Europe is licensed to provide the following investment instruments:

i) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled physically or in cash;
ii) 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 other than by reason of a default or other termination event;
iii) 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, within the meaning of the Financial Markets Act, a Multilateral Trading Facility or an Organised Trading Facility that must be physically settled;
iv) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that can be physically settled, are not for commercial purposes, are not included in the preceding paragraph, and have the characteristics of other derivative instruments;
v) Derivative instruments for the transfer of credit risk;
vi) Rights under a contract for differences or under any other contract the purpose or intended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the value or price for property of any description or in an index or other factor designated for that purpose in the contract; and
vii) Foreign exchange acquired or held for investment purposes.

The Company is also authorised as an electronic money institution ("EMI") under the Financial Institutions Act (Chapter 376 of the laws of Malta) (the "FIAct").

The Company forms part of the Alpha FX group of companies (the "Group").

The ultimate parent undertaking of the group is Corpay, Inc. which is incorporated in Delaware (company number 2854298). Corpay, Inc. fully owns Alpha Group International Limited, which is incorporated in the UK (company number 07262416).

1.2. Classification and prudential requirements

The Investment Firms Directive (EU) 2019/2034 ("IFD") and the Investment Firm Regulation, Regulation (EU) 2019/2033 ("IFR") entered into force on 26 July 2021, introducing a new classification system for investment firms, based on their activities, systemic importance, size and interconnectedness. All investment firms are classified as Class 1, 2 or 3 Investment Firms.

Class 1 Investment Firms are the largest and most interconnected investment firms, with risk profiles similar to those of significant credit institutions, have equal treatment with credit institutions in the sense of a level playing field accordingly, and they will fall entirely under the CRR.

Investment Firms categorised as Class 2 and Class 3 will have the most impact from the new prudential framework, as the capital requirements, reporting requirements, and internal governance policies are subject to the provisions of IFR/IFD.

Firms that meet all of the criteria below are categorised as Class 3 Investment Firms.

	Capital Instruments Main Feature	Thresholds
1.	Assets under management	< EUR1.2 billion
2.	Client orders handled – cash trades	<EUR100 million per day
3.	Client orders handled – derivative trades	<EUR1 billion per day
4.	Assets safeguarded and administered	Zero
5.	Client money held	Zero
6.	On- and off-balance sheet total	<EUR100 million
7.	Total annual gross revenue from investment services and activities	<EUR30 million

However, if firms exceed any of the following specific size thresholds, they are categorised as Class 2 Investment Firms.

Further to the above, the Company is categorised as a Class 2 Investment Firm since it does not meet all of the above criteria, and as such, it should maintain its own funds of at least the higher of the following:

a) Permanent minimum capital requirement;
b) Fixed overhead requirement; or
c) K-Factor requirement.

a) *Permanent minimum capital requirement*: The company's permanent minimum capital requirement is EUR 750,000 since it is authorized to provide the investment service of "dealing on own account."

b) *Fixed overhead requirement*: The Fixed Overhead Requirement is calculated as one-quarter of the previous year's fixed expenses (based on audited figures)

c) *Permanent minimum capital requirement*: The new K-Factors are quantitative indicators that reflect the risk that the new prudential regime intends to address. Specifically, capital requirements from applying the K-Factor formula is the sum of risk to the client, risk to the market and risk to the firm. The company does not have any capital requirements relating to the risk to the client and risk to the market, but has a capital requirement for risk to the firm under the following K-Factors

- K-TCD – trading counterparty default
- K-DTF – daily trading flow
- K-CON – concentration risk requirement

1.3. Scope of Application

The Pillar III Disclosures Report (the "**Report**") is prepared on a solo basis in accordance with the disclosure requirements as laid out in Part Six of the IFR. Investment firms are required to disclose their capital resources, capital requirements, remuneration policies, practices and governance standards.

1.4. Pillar III Regulatory Framework

The Report has been prepared in accordance with the new regulatory regime for investment firms, namely the IFR and the IFD, as well as the relevant ESMA and EBA Guidelines issued in relation to the same. The Report has also taken into consideration the relevant sections as outlined in Part BI of the Investment Services Rulebook applicable to MiFID Firms as issued and updated by the MFSA.

The IFR establishes the prudential requirements in terms of own funds, level of minimum capital, concentration risk, liquidity requirements and level of activity with respect to small and non-interconnected investment firms. Furthermore, the IFR introduced significant changes in the prudential regulatory regime applicable to investment firms including a new classification system, an amended minimum initial capital and minimum capital ratios, changes to the calculation of the capital requirements, the reporting requirements and the internal governance policies and the introduction of the K-Factors methodology and new measures relating to liquidity requirements, large exposures and consolidation requirements.

The updated regulatory framework consists of a three-pillar approach:

- Pillar I requirements include minimum regulatory capital, liquidity buffer and concentration risk limits.
- Pillar II capital add-ons based on ICARA and SREP, and
- Pillar III – Market Discipline requires the disclosure of information regarding the prudential requirements, risk management and principles of the remuneration policy.

Materiality is based on the criterion that the omission or misstatement of information would be likely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions. Where the Company has considered a disclosure to be immaterial, this was not included in the document.

1.5. Frequency

The Company's policy is to publish the disclosures required on an annual basis. The frequency of disclosure will be reviewed should there be a material change in the approach used for the calculation of capital, business structure or regulatory requirements.

1.6. Location of publication

The Company's Pillar III disclosures are published on the Company's website.

1.7. Verification

The Company's Pillar III disclosures are subject to internal review and validation before being submitted to the Board for approval. The Company's Pillar III disclosures have been reviewed and approved by the Board.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

To ensure effective risk management, the Company has adopted the Three Lines of Defence model, with clearly defined roles and responsibilities.

First Line of Defence: The first line of defence is line management and the individuals who are processing and dealing with transactions on a day-to-day basis. Line management follows the internal controls put in place and reports any matters via the agreed escalation process. Certain First Line Functions have been delegated to other members of the Group. The first line of defence is responsible for establishing an effective control framework within their area of operation and identifying and controlling all risks so that they are operating within the organisational risk appetite and are fully compliant with the Company's policies and, where appropriate, defined thresholds. The first line of defence acts as an early warning mechanism for identifying (or remedying) risks or failures.

Second Line of Defence: The second line of defence is constituted by the Risk and Compliance teams who work with the first line to ensure that monitoring levels of risk against risk appetite are reported to the Boards and escalated when outside of appetite. The Risk team is responsible for ensuring that the key risks to the business are known by line management and any particular risks are escalated to the appropriate level within Alpha. Risk mitigation is a key part of the Group's risk framework, and methods of reducing risks are assessed at least on a yearly basis. The Compliance Manager is tasked with the management of the compliance function of Alpha. The Risk Management Function is responsible for proposing to the Board appropriate objectives and measures to define Alpha's risk appetite and for devising the suite of policies necessary to control the business, including the overarching framework, and for independently monitoring the risk profile, providing additional assurance where required. The Risk Management Function will leverage its expertise by providing frameworks, tools, and techniques to assist management in meeting their responsibilities, as well as acting as a central coordinator to identify enterprise-wide risks and make recommendations to address them. Integral to the mission of the Second Line of Defence is identifying risk areas, detecting situations/activities in need of monitoring, and developing policies to formalise risk assessment, mitigation, and monitoring.

Third Line of Defence: The third line of defence is the internal audit function. The internal audit function provides independent assurance to the Board of Directors on the effectiveness of the governance, risk management and compliance functions of Alpha and the application of policies, procedures, and internal controls. This entails an assessment of the extent to which the First Line and the Second Line are achieving the desired risk management and control outcomes. Internal audit is independent of management with a direct reporting line to the Governing body/ Audit Committee.

2.1. Risk Management Framework

Managing risk effectively in a company operating in a continuously changing risk environment requires a strong risk management culture. As a result, the Company has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the Company undertakes the following:

- Adequate risk identification and management;
- The establishment of the necessary policies and procedures;
- The setting and monitoring of the relevant limits; and
- Compliance with the applicable legislation.

The Board meets on a regular basis and receives updates on risk and regulatory capital matters from management. The Board reviews regularly (at least annually) written reports concerning compliance, risk management and internal audit policies, procedures and work, as well as the Company's risk management policies and procedures as implemented by Management.

As part of its business activities, the Company faces a variety of risks, the most significant of which are described further below. The Company holds regulatory capital against three all-encompassing main types of risk: credit risk, market risk and operational risk.

2.2. Risk Statement

The Group's activities expose it to a variety of risks, in particular information risk, compliance risk, operational risk, strategic risk, credit risk, dispute risk, technology risk, liquidity risk, financial reporting risk, and reputational risk.

2.3. Risk Strategy

The risk strategy of the Company is the responsibility of the Board, which formulates it and is responsible for monitoring its implementation. This is achieved through the development of risk management processes and procedures as well as through an assessment of the risks undertaken and the effectiveness of the risk management framework, given the Company's business model. One important characteristic of the Company's risk strategy is the alignment with the strategic and operational targets that are set by the Board.

The risks that arise from the implementation of the Company's strategic and business plans are regularly analysed to ensure the adequacy of the relevant policies, procedures and systems.

The risk strategy of the Company aims to provide employees with a general risk framework for the management of the different types of risk in line with the overall risk management and risk-

bearing capacity of the Company. The Company recognises the importance of risk management to its business success and therefore the overall objective is to establish effective risk management policies that can mitigate the Company's exposure to various risks.

2.4. Risk Appetite

Risk appetite is the level and type of risk a firm is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events and outcomes. In addition, risk appetite should reflect the potential impact on earnings, capital and funding/liquidity.

The risk appetite framework is defined as the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored. Moreover, it includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the said framework and is aligned with the Company's strategy.

The risk appetite framework has been designed to create links to the strategic long-term plan, capital planning and the Company's risk management framework. The Board approves the Company's corporate strategy, business plans, budget, long-term plan and ICARA. The Company employs mitigation techniques defined within the Company's policies to ensure risks are managed within its Risk Appetite.

2.5. Risk Culture

Risk culture is a critical element in the Company's risk management framework and procedures. Management considers risk awareness and risk culture within the Company as an important part of the effective risk management process. The Company is committed to embedding a strong risk culture throughout the business where everyone understands the risks they personally manage and is empowered and qualified to take accountability for them. The Company embraces a culture where each of the business areas is encouraged to take risk–based decisions while knowing when to escalate or seek advice.

3. GOVERNANCE

Through its internal governance structure, the Company incorporates a strict Internal Governance framework. Furthermore, the organisational structure incorporates the various organisational and functional reporting lines, as well as the different roles and responsibilities therein, while it also facilitates the compliance of the Company with the principle of segregation of duties and helps in the avoidance and control of possible conflicts of interest situations within the Company.

Moreover, the Company implements and maintains adequate risk management policies and procedures which identify the risks relating to the Company's activities, processes and systems, and where appropriate, set the level of risk tolerated by the Company. The Company adopts effective arrangements, processes and systems, in light of that level of risk tolerance, where applicable.

3.1. Board of Directors

The management body has the ultimate and overall responsibility for the investment firm and defines, oversees and is accountable for the implementation of the governance arrangements.

The Board is responsible for ensuring that the Company complies at all times with its obligations under the applicable law. In doing so, the Board approves and periodically reviews the effectiveness of the policies, arrangements and procedures put in place, whilst, if needed, taking appropriate measures to address any deficiencies.

The Board has the overall responsibility for the establishment and oversight of the Company's Risk Management Framework. The Board satisfies itself that financial controls and systems of risk management are robust. The Board comprises two executive directors and one non-executive directors. Following the acquisition of the Alpha Group in late 2025 by Corpay inc it is envisaged that the composition of the board will change in 2026 as the integration gets underway

3.2. Number of Directorships held by members of the Board

All members of the Board commit sufficient time to perform their functions in the Company. The number of directorships which may be held by a member of the Board at the same time shall take into account individual circumstances and the nature, scale and complexity of the Company's activities.

In line with Article 48 of IFR to disclose information regarding internal governance arrangements, the Company can confirm that the members of the management body held the following directorships:

Director	Function	Number of Executive Directorships	Number of Non-Executive Directorships
Tim Butters	Executive	1	-
Tim Powell	Executive	1	-
Stephen Paris	Non-Executive	-	1

For the purpose of the above, Executive or Non-Executive directorships held within the same group shall count as a single directorship.

3.3. Risk Committee

Responsible for ensuring an effective internal control and risk management environment is maintained with respect of the risks impacting the Group and advising each Board on related risk matters. The risk committee meet on a monthly basis and approves all risk-related policies.

3.4. Policy on Recruitment

Recruitment into the Board combines an assessment of both technical capability and competency skills referenced against the Company's framework. Members of the Board possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board reflects an adequately broad range of experiences to be able to understand the investment firm's activities, including the main risks to ensure the sound and prudent management of the Company as well as sufficient knowledge, of the legal framework governing the operations of an investment firm.

3.5. Policy on Diversity

The Company is committed to promoting a diverse and inclusive workplace at all levels, reflective of the communities in which it does business. It approaches diversity in the broadest sense, recognizing that successful businesses flourish through embracing diversity into their business strategy and developing talent at every level in the organisation. For this purpose, the Company takes into consideration various aspects such as broad industry experience, knowledge, independence, gender, age and cultural and educational background for the board appointments.

3.6. Social Responsibility Entrepreneurship

The Company and the Group are committed to maintaining the highest standards of governance and corporate citizenship and to pursuing growth in a responsible and sustainable manner. The Company's sustainable principles are an integral part of its strategic priorities and represent the

inextricable connection between financial performance and corporate responsibility. The Company monitors its impact on the climate and tries to reduce it in a number of areas including the reduction of waste, utilities and emissions.

4. OWN FUNDS

Own Funds is the type and level of regulatory capital that must be held to enable the Company to absorb losses.

During the year under review, the primary objective of the Company with respect to capital management was to ensure that it complied with the imposed capital requirements with respect to its own funds and that the Company maintained healthy capital ratios in order to support its business.

The Company throughout the year under review managed its capital structure and made adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

4.1. Tier 1 and Tier 2 Regulatory Capital

Investment firms shall disclose information relating to their own funds. Furthermore, investment firms shall disclose a description of the main features of the Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) instruments and Tier 2 (T2) instruments issued by the institution.

The Company's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital. The composition of the capital base and capital ratios of the Company are shown in the following table:

Own Funds Composition	EUR in 000s
CET 1 capital before regulatory adjustments	**94,781**
Ordinary share capital	80,000
Retained earnings	14,484
Share premium	297
CET1 capital: regulatory adjustments	
Additional deductions of CET1 Capital	1,775
CET1 capital	**93,006**
AT1 capital	-
Tier 1 capital (T1 = CET1 + AT1)	93,006
Tier 2 (T2) capital	-

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Total capital	93,006

4.2. Main features of CET1, AT1 and T2 instruments

In order to meet the requirements for disclosure of the main features of CET1, AT1 and T2 instruments, the Company discloses the capital instruments' main features as outlined below:

Capital Instruments Main Feature	CET1
Issuer	Alpha FX Limited
Regulatory Treatment	
Eligible at Solo / (sub-)consolidated / solo	Solo
Instrument Type	Ordinary share capital
Amount recognized in regulatory capital	80,000
Nominal amount of instrument	80,000
Issue Price	80,000
Accounting classification	Equity
Original maturity date	N/A
Coupon rate	N/A

5. OWN FUNDS REQUIREMENTS

As a Class 2 investment firm, the Company shall, at all times, have at least the highest of the following:

i) Permanent minimum capital requirement;
ii) Fixed overhead requirement; and
iii) K-Factor requirement.

5.1. Initial Capital Requirement

The initial capital of an investment firm which is authorized to provide any of the investment services listed in points (3) and (6) of The New Initial Capital Requirements shall be EUR750,000, while an investment firm which is authorized to provide any of the investment services listed in points (1), (2), (4), (5) and (7) and which is not permitted to hold client money or assets, the initial capital shall be EUR75,000. For all other investment firms, the initial capital shall be EUR150,000.

Therefore, since the Company is authorized to provide the investment service of dealing on its own account, its initial capital is EUR750,000.

5.2. Fixed Overhead requirement

The fixed overhead requirement ("FOR") applies to all investment firms. The FOR is intended to calculate the minimum amount of capital that an investment firm would need available to absorb losses if it has cause to wind down or exit the market.

The FOR should be calculated as one-fourth of the fixed overheads of the preceding year (or business plan where the audited financial statements are not available) in accordance with the provision of Article 13 of IFR.

Further to the above, and in accordance with paragraph 4, Article 13 of the IFR, the following variable expenses can be excluded from the calculation of the fixed overheads:

	Deductible variable expenses from Fixed Overheads
a)	staff bonuses and other remuneration, to the extent that they depend on the net profit of the investment firm in the respective year
b)	employees', directors' and partners' shares in profits
c)	other appropriations of profits and other variable remuneration, to the extent that they are fully discretionary
d)	shared commission and fees payable which are directly related to commission and fees receivable, which are included within total revenue, and where the payment of the commission and fees payable is contingent on the actual receipt of the commission and fees receivable
e)	fees to tied agents;
f)	non-recurring expenses from non-ordinary activities.
g)	fees, brokerage and other charges paid to central counterparties, exchanges and other trading venues and intermediate brokers for the purposes of executing, registering or clearing transactions, only where they are directly passed on and charged to customers. These shall not include fees and other charges necessary to maintain membership or otherwise meet loss-sharing financial obligations to central counterparties, exchanges and other trading venues
h)	interest paid to customers on client money, where there is no obligation of any kind to pay such interest
i)	expenditures from taxes where they fall due in relation to the annual profits of the investment firm
j)	losses from trading on own account in financial instruments
k)	payments related to contract-based profit and loss transfer agreements according to which the investment firm is obliged to transfer, following the preparation of its annual financial statements, its annual result to the parent undertaking
l)	payments into a fund for general banking risk in accordance with Article 26(1)(f) of Regulation (EU) 2013/575

m)	expenses related to items that have already been deducted from own funds in accordance with Article 36(1) of Regulation (EU) 2013/575

Further to the above, the Company's fixed overheads requirement based on the latest audited financial statements is EUR 8,419,796.

Item	EUR in 000s
Total Expenses	89,840
Variable Expenses	56,161
Annual Fixed Overheads	33,679
Fixed Overheads requirement	**8,420**

5.3. K-Factor Requirement

The K-factor capital requirements are essentially a mixture of activity and exposure-based requirements. K-factors apply to an individual investment firm depending on the MiFID investment services and activities it undertakes.

The capital requirement from applying the K-factors requirement is the sum of Risk to Client ("**RtC**"), Risk to Market ("**RtM**") and Risk to Firm ("**RtF**").

Further to the above and since the Company is a Class 3 investment firm which is authorized to provide the investment service of "dealing on own account", Risk to Firm proxies are applicable for the Company.

5.3.1. K-Factor Requirement Result

As of 31 December 2025, the Company's K-Factor Requirement is 45,477,792 EUR as shown in the table below:

Item	Factor Amount EUR '000	K-Factor Requirement EUR '000
Total K-Factor Requirement		45,478
Risk to Client		0
Risk to Market		0
Risk to Firm		45,478
Trading counterparty default		45,464
Daily trading flow – Cash trades	10,987	11
Daily trading flow – Derivative trades	30,609	3
K-Concentration risk requirement	-	-

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5.4. Own Funds Composition and Capital Ratios

The K-factor capital requirements are essentially a mixture of activity and exposure-based requirements. K-factors apply to an individual investment firm depending on the MiFID investment services and activities it undertakes.

(a) $\frac{\text{Common Equity Tier 1 capital}}{D} \geq 56\ \%$,

(b) $\frac{\text{Common Equity Tier 1 capital + Additional Tier 1 capital}}{D} \geq 75\ \%$,

(c) $\frac{\text{Common Equity Tier 1 capital + Additional Tier 1 capital + Tier 2 capital}}{D} \geq 100\ \%$,

where:

i) Common Equity Tier 1 capital is defined in accordance with Chapter 2 of Title I of Part Two of Regulation (EU) No 575/2013, Additional Tier 1 capital is defined in accordance with Chapter 3 of Title I of Part Two of Regulation (EU) No 575/2013, and Tier 2 capital is defined in accordance with Chapter 4 of Title I of Part Two of Regulation (EU) No 575/2013; and

ii) D is defined in Article 11 of IFR.

The Company's own funds, own funds requirement and capital ratio reported as of 31 December 2025, were the following:

Own Funds Composition	EUR in 000s
Ordinary share capital	80,000
Retained earnings	14,484
Share premium	297
CET1 capital: regulatory adjustments	
Additional deductions of CET1 Capital	1,775
CET 1 Capital	**93,006**
Additional Tier 1	-
Tier 1 Capital	**93,006**
Tier 2 Capital	-
Own Funds	**93,006**
Own Funds Requirements	**EUR in 000s**
Initial Capital	750

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Fixed Overheads Requirement	8,420
K-Factor Requirement	45,478
Own Funds Requirement	**45,478**
Capital Ratios	**EUR in 000s**
CET1 (minimum 56%)	365.20%
Surplus / Deficit of CET1 Capital	67,539
Tier 1 (minimum 75%)	272.68%
Surplus / Deficit of Tier 1 Capital	58,898
Total (minimum 100%)	204.51%
Surplus / Deficit	47,529

The Company should monitor the above ratios in order to ensure compliance with the capital adequacy requirements at all times.

Further to the above, the Company has implemented a capital adequacy monthly monitoring program in order to ensure compliance with the IFR requirements at all times. In this respect, the Company calculates the capital requirement on a monthly basis in order to assess the capital adequacy ratio for the respective month.

5.5. Liquidity Requirement

As a Class 2 investment firm, the Company is required to hold an amount of liquid assets equivalent to at least one-third of the fixed overheads requirement. The purpose is to ensure that the investment firms have an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets in cash to meet their liquidity needs for a 30-calendar day liquidity stress scenario.

In this regard and in line with the Company's latest audited financial statements, the Company has the following liquid assets which are well above one-third of the fixed overheads requirement.

Item	**EUR in 000s**
Liquid Assets	1,505,082
Total	**1,505,082**
Requirement (1/3 of Fixed Overheads Requirement)	2,807
Surplus	**1,502,275**

Furthermore, the Company maintains adequate liquid assets to cover the said requirement. However, the Company should monitor the above in order to ensure compliance at all times.

6. OTHER RISKS

6.1. Cyber and Data Security

Security is a vital part of the Company's fabric and is integral to ensuring the sensitive data we process on behalf of our clients maintains confidentiality, integrity and availability. The Company faces the risk of its operating systems failing, as well as the failure to safeguard the business-critical data and systems against information security risks. As a result, the Company may become unable to carry out its business activities resulting in a financial and reputational loss, as well as the potential for regulatory sanctions.

6.2. Regulatory Risk

The Company faces the risk of failing to adhere to its regulatory and legal requirements. Failure could see the Company exposed to significant regulatory penalties and reputational damage. Additionally, any new regulation or changes to existing regulations may require the Company to increase its spending on regulatory compliance and/or change business practices.

6.3. Operational Risk

The Company is subject to the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. This can include the incorrect inputting or execution of a trade or settlement, as well as internal fraud.

6.4. Dispute Risk

Whilst a client may not default on a contract, they may dispute its validity. Should a client successfully dispute a contract we would have to fund any negative mark-to-market loss and incur legal fees.

6.5. IT Infrastructure Risk

Technology now underpins most businesses. A failure in our technology would disrupt our own business and our clients.

6.6. Financial Reporting Risk

The Company may face the risk of reputational damage and financial loss resulting from a material misstatement in the Company's financial reporting.

7. INTERNAL CAPITAL ADEQUACY AND RISK ASSESSMENT PROCESS

The purpose of capital is to provide sufficient resources to absorb unexpected losses over and above the ones that are expected in the normal course of business. The Company aims to

maintain a minimum risk-asset ratio which will ensure there is sufficient capital to support the Company during stressed conditions.
The Company should establish sound, effective and comprehensive arrangements, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that they consider adequate to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed. These arrangements, strategies and processes shall be appropriate and proportionate to the nature, scale and complexity of the activities of the Company and they shall be subject to regular internal review.

The ICARA includes a Liquidity Adequacy Assessment and Contingent Funding Plan. Internal Liquidity Adequacy Assessment Process (ILAAP) and all its components, including risk elaboration on liquidity risks that are applicable to the firm and liquidity stress testing will be incorporated within ICARA.

In light of the above, the ICARA report will present the main business background aspects and developments of the Company, a summary of the Company's business economic environment, the Company's financial summary for the previous and upcoming years, the business and strategic goals, organisational structure and the risk management framework, the overall assessment of the material risks as well as a forward-looking capital and liquidity planning.

Following the implementation of the new prudential regulatory framework, the Company has replaced its existing ICAAP with the new ICARA by establishing new assessments with respect to the liquidity adequacy of the Company, designing new financial projections and stress tests to reflect the new K-Factors requirement and drafting a new report which reflects all provisions under the new regulation. The new methodologies of K-Factors and liquidity stress tests have been incorporated into the new ICARA process, as well as the updated risk register which will focus on a harm-pose approach, identifying different potential risk events that may affect the Company's overall capital adequacy position.

It is expected that the new ICARA report will be available for review by the board in Q2 2026.

8. REMUNERATION POLICIES AND PRACTICES

The Company has risk-focused remuneration policies and practices that are consistent with the objectives of the Company's business and risk strategy, including ESG risk-related objectives, corporate culture and values, risk culture and the measures used to avoid conflicts of interest, encourage prudent risk-taking and responsible business conduct. By aligning its remuneration policy with effective risk management, it is less likely that the Company's employees will have

incentives to act in a manner that is inconsistent with the business and risk strategy of the Company and engage in product mis-selling or excessive risk-taking.

This remuneration policy is gender-neutral in accordance with the IFD and respects the principle of equal pay for male and female workers for equal work or work of equal value. Furthermore, the remuneration policy has been adopted in compliance with the MFSA's Investment Services Rules for Investment Services Providers – Part BI: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as MiFID Firms, including, in particular, the EBA Guidelines on Sound Remuneration Policies under IFD and the ESMA Guidelines on certain aspects of the MiFID II remuneration requirements.

The design of the remuneration policy is approved by the Board, after taking advice from the compliance function and implemented by appropriate functions to promote effective corporate governance. The Board is responsible for the implementation of remuneration policies and practices and for preventing and dealing with any relevant risks, that remuneration policies and practices can create and discusses remuneration policy matters at least annually. Furthermore, the policy also benefits from the full support of senior management or, where appropriate, the supervisory function, so that necessary steps can be taken to ensure that relevant persons effectively comply with the conflicts of interest and conduct of business policies and procedures.

The key provisions are as follows:

a) The Company provides a total remuneration package comprising of a base salary, a competitive benefits suite and the opportunity to earn an annual discretionary bonus. Certain employees may also be eligible to receive a fixed, permanent, pre-determined, non-discretionary, non-revocable and transparent to staff role-based allowance, structured in accordance with the EBA Guidelines' fixed-pay definition criteria;

b) Variable remuneration individual award recommendations are developed by line managers in conjunction with the employee performance appraisal process and reflect individual achievements in respect of financial and non-financial goals, based on performances and risk cycles reflecting the underlying business performed, including the achievement of fair customer outcomes and adherence to risk and control policies. Risk and control hurdle attestations are required before performance can be confirmed as satisfactory. Variable remuneration criteria reflect for a portion of qualitative targets in addition to quantitative measures linked to the individual, the Company and the Group. The quantum of variable remuneration is reviewed and approved annually via the governance process of the Group. The Company's / Group's HR makes a qualitative assessment of financial and non-financial measures, including risk (adjustments), market and regulatory factors, in approving the appropriate quantum of variable remuneration. This kind of remuneration is not guaranteed

and the Board has determined a maximum percentage of variable remuneration relative to the fixed remuneration in order to ensure a compliant ratio between these two kinds of remuneration.

c) Variable remuneration to be awarded or paid out will be reduced or fully claimed back in cases of series issues with employee competence, the employee demonstrating inappropriate behaviour or if the performance of the Company is poor or negative, including but not limited to the strength of the regulatory capital base, a failure of risk management, the discovery of fraudulent or misleading information in respect of the achievement of the underlying performance conditions relating to the bonus or the circumstances under which the bonus was awarded. Specific criteria exist for reduction or clawback in case of inappropriate behaviour of an employee.

d) The award of variable remuneration is wholly discretionary and is not pre-determined by any contractual or formulaic entitlement. As such, and in line with the principle that employees are rewarded for their performance rather than for failure, the Company's remuneration policy does not allow guaranteed variable remuneration apart from specific cases related to recruitment of new employees during the first year of employment provided that the Company has sufficient own funds and a solid solvency ratio.

e) Retention variable remuneration awards may be necessary under exceptional circumstances for selected employees in order to reduce the risk of loss to a competitor and/or enhance retention. Any such awards will only be made in exceptional circumstances, for example, reorganization, transfer of employment, or the retention of a key staff member whose loss would represent a material commercial risk.

f) Variable remuneration may be awarded in a combination of cash and deferred share-based payment awards. Employees with greater functional, client/commercial and risk accountabilities receive a greater proportion of variable incentives in deferred share awards to reinforce their alignment to the long-term interests of clients and shareholders.

g) Collectively, on an annual basis, the Company's HR, Risk and Compliance functions identify employees whose roles have a material impact on the risk profile of the Company in accordance with the latest applicable identification criteria. The listing of identified staff is reviewed and approved by the Board on an annual basis and identified employees are made aware of their identified staff status and obligations and impacts. Remuneration practices are applied to identified staff consistent with the applicable criteria, in a way and to the extent that is appropriate to the Company's size, internal organization and the nature, scale and complexity of the Company's business.

The Company recognizes that its remuneration system has some features that increase the mis-selling risk. Therefore, the Company applies effective mitigation controls for each part of the remuneration system.

8.1. Financial Remuneration Information

The Company recognises the responsibility that staff has in driving its future success and delivering value for the Company and that remuneration is a key component in motivating and compensating its employees. Furthermore, the overall remuneration policy incorporates an annual variable incentive compensation reflecting individual performance and overall performance. The individual performance is assessed during the annual appraisal process, which establishes objectives for all staff covering both financial and non-financial factors, and specific behavioral competencies including compliance and risk management behaviors with regard to the Company's procedures.

The Company shall ensure that where remuneration is linked with performance, the total amount of remuneration is based on a combination of the performance assessment of:

a) the individual (quantitative as well as qualitative criteria except those who perform their duties on control functions where only qualitative criteria apply, are taken into account; annual performance evaluation and performance rating are taken into account);
b) the business unit concerned; and
c) the overall results of the Company and as long as conflicts of interest are mitigated, as described in this remuneration policy.

Further to the above, the Company implements a performance appraisal method, which is based on a set of key performance indicators, developed for each business unit and its target is to promote healthy competition among personnel, analysis of weak and strong sides of each employee performance-based and give feedback to the staff member in order to motive them to improve. The below table provides the aggregated quantitative information on remuneration for the senior management and members of staff whose actions have a material impact on the risk profile ("Material Risk Taker"):

	Fixed Remuneration (EUR)	Variable Remuneration (EUR)	Number of beneficiaries
Material Risk Takers	€ 1,856,976	€ 10,194,350	10

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