



Disclosures in accordance with Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms as at 31 December 2024 (the “Disclosures”)

APRIL 2025

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1. INTRODUCTION

1.1. Corporate Information

Mega Equity Securities & Financial Services Public Ltd (hereinafter the 'Company' or 'Mega Equity') was incorporated on 17th of December 1999 as a limited liability company under the Cyprus Companies Law. The Company holds a license from the Cyprus Securities and Exchange Commission (the 'CySEC') to operate as a Cyprus Investment Firm (CIF) since 12 May 2003, and it has been trading under license number 011/03 ever since (LEI Code: 213800Z38J623HQWC228). The Company's license is in line with the Cyprus Investment Services Law L.87 (I)/2017, as amended thereafter (hereby the "Law"). The principal activities of the Company involve the provision of brokerage and investment services, which under its license the Company is entitled to provide the following investment and ancillary services:

- (i) Reception and transmission of orders in relation to one or more financial instruments;
- (ii) Execution of orders on behalf of clients;
- (iii) Dealing on own account;
- (iv) Provision of investment advice;
- (v) Safekeeping and administration of financial instruments including custodianship and related services;
- (vi) Granting credits or loans to one or more financial instruments;
- (vii) Foreign exchange services where these are connected to the provision of investment services.

The Company also holds a license to provide Cross Border Services to Member States. For further details on the license information of the Company refer to <https://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/37640/>.

1.2. Regulatory Framework

The prudential regime for Investment Firms stems from the Investment Firms Regulation 2019/2033¹ (the "IFR") and the Investment Firms Directive 2019/2034² (the "IFD") entered into effect on 26 June 2021, that replaced the previously applied Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD). The current prudential regime, specific for EU-regulated Investment Firms, has been introduced by the European Commission, in order to enhance the proportionality of the prudential framework for certain types of Investment Firms which used to follow the full Basel III CRR/CRD requirements.

The IFR/IFD address the vulnerabilities and risks inherent specifically to investment firms and ensure proportionate and appropriate prudential requirements on capital adequacy and overall risk management arrangements. To this end, the Disclosures have been prepared in accordance with the following legislative documents, which have become applicable on 26th of June 2021 and have replaced the CRR/CRD IV:

- Part Six of IFR.
- Law 165(I)/2021 of the CySEC for the Prudential Supervision of Investment Firms, which harmonizes the European Directive 2019/2034 Directive with local legislation.
- The Implementing Regulation 2021/2284 of 10 December 2021 laying down the technical standards for the application of Regulation 2019/2033 of the European Parliament and of the Council with regard to supervisory reporting and disclosures of investment firms.

¹ Regulation (EU) 2019/2033 of the European parliament and of the council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

² Directive (EU) 2019/2034 of the European parliament and of the council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

IFR/IFD introduced several changes to the methodologies that investment firms are required to apply, which include amongst others the following:

- The quantification of risk exposures;
- The derivation of Capital Adequacy ratio;
- The required level of initial capital;
- The Internal Capital Adequacy Assessment Process (“ICAAP”) which under IFR/IRD is replaced by the Internal Capital Adequacy & Risk Assessment (“ICARA”) Process, and;
- A Liquidity Requirement according to which firms are required to maintain liquid assets equal to at least one third of their Fixed Overhead Requirement.

In accordance with IFR/IFD, the Company is categorized as a Class 2 Investment Firm and it is required to hold a minimum initial capital of €750,000. The Company, in accordance with Article 46 of the IFR, does **not** meet the requirements of article 12(1) of the IFR (i.e. it is not categorized as small and non-interconnected investment firms). Therefore, this report represents the public disclosures of the Company in accordance with Part 6 of the IFR.

Furthermore, in 2024 the Company was classified as a significant CIF, in accordance with the criteria set by CySEC Circular C487. This classification resulted in numerous changes in structure, governance and disclosures. Specifically, the Company proceeded with the creation of 3 Committees i.e., Nomination, Risk and Remuneration. In addition, the Company is also in process for receiving the relevant approval from CySEC for one of its directors to remain on the BoD. For more information please refer to section 3.1

1.3. Frequency & Means of Disclosures

These Disclosures present the evaluation and management of the risks faced by the Company during the year ended 31 December 2024. Under Part 6 of the IFR, the Company is required to disclose, amongst other, information regarding its capital and minimum capital requirements, its risk management objectives and policies, remuneration policies and practices and its investment policy.

The Company’s public disclosures have been prepared in line with the requirements of part 6 of IFR/IFD and other applicable legislation or guidance as applicable.

The Company prepares the disclosures on a solo basis.

The Disclosures are prepared on an annual basis and information is presented in thousands of Euros (€), unless otherwise indicated. The Disclosures are published annually on the Company’s website: <http://www.megaequity.com>.

1.4. Verification of the Disclosures

The Disclosures have been prepared by the Chief Operating Officer (“COO”), and then finally reviewed and approved by the Board of Directors (the “Board” or “BoD”), that also approve the adequacy of risk management arrangements of the Company and providing assurance that the risk management systems in place are adequate with regards to the Company’s profile and strategy.

The Board notes that the Disclosures should be reviewed in conjunction with the audited financial statements of the Company for the year ended 31 December 2024, with the view of explaining how the

Company manages risks under the requirements of IFR/IFD and how much capital is assigned to these risks for their management. The Company's Financial Statements are also prepared on a stand-alone basis, in accordance with the International Financial Reporting Standards ("IFRS").

1.5. Operating Environment of the Company

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

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October 2023. The Company does not have a direct exposure to Israel and Gaza Strip and is expected to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war.

The Company's policies have been updated to reflect the latest sanctions lists or watchlists issued. Procedures for screening customers, vendors, and transactions against these lists have been enhanced. The Company remains alert to any changes that may occur in sanctioned individuals or entities attempting to engage in transactions by frequently reviewing the sanctions lists sent by emails from Europa EU.

In 2024, Cyprus experienced robust economic growth, with GDP expanding by 3.6% year-on-year. This performance was driven by strong activity in sectors such as tourism, construction, and information and communication technologies (ICT). Tourism revenue reached €3.2 billion, marking a 7.3% increase from the previous year. The country's fiscal position improved, with a general government surplus projected at 3.5% of GDP, and public debt declining to 66.4% of GDP.

Looking ahead to 2025, the International Monetary Fund (IMF) forecasts a GDP growth rate of 2.5%, moderating from the previous year. Inflation is expected to ease to 2.1%, and unemployment to decrease to 4.7%. The European Commission anticipates continued robust growth, supported by strong export performance and investment, particularly in ICT and tourism.

Cyprus, as a member of the European Union, adheres to the EU's Common Customs Tariff. This means that Cyprus applies the same import duties on goods from non-EU countries as other EU member states. While specific tariff rates can vary depending on the product category, the EU's tariff schedule is designed to regulate trade and protect domestic industries. It's important to note that Cyprus does not have the authority to set its own independent tariffs; any changes would result from EU-wide decisions. Cyprus's economy faces both direct and indirect challenges due to recent U.S. tariff policies. While Cyprus's direct trade with the U.S. is limited, the broader implications of U.S. tariffs on European Union (EU) goods could significantly affect the island.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

2.1. Risk Management Governance

The Board of Directors

Risk management is embedded in the Company's strategy and decision-making process. The Board comprehends the multidimensional nature of risk. The BoD's responsibility against risk management is to set the risk appetite and ensure that the risk management framework is appropriate and effective.

The BoD ensures, on an ongoing basis, that the risk management framework in place monitors the process/ of identifying, evaluating, managing, and reporting the risks faced. The BoD reviews and challenges the systems and controls in place. Policies and procedures relating to risk management are presented and approved by the BoD as the ultimate risk responsibility is borne by the BoD.

The ultimate responsibility of risk management of the Company lies with the Board.

The Risk Manager & the Risk Management Department

The Risk Management Department of the Company consists of a Risk Officer who reports directly to the Risk Manager, who in turn reports directly to the Board.

The Risk Manager is responsible for the determination, evaluation, and efficient management of the risks inherent in the provision of investment services in accordance with the provisions of the Investment Services Law and Directives issued by CySEC, as well as the internal regulations and policies approved by the Board of Directors. The Company is also responsible for the preparation, at least on an annual basis, of the Risk Management Report, that must be discussed and approved by the Board of Directors, prior to its submission to CySEC.

The main role of the Risk Management Department is to assess potential risks that the Company might be exposed to and evaluate their significance, the likelihood of their occurrence, and how these should be managed in order to reduce them to an acceptable level. Overall, the Risk Manager's responsibilities are summarized below:

- (a) Establish, implement, and maintain adequate risk management policies and procedures in order to identify the risk related to the Company's activities, processes and systems, and where appropriate, set the level of risk tolerated by the Company;
- (b) To adopt effective arrangements, processes and mechanisms to manage the risks relating to the firm's activities, processes and systems, in light of that level of risk tolerance;
- (c) To monitor the following:
 - The adequacy and effectiveness of the company's risk management policies and procedures.
 - The level of compliance of the Company with regards to the firm's arrangements, processes and mechanisms adopted in accordance with those described above.
 - 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 established Risk Policy Guidelines, that form an integral part of the Company's Internal Operational Manual Framework, the purpose of which is to address the areas which may expose the Company to risks, and to efficiently manage those risks, accordingly.

2.2. Risk Management Framework

Mega Equity operates in a complex and dynamic financial markets environment, therefore the Management recognizes that risk is embedded in all the Company's activities. Risk is about uncertainties – that may have either a positive (constructive) or negative (destructive) impact.

A risk is an opportunity that will not be realized or a threat that an event or action will materialize. That missed opportunity or unmanaged threat in turn may damage an organization's ability to deliver results for its stakeholders and to achieve business objectives. The unpredictability of financial markets may have adverse effects on the Company's financial performance therefore, identifying, assessing, monitoring and controlling each type of risk is important for the Company's financial stability, performance and reputation. The Company's ability to identify, evaluate, monitor and manage each type of risk to which the Company is exposed to is an important factor in its performance, reputation and the achievement of its strategic objectives.

Risk Strategy

The Company's activities and offering of its services expose it to different types of risks, which may adversely affect its profitability and strategic goals. As a result of the abovementioned, the Company continuously manages its expectations towards risk and to achieve its business objectives without jeopardizing its reputation.

The Company has established proper organizational measures to manage the risks mentioned above by setting up a risk management function, internal controls and systems.

The Board of Directors and the Risk Committee are responsible for setting the risk strategy of the Company by defining the company's risk appetite, aligning risk with business strategy, and ensuring proper governance and controls are in place. The Risk strategy is then provided to senior management and employees as a general risk framework and awareness for managing the risks that the Company might face.

Risk Appetite

The risk appetite of the Company is the maximum level of risk that the Company is prepared to accept to meet its business objectives. The Company defines its risk appetite as the amount and type of risks that are considered being acceptable for implementing its business strategy.

The Board of Directors is responsible for setting and updating the risk appetite and monitoring the Company's risk profile to ensure that it is aligned to its business strategy.

Risk management policy for clients

Clients are evaluated in the early stages of their relationship with the Company through the information they provide via the questionnaires they fill and/or any other information that is obtained from third party sources (e.g. World Check). Based on the information gathered it is decided whether to accept and onboard the client or not.

Through the client acceptance process the Company also considers the risk of any of its clients being involved in money laundering or in terrorist activities. The clients' accounts are continuously monitored in order to identify any suspicious transactions.

The Company considers that the risk of its clients being involved in money laundering or in terrorist funding is minimal.

Assessment of Capital Adequacy & Stress Tests

Stress testing is the process where the Company's business plans are subject to severe stress test scenarios to assess the impact of those potential effects on Company's business capital. Stress tests are performed to assess the impact of adverse scenarios to the Company's capital adequacy and ratios. Accordingly, the Company prepares a budget annually in accordance with the future effects and flow of work to the Company as well as the results of the stress test scenarios performed.

The Company in accordance with IFR is implementing an Internal Capital Adequacy and Risk Assessment procedure ("ICARA") to evaluate the risk to clients, risk to market, risk to firm and any other risk which may affect the Company. This includes the calculation of K-factor requirements. The Company closely monitors the K-Factors it is exposed arising from the services it offers which include amongst others execution services, depositary services to regulated funds. Specific calculations have been performed to ensure that the risks that arise from any service of the Company are covered and will not affect dramatically the capital of the Company.

The Company performs a full ICARA on a yearly basis. A risk register exists and is constantly monitored with all the mitigation measures apart from the K-Factors.

The aforesaid measures allow the management to evaluate whether any gaps that require further attention exist, and to create an action plan so as to monitor and mitigate the consequences of the risks, that will subsequently allow the board of directors' decision making.

The ICARA is examined by the Board and has a direct effect on the decision making of the BoD. The Board uses the results of ICARA to validate or adjust the firm's risk appetite and strategic direction. If ICARA identifies capital shortfalls under stress scenarios, the Board may proceed to delay or modify growth plans, reduce risk exposures or to proceed with a capital injection in order to meet the additional risks. ICARA may also identify gaps in risk governance, control effectiveness, or operational resilience. The Board may respond by enhancing the risk management framework, reviewing the roles and composition of committees and strengthening oversight of material risk areas.

2.3. Risk Identification & Mitigating controls

As part of its business activities, the Company faces a variety of risks, the most significant of which are credit risk, market risk and operational risk (including litigation risk). All relevant risks and their mitigating actions are further described below in this Section.

In accordance with IFR Article 47, this section of the Disclosures presents a description of each separate category of risk, as set out in Parts Three “Capital Requirements”, Part Four “Concentration Risk” and Part Five “Liquidity” of the IFR, together with a summary of the strategies and processes to manage those risks.

2.3.1. Credit Risk

Credit risk is defined as the risk the Company may suffer losses, because its counterparties and/or customers may not be able to meet their obligations with the Company, as they fall due. The Company is mostly exposed to credit and counterparty risk on the balances it maintains with banks and financial institutions (e.g., Cyprus Stock Exchange (‘CSE’), Athens Stock Exchange (‘ASE’), Investors Compensation Fund, etc.) and trade and other receivables.

The Company establishes counterparty relationships only with reputable banks regulated by national regulators which are rated by international rating agencies, and which carry acceptable ratings. The credit ratings as well as the financial position of the banks are regularly monitored given the ongoing financial markets and economic uncertainty.

The actual exposures by financial institutions are reviewed daily and the level of credit risk is limited through the allocation of the balances on a number of financial institutions.

The Company identifies and monitors credit-related risks which include:

- (a) Counterparty Credit risk: The Company’s credit exposure with other counterparties. The Company has policies to ensure that credit limits are granted to clients with an appropriate credit history and the ageing profile of each client is monitored on a daily basis.
- (b) Settlement risk: The risk that counterparty fails to deliver the terms of a contract with the Company. Company has Athens Stock Exchange (ASE) and Cyprus Stock Exchange (CSE) that act as clearing houses and pledge funds from each party in order to ensure the settlement of all transactions.
- (c) Concentration risk: The risk that arises from the uneven distribution of exposures to individual borrowers or by industry, economic sector or geographical regions. Some concentration of credit risk exists with respect to trade receivables as the Company has high exposures to some clients. The Management monitors these amounts on a daily basis and action is taken accordingly.
- (d) Country risk: The Company’s credit exposure arising from the presence of the Company to a specific country. Concentration risk also exists due to the fact that the majority of the clientele is based in Cyprus and mainly trading in the CSE and ASE.

Under IFR, **Risk to Firm (RtF)** refers to the risk that the Company faces through its trading activity and market participation, which could affect the orderly operation of the firm. This K-Factor captures the exposure of the Company in this type of risk.

There are three K-factors under RtF, which are also presented in **Section 5.2.3** of this Report:

- K-TCD (Trading Counterparty Default): Considers the risk of losses arising from the default of a counterparty with which a firm maintains open Trading Book positions in derivatives and other specified transactions. This includes both clients and liquidity providers.
- K-DTF (Daily Trading Flow): Captures the operational risk related to the value of trading activity that the investment firm conducts.
- K-CON (Concentration Risk): This seeks to apply additional own funds to manage concentration to a single counterparty or a group of connected counterparties to which a company incurs Trading Book exposures.

The abovementioned three K-Factors are nil since the Company does not exercise its Dealing on Own Account license.

2.3.2. Market Risk

Market risk is the risk associated with changes in the market prices such as changes in equity prices, in interest rates and in foreign exchange rates, which may eventually impact the Company's net income or the value of the assets and liabilities. Market risk arises mainly from the following, all of which are summarized below:

- (a) Price Risk: The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as at fair value through profit or loss.
- (b) Interest rate risk: Interest rate risk is that which exists in an interest-bearing asset, due to the possibility of a change in the asset's value resulting from the variability of interest rates.
- (c) Foreign exchange risk: Currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's financial assets and liabilities are primarily denominated in Euro which is the functional currency of the Company. The Company is not exposed to any significant foreign exchange risk as it does not have any significant financial assets or financial liabilities in a foreign currency.

The Company is not exposed to commodity risk.

Under IFR, Risk to Market (RtM) is the risk that the Company may pose to the financial markets that it operates in and the counterparties that it trades in. It relates to the trading book positions of the Company which are either their positions or their clients' positions.

There are two K-factors under RtM, which are further explained in **Section 5.2.3** of this Report:

- K-NPR (Net Position Risk): This is the risk where an investment firm is subject to market risk as a result of its trading activities and would be exposed to losses if adverse market movement caused the value of its trading positions to decline.
- K-CMG (Clearing Margin Given): This is an alternative to K-NPR to provide for market risk for trades that are subject to clearing as set out in Article 23 of IFR.

RtM for the Company is zero as at 31 December 2024 and 2023.

2.3.3. Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, systems and personnel or from external events, outside the control of the Company. It is inherent in every business organization and covers a wide range of risks. It includes potential losses arising from fraud, unauthorised activities, error, omission, inefficiency, systems failure or external events. Furthermore, operational risk encompasses certain other risks such as Information Security and Information Technology (IT) risk, legal/litigation risk, taxation risk, reputational and compliance risk, all of which are described in this section of the Disclosures.

Under IFR, Risk to Clients (RtC) refers to the risk that an investment firm poses to clients if it fails to carry out its services or operations correctly. This represents the primary risk the company faces as part of its ongoing business operations. RtC captures the Company's exposures to risk to clients taking into consideration assets under management, client money held, assets safeguarded and administered, and client orders handled.

There are four K-factors under RtC, which are presented in Section 5.2.3 of this Report:

- K-AUM (Assets Under Management): Considers risks associated with discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature.
- K-CMH (Client Money Held): Captures the risk of an investment firm causing potential harm to clients where it holds their money.
- K-ASA (Assets Safeguarded and Administered): The risk of harm associated with the safeguarding and administering of a client's financial instruments.
- K-COH (Client Orders Handled): Captures the potential risk to clients of an investment firm which executes orders in the name of the client.

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

The Company manages operational risk through a control-based environment in which all processes are monitored and documented, and transactions are reconciled and monitored. Day to day operational risks and procedures at all levels of the Company's hierarchy are monitored by the Compliance Officer, the Risk Manager and the internal auditors. Any incidents detected are monitored to ensure they are not repeated. Any issues arising are dealt with immediately and monitored until being resolved and ensure they are not repeated.

2.3.4. Liquidity Risk

Liquidity risk is defined as the risk to the Company's earnings or capital from its inability to meet its financial obligations as they fall due. It arises from the management of its assets and liabilities. The Company maintains sufficient liquidity to manage known and unanticipated funding needs.

Liquidity is managed in accordance with a framework of policies and controls such as maintaining sufficient cash deposits and highly liquid assets and performing daily reconciliations of cash balances and payments.

An additional requirement for the investment firms is the Liquidity requirement, as defined in Part Five of the IFR, where an investment firm is obliged to hold an amount of liquid assets at least one third of its fixed overhead requirement.

During the year, the Company had liquid assets amounting to €1,585 thousands (31 December 2023: € 1,167 thousands), mainly consisting of trade receivables and unencumbered short-term deposits, in accordance with the IFR.

Additionally, as at 31 December 2024 the Company had short term financial liabilities of €440 thousands, which can easily be settled out from its liquid assets of €1,585 thousands.

2.3.5. Legal, Compliance & Regulatory risk

Legal, Compliance and Regulatory risk is the risk of financial loss arising from litigations, fines and other penalties, which could arise as a result of breaches or non-compliance with legislation, regulations, agreements or ethical standards. If this risk materializes, it could trigger the effects of reputation and strategic risk.

The Company may, from time to time, be involved in legal proceedings which may affect its operations and results. Litigation risk arises from pending or potential legal proceedings against the Company and in the event that legal issues are not properly dealt with by the Company.

The risk is limited to a significant extent due to the detailed internal policies and controls implemented and the supervision applied by the Compliance officer and the reviews performed by the internal auditors at least annually.

2.3.6. Reputational risk

Reputational risk is the risk of loss arising from damage to the Company's reputation, due to negative publicity relating to the Company's operations (whether true or false) which may subsequently result in a reduction of its clientele, reduction in revenue and possible legal actions against the Company.

Reputational risk can derive from financial or operational activities or have an effect or outcome with financial or operational consequences. It is generally about an opportunity or threat that has a social or ethical dimension, rather than purely a financial or operational one. For example, poor customer service, fraud or theft, customer claims and legal action.

The Management acknowledges that reputation is the single most valuable asset and the one that differentiates the Company from its competitors. Therefore, the Company has applied policies and procedures to minimize this risk. Reputation is protected, sustained and enhanced through the active management of issues and the maintenance of relationships, both at high level and as routine contacts e.g. possible customer complaints. The Company has in place policies and procedures when dealing with customer complaints in order to provide the best possible service.

The likelihood of complaints is low as the services provided to the clients are agreed and signed beforehand. In addition, the Company's Directors are made up of high caliber professionals who are recognized in the industry for their integrity and ethos. The Company is highly sensitive to the handling of ethics and integrity issues, paying particular emphasis on anti-fraud, bribery and corruption measures.

2.3.7. Information Technology risk

IT risk could occur because of inadequate information technology, processes and procedures or inadequate use of the Company's information technology. The Company monitors its IT risk through a range of controls such as back-ups, software and hardware maintenance procedures, anti-virus controls and user right controls.

The Management acknowledges that in case of destruction the Company can continue to provide services through a desk in the Cyprus Stock Exchange.

2.3.8. Other risks

Additional risks directly linked to the financial services sector are generated from the operation of the common CSE-ASE trading platform and the overall interdependence between the local market and other markets considering the general susceptibility of capital markets to foreign influences in terms of volatility through liberalization regional relations and even simple contagion.

There are also risks that relate to the intensification of competition and of the possible decrease in profit margins. The activity through investments in new systems experienced personnel and continuous training of human capital aims at practicing better risk management and thus maintaining its competitiveness in the business world.

The Department Managers are encouraged to identify risks in the areas of Anti Money Laundering and know your customer, internal and external fraud and continuity of operations.

It should be noted that for the year ended 31 December 2024 the Company did not have any crypto assets holdings and the risk exposure to any crypto assets is zero.

2.4. Risk Management Declaration

The Board has the ultimate responsibility for the risk management processes and practices in place. The Board assesses the effectiveness of the risk management strategies and policies to ensure that there is adequate monitoring, management, and mitigation of all relevant risks. To this end, the company has not set up a separate risk committee. The Board has the responsibility for the implementation of an appropriate risk management framework as well as for the oversight of risk management and internal controls. Additionally, it is the Board's responsibility to conduct an ongoing and an annual review to make sure of the effectiveness and adequacy of the risk management framework and internal controls.

Overall, the Board considers that the Company has established effective risk management arrangements, with regards to the Company's profile, strategy and business objectives.

2.5. Concise Risk Statement

The Company constantly monitors the relevant regulatory ratios and whenever the minimum regulatory limits are close to being reached or a breach occurs, the management of the Company is immediately notified, to take the necessary actions.

The Company sets out below, a summary of the key ratios, even though not exhaustive, which are monitored on a frequent basis, along with the risk appetite of the Company (in a traffic light approach).

Risk Appetite Statement -Quantitative Indicators			
Quantitative Indicators	Normal	Warning	Limit
Total Capital Adequacy	>130%	<110%	100%
Concentration Risk	≤20.00%	>50.00%	≤25.00%
Liquidity Risk(maintain a minimum of 33%)	>110.00%	≤110.00%	>100.00%

Key Risk Area	Regulatory Requirement	Level (%) at 31 December 2024	Comments
Total Capital Adequacy	100%	224%	<p>The Company considers the current level of the ratio as acceptable and well above it risk appetite thresholds. The Company always strives to always maintain adequate funds to meet regulatory own funds.</p> <p>Where the 100% ratio is close to be reached, the Company will consider the relevant actions to be taken (e.g., additional fund raised).</p>
Concentration Risk - Client money held	25% of own funds	33%	<p>The Company is in the process to diversify clients money further. Due to redemptions of bonds mainly we have those discrepancies. Target is to maintain clients' money allocation below 25% in each bank.</p>
Liquidity Risk	maintain a minimum of 33% of fixed overheads in liquid assets	123%	<p>The Company considers the current level of the ratio is acceptable and well above the minimum regulatory limit. The Company constantly monitors the relevant amount of liquid assets against the fixed overhead balance, to be in line with the law and thus satisfy its liquidity requirements.</p>

Table 1: Concise Risk Statement

3. GOVERNANCE ARRANGEMENTS

3.1. Number of directorships

In accordance with Section 9 of the Investment Services and Activities and Regulated Markets Law 87(I) of 2017 (the “Investment Services Law”), as subsequently amended, the number of directorships which may be held by a member of the board of directors of a CIF that is **significant** in terms of its size, internal organization and in terms of the nature, the scope, and the complexity of its activities, shall not hold more than one of the following combinations of directorships at the same time:

- (a) one executive directorship with two non-executive directorships;
- (b) four non-executive directorships.

Executive or non-executive directorships held within the same group shall count as a single directorship, as per the provisions of the Investment Services Law. In addition directorships in organisations which do not pursue predominantly commercial objectives shall not count for the purposes of this subsection.

The Company, having considered its internal organization and the categorization as a “Significant CIF” late in 2024, needs to adhere to the abovementioned structure. The overall responsibility for approving and monitoring the Company’s overall strategy and policies for managing risks lies with the Board of Directors. As such, the table below presents the members of the Board of Directors of the Company and the respective number of directorships held by each (including the directorship in the Company) as at the date of these Disclosures.

Director Name	Position	Executive Directorships	Non-Executive Directorships
Andreas Papacharalambous ⁴	Non-executive Chairman	2	1
Nicolas Papacostas ¹	Executive Director	2	3
Charidemos Charidemou ²	Executive Director	2	0
Nicos Hadjiioseph ³	Non-executive Director	20	2

Table 2: Number of Directorships

1 One (1) Out of the total two (2) executive directorships is of commercial nature and all three (3) non-executive directorships are of commercial nature, however, he is in the process of resigning from one (1) non-executive directorship.

2 One (1) Out of the total two (2) executive directorships is of commercial nature.

3 Out of the total twenty (20) executive directorships only one (1) is of commercial nature.

4 Out of the total two (2) executive directorships only one (1) is of commercial nature.

All the Company’s Directors have been approved by CySEC.

3.2. Nomination Committee

In carrying out its responsibilities, the Nomination Committee seeks on an ongoing basis, and to the extent possible, to ensure that the decision-making of the Board of Directors is not unduly influenced by any single individual or a small group, in a way that could harm the overall interests of the Company. The Committee is also empowered to utilize any resources it deems appropriate, including external advisors, and shall be provided with the necessary funding to do so.

The Nomination Committee is responsible for identifying and recommending candidates to fill vacancies on the Board of Directors, either for approval by the Board or the general meeting. As part of this process, the Committee evaluates the balance of skills, knowledge, experience, and diversity within the Board and defines the role profile and qualifications required for each appointment, including an assessment of the expected time commitment.

The Committee also:

- Sets targets for improving gender diversity on the Board and develops policies to increase the representation of underrepresented genders to meet those targets.
- Periodically reviews the structure, size, composition, and performance of the Board and provides recommendations on any necessary changes.
- Assesses, on a regular basis, the individual and collective knowledge, skills, and experience of Board members and reports its findings to the Board.
- Reviews the Board's policy on the selection and appointment of Senior Management and makes appropriate recommendations.
- Evaluates the time commitment required from Non-Executive Directors and uses performance evaluations to determine whether they are devoting sufficient time to fulfil their responsibilities.

The Members of the Remuneration Committee are appointed by the Board of Directors and are Non-Executive Directors, with all being independent.

As of 31 December 2024, the Committee consisted of two Non-Executive Directors.

Further to the CySEC notification, the Nomination Committee has been set up on 12th of November 2024.

3.3. Risk Committee

The Risk Committee is responsible for identifying, assessing, and overseeing the risks undertaken by the Company. It ensures that a clearly defined risk management policy is in place—covering the assumption, monitoring, and mitigation of risks—and that this policy is effectively communicated across all departments and, where necessary, to external stakeholders. The Risk Committee operates with the support of the Company's Risk Management Function.

The Committee ensures that the Company's operations remain aligned with its established risk appetite. It sets and reviews limits for major risk exposures and takes decisions on risk matters that exceed the authority delegated to lower-level governance bodies.

Key Responsibilities of the Risk Committee:

- Collaborate with the Board of Directors to define a corporate strategy aligned with the Company's risk appetite.
- Contribute to the formulation and refinement of the risk appetite statement.
- Maintain ongoing dialogue with the Board and business units to ensure that risk-taking activities align with the approved risk appetite.
- Identify emerging strategic risks and oversee the implementation of stress testing and scenario analysis.
- Communicate and translate risk appetite in a way that is actionable and relevant for business units.

- Develop and oversee the implementation of appropriate controls, policies, and reporting frameworks that enable business units to manage risks effectively within the defined appetite.
- Conduct regular reviews with Risk Management and business units to detect emerging risks and assess their potential impact on the Company's risk posture.

In addition, the Risk Committee coordinates decision-making and supervises the activities of the Risk Management Function. It is also responsible for formulating Company-wide and targeted risk policies, designating risk owners for significant exposures, and evaluating the effectiveness of risk mitigation measures.

As of 31 December 2024, the Risk Committee comprised two Non-Executive Directors.

Further to the CySEC notification, the Risk Committee has been set up on 12th of November 2024. The Risk Committee has met once during 2024.

3.4. Remuneration Committee

The Remuneration Committee is tasked with preparing decisions on matters related to remuneration, particularly those with implications for the Company's risk management, for approval by the Board of Directors (BoD). Specifically, the Committee is responsible for:

- Establishing and agreeing with the Board on the overall framework or policy for executive directors' remuneration, including compensation payments.
- Recommending and monitoring the remuneration structure and levels for Senior Management.
- Approving the design and performance targets of any performance-related pay schemes operated by the Company and authorizing total annual payments under these schemes.
- Determining the full remuneration package—including bonuses and incentives—for each executive director, senior manager, and any employee whose total compensation falls within the same bracket as senior management and risk takers whose roles significantly affect the Company's risk profile.
- Reviewing and determining the Company's overall remuneration policy.

The Members of the Remuneration Committee are appointed by the Board of Directors and are Non-Executive Directors, with all being independent.

As of 31 December 2024, the Committee consisted of two Non-Executive Directors.

Further to the CySEC notification, the Remuneration Committee has been set up on 12th of November 2024.

3.5. Recruitment policy

One of the Board of Directors' and Nomination Committees' main duties is to identify, evaluate and select candidates who would be able to respond to the demands as members of the Board of Directors of the Company.

Members of the Board are chosen for their high academic and professional qualifications, diversity, skills and experience with local and international financial matters, as well as for their integrity and honesty. Diversity is taken into consideration in determining the optimum composition of the Board of Directors.

As of the date of this report, the Board of Directors consists of 2 Executive and 2 Non-executive members, the qualifications of which are summarized below.

3.6. Diversity policy

The Company recognizes the benefits of having a Board that promotes diversity in its members. For the Company, a diverse Board would effectively consist of Directors with a balanced set of different skills, experiences, background, race and gender. The Investment Services Law (Article 10 (2) (b) (ii)) requires institutions to set a target for the representation of the underrepresented gender in the Board and the preparation of a policy on how to increase the number of the underrepresented gender in the Board to achieve this target. The target, policy and their implementation shall be made public.

At the date of these Disclosures, the Board has yet to set the above-mentioned policy, even though it aspires towards representation of the underrepresented gender within its Board of Directors.

The Company intends to set and implement a relevant target within the next 3 to 5 years.

3.7. Reporting & Information flow

The information flow to the management body of the Company is considered very adequate. The heads of all departments communicate to the executive directors the information that emanates from their respective areas of expertise. Indicatively, examples of information circulated include but are not limited to the quarterly management accounts, annual Risk Management report, quarterly portfolio performance report, quarterly Capital Adequacy report, and announcements, issuance of Directives and updates in legislation and regulatory issues, on a continuing and ad-hoc basis.

The following table presents the Company's description of the information flow on risk to the management body.

Report Name	Report Description	Owner	Recipient	Frequency
Compliance Report	Annual Compliance Review	Compliance Officer	Board, CySEC	Annual
Internal Audit Report	Annual Internal Audit Review	Internal Auditor	Board, CySEC	Annual
Risk Management Report	Annual Risk Management Report	Risk Manager	Board, CySEC	Annual
Public Disclosures Report under Part Six of the IFR	Disclosure regarding the risk management, capital structure, capital adequacy and minimum capital requirements	Risk Manager, Financial Controller	Board, CySEC, Public	Annual
Financial Statements	Audited financial statements	Financial Controller	Board, CySEC	Annual

Report Name	Report Description	Owner	Recipient	Frequency
ICARA Report	Assessment of the level of capital that adequately supports all relevant current and future risks of our business	Risk Manager, Financial Controller	Board	Annual
Capital Adequacy Report-165-01(VIA XBRL SINCE MIDDLE OF 2023)	Capital requirement calculation	Financial Controller	Senior Management, CySEC	Quarterly

Table 3: Flow of Information

4. OWN FUNDS

Own Funds represent the amount of capital which the Company is required to maintain in order to be able to absorb losses. It consists of the sum of Common equity Tier 1 capital, additional Tier 1 capital and Tier 2 Capital, as applicable.

The Company is required to hold adequate funds according to the requirements of the IFR/IFD.

Specifically, as per the Article 9 of IFR, investment firms are required to maintain Own Funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall at all times exceed all of the following thresholds:

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

For the year ended 31 December 2024 the Company fully complied with its initial capital requirement of €750.000, as its own funds equaled to €1.681.439. The Company fulfilled its supervisory reporting obligations as it successfully submitted on a quarterly basis all the supervisory reporting templates of the capital adequacy calculations (unless an exclusion is given from the regulator).

The Company's own funds consist of paid-up share capital and retained earnings with current year profits being added to own funds only if audited. The Company deducts contributions to investors' compensation funds from the Common Equity Tier 1 capital as required by CySEC Circular C162.

There were no Additional Tier 1 capital and Tier 2 capital as of 31 December 2024, 31 December 2023 and as at the date of this Report.

A detailed description of the main features of Common Equity Tier 1 and Additional Tier 1 instrument issued by the Company are presented in Appendix I.

Additionally, the following two tables present the composition of the Company's Own Funds as at 31 December 2024 and 2023, and how these Own Funds reconcile with the Company's audited Balance Sheet as of this date, respectively.

The following tables have been prepared using the format set out in the Draft Implementing Standards issued by the EBA on reporting and disclosure requirements of investment firms under the IFR (EBA/ITS/2021/02) and the EU Implementing Technical Standards 2021/2284, as per Annex VI and VII of the latter.

Template EU IF CC1.01				
Ref	Item	31 December 2024 €'000	31 December 2023 €'000	Source based on reference numbers/letters of the Balance Sheet in the audited Financial Statements
1	OWN FUNDS (CET1+T1)	1.681	1.414	
2	TIER 1 CAPITAL	1.681	1.414	
3	COMMON EQUITY TIER 1 CAPITAL	1.681	1.414	
4	Fully paid-up capital instruments	4.832	4.832	Ref 1 (Shareholders' Equity)
5	Share premium	182	182	Ref 2 (Shareholders' Equity)
6	Retained earnings	(3.195)	(3.228)	Ref 3 (Shareholders' Equity)
12	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(138)	(372)	
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	(275)	
27	CET1: Other capital elements, deductions and adjustments	(138)	(98)	Ref 3 (Assets)
28	ADDITIONAL TIER 1 CAPITAL	-	-	
40	TIER 2 CAPITAL	-	-	

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

Note: As of 31 December 2024, own funds increased by €267K compared to 31 December 2023. This increase primarily results from a revision in the calculation methodology of own funds, which now excludes the Investment Property amount previously reported under line item 21. Additionally, the increase reflects the growth in current year profits of €39K. The amount of €98K (ICF) has been reclassified from line 13 to line 27 of the template EU IF CC1.01.

Template EU IF CC2				
EUR '000		Balance Sheet as in audited Financial Statements		Cross reference to EU IF CC1
		31/12/2024	31/12/2023	
Ref				
1	Property, Plant and Equipment	17	11	
2	Investment Property	635	597	
3	Contribution to the Investors Compensation Fund	98	98	Ref 13
4	Receivables	1.412	1.232	
5	Financial Instruments	26	26	
6	Cash and cash equivalents	117	284	
7	Contract Assets	30	-	
8	Total Assets	2.334	2.248	
Liabilities- Breakdown by liability classes according to the Balance Sheet in the audited Financial Statements				
1	Current Liability - Payables	488	462	
2	Income tax payable	27	1	
3	Total Liabilities	515	463	
Shareholders' Equity				
1	Share capital	4.832	4.832	Ref 4
2	Share premium	182	182	Ref 5
3	Accumulated losses	(3.195)	(3.229)	Ref 6
4	Total Shareholders' Equity	(1.819)	1.786	

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

The Company notes that in accordance with the Commission Implementing Regulation (EU) 2021/2284 (Annex VII, paragraph 11), the column of template EU IFCC2, namely “Under regulatory scope of consolidation” is not reported since the Company complies with the disclosure requirements of Part Six of the IFR on an individual basis.

5. OWN FUND REQUIREMENTS

5.1. Assessment of Capital Adequacy

The Company calculates the capital adequacy ratio on a quarterly basis and monitors its direction in order to ensure its compliance with externally imposed capital requirements. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's objectives when managing capital are:

- (i) to comply with the capital requirements set by the regulator;
- (ii) to safeguard the Company's ability to continue as a going concern, and;
- (iii) to maintain a strong capital base to support the development of the business.

The Company's policy of capital management is designated to maintain the capital base sufficient to keep the confidence of customers, creditors, other market participants and to secure the future development of the Company. Capital adequacy and the use of the regulatory capital are monitored by the Company's management. The required information is filed with the Company's regulator on a quarterly basis.

As a Class 2 investment firm it is required to calculate the own funds requirement as the highest of its Fixed Overhead Requirements (FOR), its permanent minimum capital (PMC) and its K-Factor Capital Requirement (KFR), all of which are described in detailed in this section.

At 31 December 2024 the Own fund ratio of the Company is 224% (31 December 2023: 152%), which is higher than the minimum requirement of 100% as this is stated in article 9 of the IFR.

During the year 2024, the ratio did not fall at any time below the minimum required by CySEC.

5.2. Minimum Capital Requirements

5.2.1. Fixed Overheads Requirement

The fixed overheads requirement shall amount to at least one quarter of the fixed overheads of the preceding year, using figures resulting from the applicable accounting framework. The Company's policy is to monitor Fixed Overheads Requirements at least on a quarterly basis.

In accordance with Article 13 of the IFR, the Fixed Overheads Requirement shall amount to at least one quarter of the fixed overheads of the preceding year, using figures resulting from the applicable accounting framework. The Company reviews this requirement at least quarterly as part of its internal monitoring process. As at 31 December 2024, the Fixed Overheads Requirement stood at €322 thousands (31 December 2023: €270 thousands)

5.2.2. Permanent Minimum Capital Requirement

The Company's policy is to monitor on a continuous basis its Own Funds and ensure that they remain above the Permanent Minimum Capital Requirement of €750,000, which corresponds to the initial capital that applies to the Company, in accordance with Article 9 of the IFD.

5.2.3. K-Factor requirements

The K-Factor requirements are calculations introduced by the new framework IFR/IFD and are tailored to the respective activities of an investment firm according to its authorization. K-Factors are quantitative indicators targeting the services and business practices that are most likely to generate risk to the company. K-Factors are categorized risk into three main groups which are Risk-to-Clients, Risk-to-Markets and Risk-to-Firm and reflects the risk of the company on each of these areas, all of which are described in Section 2.3 in detail.

The Company's K-factor requirement is calculated in accordance with Articles 16 to 33 of IFR.

5.2.4. Quantitative Information

As stated in Article 11(1) of IFR, the Company is required to hold the higher of (i) its K-factor requirement, (ii) its fixed overhead requirement and (iii) its permanent minimum capital requirement. Therefore, the Table below breaks down the minimum capital requirement that the Company is required to hold as at 31 December 2024 and 2023.

Minimum Capital Requirements		As at 31/12/2024	As at 31/12/2023
K-Factor Requirement		EUR '000	EUR '000
Risk-to Client (RtC)	k-AUM	-	-
	k-CMH	253	77
	k-ASA	170	215
	k-COH	1	2
Risk-to Market (RtM)	k-NPR	-	-
	k-CMG	-	-
Risk-to Firm (RtF)	k-TCD	-	134
	k-DTF	-	32
	k-CON	-	473
Total K-Factor Requirement		424	933
Fixed Overhead Requirement ('FOR')		322	270
Permanent Minimum Capital		750	750
Minimum Own Funds Requirement		750	933

Table 6: Minimum Capital Requirements

Note: The increase in own funds is due to the fact that the Company revised the method of ASA calculation by taking into account additional risk-adjusted assets and updated regulatory requirements. Risk to Firm is not applicable since Company does not exercise its dealing on own account license.

Additionally, the following table presents the excess capital of the Company, amounting €893K above the minimum it is required to hold. This equates to a capital ratio of 224%, which is above the minimum threshold of 100% set out in Article 9(1)(c) of IFR.

EUR '000	31 December 2024	31 December 2023	Reference
Capital			
Common Equity Tier 1	1.681	1.414	
Additional Tier 1	-	-	
Tier 2	-	-	
Total Own Funds	1.681	1.414	a
Own Funds Requirement			
K-factor Requirement	424	933	b
Fixed Overhead Requirement	322	270	c
Permanent Minimum Capital Requirement	750	750	d
Minimum Own Funds Requirement	750	933	e = (higher of b, c, d)
Capital Adequacy Ratios			
Capital Excess (€000)	931	481	a-e
Capital Ratio (%)	224%	152%	a/e

Table 7: Capital Excess/Ratio

6. INVESTMENT POLICY

Article 52 of the IFR requires investment firms, which do not meet the criteria referred to in point (a) of Article 32 (4) of the IFD, to disclose the following in accordance with IFR Article 46 of the same regulation:

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

Article 32(4)(a) of the IFD refers to *“an investment firm, where the value of its on and off-balance sheet assets is on average equal to or less than EUR 100 million over the four-year period immediately preceding the given financial year”*.

As per IFR Article 52 (2) *“The investment firm referred to in paragraph 1 shall comply with that paragraph only in respect of each company whose shares are admitted to trading on a regulated market and only in respect of those shares to which voting rights are attached, where the proportion of voting rights that the investment firm directly or indirectly holds exceeds the threshold of 5% of all voting rights attached to the shares issued by the company. Voting rights shall be calculated on the basis of all shares to which voting rights are attached, even if the exercise of those voting rights is suspended”*.

Having considered the above references to the applicable legislation, and as at the reference date the Company did not hold any shares that would meet the criteria stated in Article 52(2) of IFR and therefore no disclosures regarding investment policy were made.

7. REMUNERATION POLICY & PRACTICES

7.1. Remuneration Policy

The Remuneration Committee is tasked with preparing decisions on matters related to remuneration, particularly those with implications for the Company's risk management, for approval by the Board of Directors (BoD). The remuneration policy is established and agreed with the Board on the overall framework or policy for executive directors' remuneration, including compensation payments.

The purpose of the Remuneration Policy is to strengthen client's protection by improving the implementation of the conflicts of interest and conduct of business requirements under the Investment Services Law in the area of remuneration, whilst taking into account the staff's skills, experience and performance and supporting at the same time the long-term business interests of shareholders, investors and other stakeholders in the Company. To this respect, the Company's remuneration system takes into account the highly competitive sector in which the Company operates, the considerable amount of resources the Company invests in each member of the staff, the financial viability of the Company and the general financial situation of Cyprus.

The Policy is reviewed by the Board of Directors on a regular basis, at least once a year and is designed to set remuneration of directors and relevant staff members that is sufficient to attract, retain and motivate

them to improve personal and corporate performance, being market competitive but not excessive to the detriment of the clients. In this respect the Board of Directors supports the Company's efforts to ensure compliance with the Policy with regulatory requirements and applicable law. Therefore, the Remuneration Policy is amended if deemed necessary with the Board of Directors ensuring that any changes to this policy are properly documented.

7.2. Link Between Pay and Performance

The remuneration of the Company's employees is based on fixed salaries with no performance related pay being currently granted. Furthermore, the Company does not have any shared-based compensation or any other variable component schemes. The Board is responsible for any salary increases, bonuses or any other form of remuneration.

- Senior Management: The remuneration of the Senior Management is set in such a way as to ensure that the rewards for the 'executive management' are also linked to the Company's performance, to provide an incentive to achieve the key business aims.
- Non-executive directors: The remuneration of non-executive directors is not linked to the profitability and performance of the Company nor covered by any incentive programs. The remuneration of non-executive directors is fixed and is based on the number of the Board meetings they attend, with the fixed fee reflecting the qualifications and contribution required in view of the Company's complexity and the extent of the responsibilities. There are no Retirement Benefit Schemes / Share Options / Other Benefits granted to the non-executive directors.
- Executive directors: The BoD sets the remuneration of executive directors, on a basis that ensures the Company's continued ability to attract and retain the most qualified Executive Board members and a good basis for succession planning. The remuneration of the Executive Board is assessed annually and developments in market practice are assessed systematically. It consists of fixed salary plus bonus, based on the financial results of the Company. No Bonus was recommended by the BoD for the year 2023. The performance of Executive Directors is assessed once a year.

7.3. Aggregate quantitative information on remuneration

The table below presents the total remuneration of all members of staff whose professional activities have a material impact on the Company's risk profile, for the year ended 31 December 2024 and 2023, along with the respective number of beneficiaries.

The quantitative information listed below comprises both fixed remuneration and variable remuneration.

During 2024 no variable remuneration was granted.

There were no Retirement Benefit Schemes, Share Options or Other Benefits granted to the members of staff whose professional activities have a material impact on the Company's risk profile.

31 December 2024				
Members of staff whose professional activities have material impact on the Company's risk profile	No of beneficiaries	Total Fixed Remuneration (€)	Total Variable Remuneration (€)	Total Remuneration for the year (€)
Non-Executive Directors fees	2	-	-	-
Executive Directors Remuneration	2	95.676	-	95.676
Senior Management	1	58.500	-	60.000
Total	5	154.176	-	155,676

Table 8: Remuneration – Aggregate quantitative information – 2024

31 December 2023				
Members of staff whose professional activities have material impact on the Company's risk profile	No of beneficiaries	Total Fixed Remuneration (€)	Total Variable Remuneration (€)	Total Remuneration for the year (€)
Non-Executive Directors fees	2	-	-	-
Executive Directors Remuneration	2	130.000	-	130.000
Senior Management	1	17.199	-	17.199
Total	5	147.199	-	147.199

Table 9: Remuneration – Aggregate quantitative information – 2023

The Non-Executive Directors waived their right to receive remuneration in 2024 and 2023.

No individuals were remunerated with an amount exceeding €1million during 2024 and 2023.

There were no new sign-on or severance payments awarded and paid out during 2024 and 2023.

Additionally, no outstanding deferred remuneration has been awarded or paid out during the financial years 2024 and 2023.

8. ENVIRONMENTAL, SOCIAL & GOVERNANCE RISKS

8.1. ESG Disclosures Overview

Article 53 of the IFR requires investment firms, which do not meet the criteria referred to in Article 32 (4) of the IFD, to disclose information on environmental, social and governance risks, including physical risks and transition risks, as defined in Article 35 of the IFD.

- (a) a definition of ESG risks, including physical risks and transition risks related to the transition to a more sustainable economy, and, with regard to transition risks, including risks related to the depreciation of assets due to regulatory change, qualitative and quantitative criteria and metrics relevant for assessing such risks, as well as a methodology for assessing the possibility of such risks arising in the short, medium, or long term and the possibility of such risks having a material financial impact on an investment firm.
- (b) an assessment of the possibility of significant concentrations of specific assets increasing ESG risks, including physical risks and transition risks for an investment firm.
- (c) a description of the processes by means of which an investment firm can identify, assess, and manage ESG risks, including physical risks and transition risks.
- (d) the criteria, parameters, and metrics by means of which supervisors and investment firms can assess the impact of short-, medium- and long-term ESG risks for the purposes of the supervisory review and evaluation process.

8.2. ESG Risks - Definitions

8.2.1. Environmental Risks

The type of environmental risk that has been most widely recognized to date is climate-related risk. This could take the form of physical damage caused by extreme weather events or a decline in the asset value of a counterparty. Environmental risks are therefore broken down to physical and transition risks, as described below.

- *Physical risks* arise from the physical effects of climate and environmental change. They can be categorized either as acute (i.e., those that arise from events such as storms, floods, fires or heatwaves) or chronic (i.e., those that arise from longer-term changes such as temperature increases, rising sea levels, reduced water availability and biodiversity loss).
- *Transition risks* refer to the uncertainty related to the timing and speed of the process of adjustment to an environmentally sustainable economy. Transition risks refer to several underlying risk drivers such as market, technology, reputation, policy and legal.

8.2.2. Social Risks

Social risks refer to human rights violations, inequalities, relationships with employees, labour practices, customer & community interactions. Social risks can be driven by either environmental risks, changes in social policy or changes in market sentiment regarding social matters and these risks might have an impact on the activities of the Company's counterparties.

8.2.3. Governance Risks

Governance risks cover governance practices, including executive leadership, executive pay, audits, internal controls, tax avoidance, BoD independence, shareholder rights, corruption and bribery, and the way environmental and social matters are included in the policies and procedures of an organisation. Governance risks can be driven by a variety of risk drivers, such as the inadequate management of environmental & social issues, and non-compliance with corporate governance frameworks or codes.

8.3. Applicable Processes

Investment Firms which meet the criteria of Paragraph 26(8)(a) of the Cyprus Law and which falls under Law 87(I)/2017, and whose average on-and-off balance sheet assets over the 4-year period are less than €100m, are exempted from the disclosure of information on environmental, social and governance risks, including physical risks and transition risks as per Article 35 of IFD.

The Company's average on and off-balance sheet assets for the preceding four-year period are more than €100m and as such it meets the criteria of the paragraph 26(8) of the Law, and as designated towards the end of 2024, the Company has been classified as "significant CIF". Therefore, the Company is required in accordance with Article 53 of the IFR to publish the disclosures regarding ESG.

The Company does not anticipate any significant concentration of specific assets that could elevate its exposure to ESG-related risks. Overall, ESG risks are expected to have minimal impact on both the financial and non-financial performance of the Company. In this respect, no processes have been developed in 2024 due to the timing of the change in the classification mentioned above.

Looking ahead, the Company intends to further assess the potential material impact of ESG risks on its operations and will determine appropriate actions based on the outcome of this assessment.

9. APPENDICES

9.1. Appendix I: Main Features of Common Equity Tier 1

The following table, namely EU IF CCA, has been prepared in accordance with Article 49(1)(b) of the IFR and presents the main features, including full terms and conditions, of the ordinary shares of the Company, as at 31 December 2024 and 31 December 2023 and as at the date of this report.

CAPITAL INSTRUMENTS MAIN FEATURES TEMPLATE		Common Equity Tier 1 instruments
1	Issuer	Mega Equity Securities & Financial Services Public Ltd
2	Unique identifier (ISIN)	N/A
3	Governing law(s) of the instrument	Cyprus Law
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/ (sub-)consolidated/ solo & (sub-) consolidated	Solo
7	Instrument type	Ordinary Shares
8	Amount recognised in regulatory capital (in thousands of EUR€)	EUR 4,832
9	Nominal amount of instrument (in thousands of EUR€)	EUR 8,500
9a	Issue price (in thousands of EUR€)	EUR 4,832
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	N/A
12	Perpetual or dated	N/A
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Original call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates	N/A
17	Fixed or floating dividend/ coupon	N/A
18	Coupon date and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible info	N/A

CAPITAL INSTRUMENTS MAIN FEATURES TEMPLATE		Common Equity Tier 1 instruments
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Table 10: EU IF CCA: Own funds: main features of own instruments issued by the firm

9.2. Appendix II: References to Investment Firm Regulation(“IFR”)

IFR Article ref.	High-level summary	- Disclosures Section Reference
Scope		
46 (1)	Publicly disclosure of the information specified in Part Six on the same date as the publication of the annual financial statements.	Section 1.2
46 (2)	Investment firms that meet the conditions for qualifying as small and non-interconnected investment firms which issue Additional Tier 1 instruments shall publicly disclose the information set out in Articles 47, 49 and 50 on the same date as they publish their annual financial statements.	Not applicable – the Company is a Class 2 Investment Firm
46 (3)	Investment firms no longer meeting all the conditions for qualifying as a small and non-interconnected investment firm, shall publicly disclose the information set out in Part 6 of IFR as of the financial year following the financial year in which it ceased to meet those conditions.	Not applicable – the Company is a Class 2 Investment Firm
46 (4)	Determine the appropriate medium and location to comply effectively with the disclosure requirements referred to in Article 46(1) and 46(2). All disclosures shall be provided in one medium or location, where possible.	Section 1.3
Risk management objectives and policies		
47	Disclosure of information on strategies and processes to manage each separate category of risk set out in Parts Three – Five of the IFR, and a concise risk statement describing the investment firm’s overall risk profile associated with the business strategy.	Section 2
Governance		
48 (a)	Number of directorships held by member of the management body.	Section 3.1
48 (b)	Diversity policy with regard to the selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved.	Section 3.6
48 (c)	Disclosure of whether a separate risk committee is in place, and number of meetings in the year.	Section 2
Own Funds		
49	Information regarding the Company’s Own Funds.	Section 4
Own Funds Requirements		
50 (a)	Summary of institution’s approach to assessing adequacy of capital levels.	Sections 2.2 & 5.1
50 (b)	The result of the investment firm’s internal capital adequacy assessment process, upon a request from the competent authority.	Not applicable – the Competent authority did not make such request.
50 (c)	The K-factor requirements in aggregate form RtM, RtF and RtC, based on the sum of the applicable K-factors.	Section 5.2.3
50 (d)	The fixed overhead requirement.	Section 5.2.1
Remuneration policy and practices		
51	Investment firms shall disclose the information disclosed in this Article of the IFR, regarding their remuneration policy and practices, including aspects related to gender neutrality and the gender pay gap, for those categories of staff whose professional activities have a material impact on investment firm’s risk profile.	Section 7
Investment Policy		

IFR Article ref.	High-level summary	- Disclosures Section Reference
52	Investment Policy	Section 6
<i>Environmental, social and governance risks</i>		
53	Information on environmental, social and governance risks, including physical risks and transition risks.	Section 8

Table 11: References to Investment Firm Regulation (“IFR”)

9.3. Appendix III: Abbreviations

Abbreviation	Description
AML	Anti-Money Laundering
ASE	Athens Stock Exchange
BoD	Board of Directors
CET1	Common Equity Tier 1
CIF	Cyprus Investment Firm
COO	Chief Operating Officer
CRD	Capital Requirement Directive
CRR	Capital Requirements Regulation
CSE	Cyprus Stock Exchange
CySEC	Cyprus Securities and Exchange Commission
EBA	European Banking Authority
EU	European Union
ICAAP	Internal Capital Adequacy Assessment Process
ICARA	Internal Capital Adequacy and Risk Assessment
ICF	Investor Compensation Fund
IFR	Investment Firms Regulation
IFD	Investment Firms Directive
IT	Information Technology
ITS	Implementing Technical Standards
PMCR	Permanent Minimum Capital Requirement
SREP	Supervisory Review Process

Table 12: Abbreviations

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