

**Pillar III Disclosures**

**PAYWARD EUROPE DIGITAL  
SOLUTIONS (CY) LTD  
(ex. I.F. GREENFIELDS WEALTH LTD)**

Regulated by the Cyprus Securities and Exchange Commission  
License no. 342/17

**YEAR ENDED 31 DECEMBER 2024**

**May 2025**



**QUALITYSERVE**  
professional services ltd

Certified Public Accountants

**Independent Auditors' Report to the Cyprus Securities and Exchange Commission in respect of Payward Europe Digital Solutions (CY) Ltd (previously "I.F. Greenfields Wealth Ltd") for the year ended 31 December 2024 pursuant to 32(1) of Directive 144-2014-14<sup>1</sup> of the Cyprus Securities and Exchange Commission for the prudential supervision of investment firms**

We report in relation to the fair presentation of the disclosures of Payward Europe Digital Solutions (CY) Ltd (the "Company") for the year ended 31 December 2024, required by paragraph 32(1) of Directive 144-2014-14 of the Cyprus Securities and Exchange Commission (the "CySEC") for the prudential supervision of Investment Firms (the "Directive"). The Disclosures, which are set out on the Company's website, are attached as an Appendix and have been initialled for identification purposes.

***Respective Responsibilities***

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

***Scope of work performed***

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

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<sup>1</sup> CySEC informed the CIFs that this obligation was included in CySEC's Directive 144-2014-14 which was repealed with the implementation of IFR/IFD. CySEC plans to issue a new directive stipulating this obligation in the coming months therefore CIFs should submit their external auditor verification report as usual.

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

### **Conclusion**

4. Based on our work described in this report, nothing has come to our attention that causes us to believe that the Disclosures for the year ended 31 December 2024 are not fairly presented, in all material aspects, in accordance with the requirements of the Regulation.
5. Our report is solely for the purpose as set out above and is not to be used for any other purpose or to be distributed to any other parties without our prior consent in writing. This report relates only to the Disclosures required pursuant to Part Six of the Regulation and does not extend to any financial statements or other financial information of the Company.



Andreas Economides  
Certified Public Accountant and Registered Auditor  
For and behalf of

**Qualityserve Professional Services (QSPS) Ltd**  
**Certified Public Accountants and Registered Auditors**  
232 Strovolou, 1<sup>st</sup> floor  
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28 May 2025

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## DISCLOSURE

The Disclosure and Market Discipline Report for the year 2024 has been prepared by Payward Europe Digital Solutions (CY) Ltd (ex. I.F. GREENFIELDS WEALTH LTD according to Investment Firm Regulation, Regulation (EU) 2019/2033 (“IFR”) that came into force on 26 July 2021, in particular Part Six of the IFR.

Payward Europe Digital Solutions (CY) Ltd states that any information that was not included in this report was either not applicable on the Company’s business and activities or such information is considered as proprietary to the Company and sharing this information with the public and/or competitors would undermine its competitive position.

Payward Europe Digital Solutions (CY) Ltd is supervised and regulated by the Cyprus Securities and Exchange Commission under License 342/17.

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# 1. INTRODUCTION

## 1.1. Company Information

Table 1: Company information

Company's Information	
CIF Authorization date	13/11/2017
CIF License number	342/17
Company Registration Date	09/06/2016
Company Registration Number	HE 356603
Services During Reporting Period	
<b>Investment Services:</b>	
➤ Reception and transmission of orders in relation to one or more financial instruments	
➤ Execution of orders on behalf of clients	
<b>Ancillary Services:</b>	
➤ Safekeeping and administration of financial instruments, including custodianship and related services	
➤ Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction	
➤ Foreign exchange services where these are connected to the provision of investment services	

The present report is prepared by Payward Europe Digital Solutions (CY) Ltd (hereinafter referred to as “PEDSL” and or the “Company”), a Cyprus Investment Firm (“CIF”) authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under the license number 342/17 and operates in accordance with the Markets in Financial Instruments Directive (“MiFID II”).

It should be noted that during 2024, the company I.F. Greenfields Wealth Ltd was under acquisition by Payward Europe Ltd which was approved by CySec in December 2024. Following the approval, the company changed its name to PEDSL and revised its product offering which did not include CFD's, the main product offered by the company prior to the acquisition.

## 1.2. Scope of application

In relation to Part Six of the IFR, which came into force on 26 July 2021, the Company is required to disclose information relating to its risk management objectives and policies, own funds, own funds requirements, governance and remuneration policy and practices as Pillar III Disclosures (“Report”).

The information contained in the Report is audited by the Firm’s external auditors and published on an annual basis.

The Report is based on the Audited Financial Statements of the previous year which are prepared in accordance with IFRS.

### 1.3. Pillar III Regulatory framework

#### 1.3.1. Overview

The Report has been prepared in accordance with the new regulatory regime for investment firms the European Parliament has adopted, the IFR and the IFD as well as the relevant provisions of the Law 165(I)/2021 “The Prudential Supervisions for Investment Firms Law of 2021” (the “Law”) and the Law 164(I)/2021 “The Capital Adequacy Investment Firms Law of 2021”.

The Company is categorised as a ‘Class 2 Firm’ and supervised for compliance with prudential requirements under Directive (EU) 2019/2034 in relation to the following:

- a) own funds requirements relating to quantifiable, uniform and standardised elements of risk-to-firm, risk-to-client and risk-to-market;
- b) requirements limiting concentration risk;
- c) liquidity requirements relating to quantifiable, uniform and standardised elements of liquidity risk;
- d) reporting requirements related to points (a), (b) and (c);
- e) public disclosure requirements.

The IFR introduces new regulations in relation to the classification of the companies, own funds, own funds requirements, capital ratios, internal governance, and the establishment of the K-factors as a new methodology for calculating the own funds requirement.

The current regulatory framework comprises three pillars:

- **Pillar I** - covers the minimum own funds and liquidity requirement.
- **Pillar II** - covers the Supervisory Review and Evaluation Process (“SREP”) and the Internal Capital Adequacy and Risk Assessment Process (“ICARA”).
- **Pillar III** - covers external disclosures that are designed to provide transparent information on regulatory capital adequacy, capital requirements and risk management and internal governance practices and policies.

#### 1.3.2. Disclosure Policy

The Pillar III disclosure Report (the ‘Report’) has been prepared on an individual (solo) basis in accordance with requirements as laid out in Part Six of the Regulation (EU) 2019-2033 (the ‘IFR’) and discloses the information on the same date as the Company publishes its annual financial statements for the year ended 31 December 2024. The Company will include its risk management disclosures on its website as it does not publish its financial statements.

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.

### 1.3.3. 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 approach used for the calculation of capital, business structure or regulatory requirements.

### 1.3.4. Medium and location of publication

Institutions may determine the appropriate medium, location and means of verification to comply effectively with the disclosure requirements. In this respect, the Pillar III disclosures will be published on the Company's website..

### 1.3.5. Verification

The Pillar III disclosures are subject to internal review and validation prior to being submitted to the Board for approval. In addition, Pillar III disclosures must be verified by the external auditors of the Company and such report to be submitted to CySEC in the latter.

## 1.4. Risk management Policy, objectives, and risk culture

The Company's Risk Management Policy was formed with the view to ensure the efficient monitoring of the risks inherent in the provision of the investment services to Clients, as well as the risks underlying the operation of the Company, in general.

It sets out the procedures and mechanisms regarding risks and it describes the roles and responsibilities of the Risk Manager. In addition to that, it identifies the main reporting procedures and outlines the process followed by the Senior Management to evaluate the effectiveness of the internal control procedures.

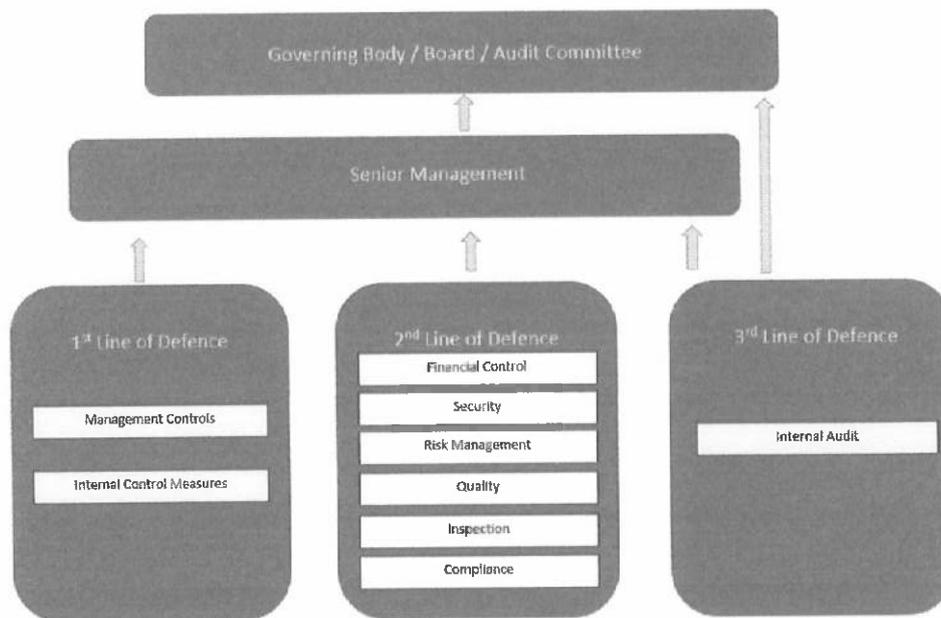
The Risk Manager ensures that all different types of risks taken by the Company are monitored and reported to the Senior Management and the Board. Moreover, the Risk Manager is responsible for making recommendations and indicating whether the appropriate remedial measures have been taken in the event of any deficiencies identified.

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

**First Line:** Managers are responsible for establishing an effective control framework within their area of operation and identifying and controlling all risks.

**Second Line:** The Risk Management Function is responsible for proposing to the Board appropriate objectives and measures to define the risk appetite and for devising the suite of policies necessary to control the business and for independently monitoring the risk profile. The Risk Management Function is identifying risk areas, detecting areas for monitoring, and developing policies to formalise risk assessment, mitigation, and monitoring.

**Third Line:** The Internal Audit Function is responsible for providing assurance to the Board on the adequacy of design and operational effectiveness of the systems of internal controls.



Furthermore, the Company has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the Company undertakes the following:

- The 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. The Board reviews regularly 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.

Additionally, the Board is reviewing and approving the risk strategy of the Company, building a robust risk culture so the Company can implement its strategy withing its risk appetite. Part of the risk culture of the Company includes:

- Implementation of the risk culture in all departments and aspects of the Company.
- Conducting firm-wide risk assessments.
- Changes and/or updates in policies and procedures.
- Changes in key personnel.
- Trainings.

### 1.5. Risk Statement

The Company's activities expose it to a variety of risks. These include credit risk, market risk, operational risk, compliance risk, regulatory risk, reputational risk, strategic risk, business, liquidity risk and conduct risk. The Company, through its operations, has significant exposure to the economies and financial markets.

The overall future economic outlook of the economy remains unstable due to geopolitical risks in the middle east, regulatory changes in the European Union, as well as the latest developments in the Ukrainian-Russian conflict.

### 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. By implementing the strategy, the Company is able to mitigate its exposure to these risks.

### Risk Appetite

The Company defines Risk Appetite as the level of risk, by type and by business that the Company is prepared to incur given its strategic targets and objectives and is one of the strategic oversight tools available to the Senior Management.

The positioning of the business in terms of risk/return ratio as well as the Company's risk profile by type of risk are analysed and approved by the Board. The Company's risk appetite strategy is implemented by the Senior Management in collaboration with the Board and applied by all departments of the Company.

Essential indicators for determining the Risk Appetite are regularly monitored to detect any events that may result in unfavourable developments on the Company's risk profile. Such events may give rise to remedial action, up to the deployment of a recovery plan in the most severe cases.

During the year 2024, the Company concentrated their efforts on its change of control process which was approved by CySEC on 02 December 2024 and effected with the Registrar of Companies on 29 December 2024. As of 31 December 2024, the Company has no material exposure to risks set out by the IFR. The own funds are placed with credit institutions and considered as liquid assets. Clients funds' are kept in segregated accounts and do not take part of capital indicator's calculation.

The table below indicates the Company's levels of risk appetite.

Capital Indicator	Normal	Warning	Limit
Own Funds	≥€400k	<€200k	€160k
Common Equity Tier 1 Ratio	≥75%	<75%	56%
Tier 1 Capital Ratio	≥100%	<100%	75%

### 1.6. Declaration of the Management Body

The Board of Directors is ultimately responsible for the risk management framework of the Company. The Risk Management framework is the sum of systems, policies, processes, and

employees of the Company that identify, assess, mitigate, and monitor all sources of risk that could have a material impact on the Company's operations.

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

## 2. CORPORATE GOVERNANCE

The systems of risk management and internal control include risk assessment, management or mitigation of risks, use of control processes, information and communication systems and processes for monitoring and reviewing their effectiveness. The risk management and internal control systems are embedded in the operations of the Company and can respond quickly to evolving business risks, whether they arise from factors within the Company or from changes in the business environment.

### 2.1. The Board of Directors

The Board has the overall responsibility for the establishment and oversight of the Risk Management Framework. The Company has in place the Internal Operations Manual which describes the activities, processes, duties and responsibilities of the Board, Committees, Senior Management, and employees. The Board additionally implements and maintains adequate risk management policies and procedures which identify the risks relevant to the Company and sets the level of risk tolerated by the Company.

The Company's Non-executive Directors are experienced professionals that are invited to participate in other companies' boards from time to time. The number of directorships held by the members of the Board shall in those cases not exceed the maximum number allowed.

In line with this, the Company is responsible to approve and monitor its Board members in terms of conflicts of interest, as well.

The following table summarizes the number of positions that each member held (including the one in PEDSL) on 31 December 2024:

Name	Position in the CIF	Directorships (Executive)	Directorships (Non-Executive)
Stephanos Angeli	Executive Director	1	4
Sotiris Konstantinou	Executive Director	1	2
Alexia Theodorou	Non-Executive Director	1	2
Marios Chrysanthou	Independent Non-Executive Director	3	2

### 2.3. Board Recruitment

The Company and its shareholders rely on a strong Board; therefore, they carefully evaluate the recruitment of all Directors and ensure appropriate succession planning. The persons proposed for the appointment need to have specialised skills and/or knowledge to enhance the collective knowledge and experience of the Board. The Senior Management is assigned the responsibility to review the qualifications of potential director candidates and make recommendations to the existing Board to ensure selecting the most appropriate candidate. The following comes into consideration:

- Skills and/or knowledge in accounting, finance, banking, law, and business administration
- Sufficient knowledge and experience in the financial industry
- Integrity, honesty, and the ability to secure public confidence
- Sound business judgment
- Risk management experience

#### 2.4. Policy on Diversity

The Company recognizes the value of a diverse and skilled workforce and management body, as diversity is an asset to organizations and linked to better economic performance.

The Company considers itself diverse regarding its main workforce and has in place a diversity policy in relation to its management body and all employees. The Company while assessing diversity should consider the following aspects:

- Educational and professional background
- Gender (to ensure gender balance)
- Age (to ensure adequate representation of population)
- Geographical provenance (to ensure sufficient knowledge and views on the culture, market specificities and legal frameworks of the areas the Company is active in)

#### 2.5. Policy on Information flow on risk to the management body

In line with the regulatory requirements, the Company has been able to maintain a good reporting flow, as it can be seen below:

Report Name	Owner of Report	Recipient	Frequency
Audited Financial Statements	External Auditor	Board, CySEC	Annually
Risk Management Report	Risk Manager	Board, CySEC	Annually
Anti-money laundering Officer's Report	Anti-money laundering officer	Board, CySEC	Annually
Internal Auditor's Report	Internal Auditor	Board, CySEC	Annually
Market Discipline and Disclosures	Risk Manager	Board	Annually
Compliance Officer's Report	Compliance Officer	Board, CySEC	Annually
Internal Capital Adequacy Assessment Process Report	Risk Manager	Board	Annually
Suitability Report	External Auditor	Board, CySEC	Annually
Capital Adequacy Form 165-01	Risk Manager	Board, CySEC	Quarterly

### 3. REMUNERATION

Remuneration refers to payments or compensations received for services or employment. The Company has established and implemented a Remuneration Policy which is applicable for its employees as well as its Senior Management.

Based on the above, the Policy includes the information about the base salary and any variable components of the salary that an employee or executive may receive during employment and shall be appropriate to the Company's size, internal organization and the nature, the scope and the complexity of its activities.

The Company is responsible among other things for the following:

- a) to evaluate the employees performance;
- b) to review the organizational structures, as and if needed;
- c) to ensure the consistent and improved implementation of the conflicts of interest and conduct of business requirements in the area of remuneration;
- d) to monitor implementation of the remuneration policies and practices approved by the Board;
- e) to control and possibly mitigate risks that remuneration policies and practices create, if any risks are identified;
- f) to ensure that the scope and purpose of the remuneration policies relate to categories of staff which include senior management, personnel in control functions and employees whose professional activities have a material impact on their risk profile;
- g) to ensure that the remuneration of personnel in control functions and senior management should be independent from the business units they oversee, have appropriate authority, and be remunerated according to the achievement of the objectives linked to their functions and independent of the performance of the business areas they control.

The Company's Policies comply with the following principles, in a manner appropriate to its size, internal organisation and the nature, scope and complexity of its activities:

- The Policy promotes sound and effective risk management and does not encourage risk-taking that exceeds the acceptable levels of tolerated risks of the Company.
- The Policy is in line with the Company's business strategy, objectives, and values. The Policy has been designed to serve the Company's long-term interests, while it has incorporated measures to avoid conflicts of interest.
- The Company is responsible for ensuring the implementation of the Policy and to periodically review it and suggest changes that may be necessary for ensuring that the Company's talent is retained.
- The implementation of the Policy is reviewed at least annually, subject to independent internal review for compliance with policies and procedures adopted by the Board.

- The remuneration of the personnel in control functions is in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they oversee.
- The remuneration of the Senior Management and personnel in control functions are directly overseen by the Board.

In relation to variable components of remuneration, it is designed to ensure that the total remuneration remains at competitive levels thus rewarding the personnel for their performance whilst remaining aligned with the department's and/or the Company's performance and long-term targets.

The total remuneration consists of fixed remuneration and possible variable remuneration components. The principals of the variable component of remuneration for these categories of employee are based primarily by qualitative criteria and secondly by quantitative criteria.

In addition to the aforementioned, the following principles for variable elements of remuneration shall also apply:

- the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned. The overall results of the Company when assessing individual performance and financial and non-financial criteria are also taken into account;
- the total variable remuneration does not limit the ability of the Company to strengthen its capital base;
- guaranteed variable remuneration is not consistent with sound risk management and shall not be a part of prospective remuneration plans;
- fixed and variable components of total remuneration are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components. This includes the possibility to pay no variable remuneration.
- payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct;
- the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes an adjustment for all types of current and future risks and takes into account the cost of the capital and the liquidity required;
- the allocation of the variable remuneration components within the Company also considers all types of current and future risks.

Additionally, taken into consideration CySEC's Circular C487, the Company is not obliged to establish a Nomination Committee as the Company is not considered as Significant CIF.

**Table 1: Remuneration analysis split by Senior Management and key management personnel**

<b>2024</b>	<b>Employees</b>	<b>Fixed remuneration €000</b>	<b>Variable remuneration €000</b>	<b>Total remuneration €000</b>
<b>Senior Management</b>	2	98	0	130
<b>Key personnel (control functions)</b>	2	48	0	16
<b>Non-executive Directors</b>	2	12	0	12

#### 4. OWN FUNDS

The implementation of the IFR and IFD brought with it a new classification system for investment firms, based on their activities, systemic importance, size, and interconnectedness.

The Company is classified as a Class 2 Investment Firm and as such it should maintain own funds of at least the higher between:

- its fixed overheads requirement calculated in accordance with Article 13 of IFR;
- its permanent (initial) minimum capital requirement in accordance with Article 14 of IFR; or
- its K-factor requirement calculated in accordance with Article 15 of IFR

##### 4.1. Initial capital requirement

In relation to the Title III of the Law 165(I)/2021 the initial capital of a CIF required pursuant to Section 16 of the Investment Services and Activities and Regulated Markets Law for the authorisation to provide any of the investment services or perform any of the investment activities listed in points (3) and (6) of Part I of Annex I to the Investment Services and Activities and Regulated Markets Law shall be €750k and for a CIF authorised to provide any of the investment services or perform any of the investment activities listed in points (1), (2), (4), (5) and (7) and which is not permitted to hold client money or securities belonging to its clients shall be €750k. For all other CIFs the initial capital shall be €150k.

Since the Company, as of December 2024, is not authorized to provide the service of Dealing on own account, its initial minimum capital requirement is €150k.

##### 4.2. Fixed Overheads requirement

The Fixed Overheads Requirement shall amount to at least one quarter of the fixed overheads of the preceding year. Investment firms shall use figures resulting from the applicable accounting framework as per the Article 13 of IFR.

Further to the above and as per the regulatory technical standards issued by the EBA, following expenses can be deducted from the fixed overheads.

	Item description
1.	Staff bonuses and other remuneration
2.	Employees', directors' and partners' shares in net profits
3.	Other discretionary payments of profits and variable remuneration
4.	Shared commission and fees payable
5.	Fees, brokerage, and other charges paid to CCPs that are charged to customers
6.	Fees to tied agents
7.	Interest paid to customers on client money where this is at the firm's discretion
8.	Non-recurring expenses from non-ordinary activities
9.	Expenditures from taxes
10.	Losses from trading on own account in financial instruments

11.	Contract based profit and loss transfer agreements
12.	Expenditure on raw materials
13.	Payments into a fund for general banking risk

Further to the above the Fixed Overheads Requirement based on the Audited financial statements is €70k as per the tables below:

Item	Amount €'000
Total Expenses	279
Total Deductions	-
<b>Annual Fixed Overheads of the previous year</b>	<b>279</b>
<b>Fixed Overhead Requirement</b>	<b>70</b>

### 4.3. K-factors

The K-factors are newly implemented indicators reflecting several areas of risks. According to Article 15 of the IFR, the K-factor requirement shall amount to at least the sum of the following:

- a) Risk-to-Client (RtC) K-factors;
- b) Risk-to-Market (RtM) K-factors;
- c) Risk-to-Firm (RtF) K-factors

As for the Company being classified as Class 2 CIF, only the RtC K-factors are applicable as well as the K-NPR as part of the RtM K-factors.

#### 4.3.1. RtC F-factors

The below are the K-factors which constitute the RtC K-factors with the respective coefficients.

#### K-AUM – Assets Under Management

AUM shall be the rolling average of the value of the total monthly assets under management, measured on the last business day of each of the previous 15 months converted into the entities' functional currency at that time, excluding the three most recent monthly values.

The K-AUM has the 0.02% coefficient.

The table below shows the Total AUM in accordance with the Article 17(1) of IFR:

	Amount		
	December 2024 €'000	November 2024 €'000	October 2024 €'000
<b>Total AUM (average amounts)</b>	-	-	-
Of which: AUM - Discretionary portfolio management	-	-	-
Of which: AUM formally delegated to another entity	-	-	-
AUM - Ongoing non-discretionary advice	-	-	-

### **K-CMH: Client Money Held**

CMH shall be the rolling average of the value of total daily client money held, measured at the end of each business day for the previous nine months, excluding the three most recent months.

The K-CMH for the segregated accounts has the 0.4% coefficient and the K-CMH for the non-segregated accounts has the 0.5% coefficient.

The table below shows the Total CMH values in segregated accounts and non-segregated accounts in accordance with the Article 18(1) of IFR:

	Amount		
	December 2024 €'000	November 2024 €'000	October 2024 €'000
CMH - Segregated (average amounts)	0	0.09	0.09
CMH - Non-segregated (average amounts)	-	-	-

### **K-ASA: Assets Safeguarded and Administered**

ASA shall be the rolling average of the value of the total daily assets safeguarded and administered, measured at the end of each business day for the previous nine months, excluding the three most recent months.

The K-AUM has the 0.04% coefficient.

The table below shows the Total ASA values as an arithmetic mean in accordance with the Article 19(1) of IFR:

	Amount
--	--------

	December 2024 €'000	November 2024 €'000	October 2024 €'000
<b>Total ASA (average amounts)</b>	-	-	-
<i>Of which: Fair value of financial instruments (Level 2)</i>	-	-	-
<i>Of which: Fair value of financial instruments (Level 3)</i>	-	-	-
<i>Of which: assets formally delegated to another financial entity</i>	-	-	-
<i>Of which: assets of another financial entity that has formally delegated to the investment firm</i>	-	-	-

### K-COH: Client Orders Handled

COH shall be the rolling average of the value of the total daily client orders handled, measured throughout each business day over the previous six months, excluding the three most recent months.

The K-COH for the cash trades has the 0.1% coefficient and the K-COH for the derivative trades has the 0.01% coefficient.

The table below shows the arithmetic mean amount of COH in cash trades and derivatives in accordance with the Article 20(1) of IFR:

	Amount		
	December 2024 €'000	November 2024 €'000	October 2024 €'000
<b>COH - Cash trades (average amounts)</b>	-	-	-
Of which: Execution of client orders	-	-	-
Of which: Reception and transmission of client orders	-	-	-
<b>COH - Derivative (average amounts)</b>	-	-	-
Of which: Execution of client orders	-	-	-
Of which: Reception and transmission of client orders	-	-	-

### 4.3.2. K-Factors requirements

Item	Factor amount €'000	K-factor requirement €'000

<b>TOTAL K-FACTOR REQUIREMENT</b>		<b>0</b>
<b>Risk to client</b>		<b>0</b>
Assets under management	-	-
Client money held - Segregated	-	0
Client money held - Non - segregated	-	-
Assets safeguarded and administered	-	-
Client orders handled - Cash trades	-	0
Client orders handled - Derivatives Trades	-	0
<b>Risk to market</b>		<b>0</b>
K-Net positions risk requirement		0

#### 4.4. Own Funds composition

Investment firms shall have own funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall meet all the following conditions at all times:

$$\frac{\text{Common Equity Tier 1 Capital}}{D} \geq 56\%$$

$$\frac{\text{Common Equity Tier 1 Capital} + \text{Additional Tier 1 Capital}}{D} \geq 75\%$$

$$\frac{\text{Common Equity Tier 1 Capital} + \text{Additional Tier 1 Capital} + \text{Tier 2 Capital}}{D} \geq 100\%$$

The "D" is defined in Article 11 of IFR.

**Table 3: Own Funds Composition**

OWN FUNDS COMPOSITION	31/12/2024
<b>Own Funds</b>	<b>€'000</b>
Share Capital	1.52
Share Premium	434
Retained earnings	(1,902)
Other reserves	1,643
Intangible assets	(-)
Additional deductions in relation to ICF	(40)
Common Equity Tier 1 Capital (CET1)	<b>137</b>
Additional Tier 1 Capital (AT1)	-
<b>Tier 1 Capital (T1=CET1+AT1)</b>	<b>137</b>
Tier 2 Capital (T2)	-
<b>Total Capital (TC=T1+T2)</b>	<b>137</b>

<b>OWN FUNDS REQUIREMENT</b>	<b>€'000</b>
Initial Capital	150
Fixed Overheads Requirement	55
K-Factors Requirement	0
<b>Own Funds Requirement</b>	<b>150</b>
<b>CAPITAL RATIOS</b>	
<b>CET 1 Ratio</b>	<b>91.41%</b>
<b>Tier 1 Ratio</b>	<b>91.41%</b>
<b>Own Funds Ratio</b>	<b>91.41%</b>

As per the above results, the Company on 31 December 2024 the firm's capital adequacy ratio stood at 91%, which is below the minimum regulatory requirement under the IFR/IFD. This shortfall resulted from the circumstances associated with the Company's change of control process that was concluded at the end of December 2024 (after CySEC's relevant approval). CySEC was informed of the breach as soon as this was brought to the company's attention. The Company's parent entity has subsequently injected capital by issuing new shares of around 2.34 mln EUR, in April 2025 to support the Company's new operations.

**Table 5: Balance Sheet Reconciliation**

<b>Equity</b>	<b>Payward Europe Digital Solutions (CY) Ltd</b>
	<b>€000</b>
Share Capital	1.52
Share Premium	434.4
Retained earnings	(1,902)
Other reserves	1,643
<b>Total Equity</b>	<b>177.1</b>
<b>Regulatory Deductions</b>	
Intangible Assets	(-)
Additional deductions of CET1 Capital	(39.9)
<b>Total Own funds</b>	<b>137</b>

As a Class 2 investment firm, the Company shall report to the regulator all the following information on a quarterly and yearly basis respectively:

- Level and composition of own funds
- Own funds requirements
- Own funds requirement calculations
- The level of activity in respect of the conditions set out in Article 12(1), including the balance sheet and revenue breakdown by investment service and applicable K-factor
- Concentration risk
- Liquidity requirements

#### **Concentration risk**

The Company as a CIF is subject to the Large Exposures Regime (Concentration Risk), as part of the IFR. As a result, the Company takes active steps to limit its exposure to groups of connected counterparties. This is subject to regular forecasting and daily monitoring and reporting. Where excesses occur, capital is set aside and the CySEC are notified.

During the year 2024, the Company has had no excess of the Large Exposure Limit.

The Company shall monitor the limits set out by the Article 37 of IFR, as well.

### **Liquidity requirement**

Investment firms shall hold an amount of liquid assets equivalent to at least one third of the fixed overhead requirement as per Part Five of IFR.

The instruments that are eligible to be qualified as liquid assets shall be mainly coins and banknotes and unencumbered short-term deposits at a credit institution. The following table represents the Company's liquidity requirement:

<b>Item</b>	<b>€'000</b>
Liquid Assets	171
Requirement (1/3 of Fixed Overheads Requirement)	23
<b>Surplus</b>	<b>148</b>

## 5. INTERNAL CAPITAL ADEQUACY AND RISK ASSESSMENT PROCESS (ICARA)

Further to the Article 50 of the IFR and the Paragraph 18 of the Law 165(I)/2021 shall have in place 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 CIFs themselves are or might be exposed. The arrangements, strategies and processes shall be appropriate and proportionate to the nature, scale and complexity of the activities of the CIF concerned and they shall be subject to regular internal review.

The ICARA report is a key tool for both the Company and the regulator as it approaches the risk assessment from a holistic perspective enabling the Company to assess and match risks as much as possible, reducing its residual risk and enabling more precise future growth planning.

The Company prepares the ICARA Report on a solo basis and considers all the risks faced by the Company, their possible impact, likelihood of their mitigation and amount of capital that it needed against them.

The ICARA Report outlines how the Company has implemented and embedded the internal capital adequacy assessment process within its business, taking into consideration its risk profile, risk appetite and capital needs. Specifically, the ICARA Report includes procedures and measures adopted by the Company to ensure:

- the appropriate identification and measurement of risks;
- an adequate level of internal capital in relation to the Company's risk profile;
- the application and enhancement of the risk management and internal control systems.

The Company recognises the importance of the ICARA Report as it justifies its business strategy and risk assessments. Following the implementation of the new regulatory framework, the Company should establish new procedures to comply with the new thresholds in relation to own funds, own funds requirements, concentration risks and liquidity requirements.

## 6. OTHER RISKS

### 6.1. Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external factors. Operational Risk includes Legal Risk but excludes Strategic and Reputational Risk.

The following list presents some event types, included in Operational Risk, with some examples for each category:

- Internal Fraud - misappropriation of assets, tax evasion, intentional mismarking of positions, bribery and theft of the CRM from departing employees.
- External Fraud - theft of information, hacking damage, third – party theft and forgery.
- Compliance - Brand impairment, Complaint handling, third country regulator retaliation, E-commerce global taxation matters.
- Clients, Products and Business Practice - market manipulation, asymmetrical slippage, antitrust, improper trade, product defects, fiduciary breaches.

In order to control the exposure to Operational Risks, the management has established two key objectives:

- To minimize the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses).
- To improve the effective management of the Company and strengthen its brand and external reputation.

The Company recognises that the control of Operational Risk is directly related to effective and efficient management practices and high standards of corporate governance.

To that effect, the management of Operational Risk is geared towards:

- Maintaining a strong internal control governance framework.
- Managing Operational Risk exposures through a consistent set of processes that drive risk identification, assessment, control, and monitoring.

The Company implements the below Operational Risk Mitigation Strategies to minimize its Operational Risk Exposure:

- The development of Operational Risk awareness and culture.
- The provision of adequate information to the Company's management, in all levels, to facilitate decision making for risk control activities.
- The implementation of a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives.
- The improvement of productivity, efficiency, and cost effectiveness, with an objective to improve customer service and protect shareholder value.

- Established structure and board oversight. This structure ensures the separation of power regarding vital functions of the Company namely through the existence of a Senior Management and a Risk Management Committee. The board further reviews any decisions made by the Management while monitoring their activities.
- Detection methods are in place to detect fraudulent activities.
- Comprehensive business contingency and disaster recovery plan.

The Senior Management employ specialized tools and methodologies to identify, assess, mitigate, and monitor Operational Risk. These specialized tools and methodologies assist Operational Risk management to address any control gaps. To this effect, the following are implemented:

- Incident collection
- Key Risk Indicators
- Business Continuity Management
- Training and awareness

## **6.2. Interest Rate Risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. Other than cash at bank, which attracts interest at normal commercial rates, the Company has no other significant interest-bearing financial assets or liabilities. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

## **6.3. Reputational Risk**

Reputational risk is describing factors that can affect Company's reputation. It is essential for the Company to maintain an excellent reputation as it assists in keeping a positive public image and building the client base. Reputation risk can be:

- Direct – risk stemming from a clients' actions or internal issues, such as clients' complaints
- Indirect - risk resulting from the actions of the employees
- Peripheral - risk arising from the actions of business partners, e.g., Tied Agents or Liquidity Providers.

The Company has in place policies and procedures in order to prevent the escalation of clients' complaints as the Company provides transparent and quality service to its clients.

## **6.4. Strategic Risk**

Strategic Risk could occur due to adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Company's exposure to strategic risk is moderate as policies and procedures to minimize this type of risk are implemented in the overall strategy.

## **6.5. Business Risk**

Business Risk includes the current or prospective risk to earnings and capital arising from changes in the business environment including the effects of deterioration in economic conditions. Research on economic and market forecasts are conducted with a view to minimize the Company's exposure to business risk. These are analysed and taken into consideration when implementing the Company's strategy.

## **6.6. Regulatory Risk**

Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body. If materialized, regulatory risk could trigger the effects of reputation and strategic risk. The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the Commission; these can be found in the Procedures Manual. Compliance with these procedures and policies are further assessed and reviewed by the Internal Auditors and suggestions for improvement are implemented by management. The Internal Auditors evaluate and test the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is very low.

## **6.7. Legal and Compliance Risk**

Compliance risk corresponds to the risk of legal, administrative, or disciplinary sanctions or material financial losses, arising from failure to comply with the provisions governing the Company's activities. The Company shall always act in accordance with applicable regulatory rules, as well as professional, ethical, and internal principles and standards. Fair treatment of customers, with integrity, contributes decisively to the reputation of the Company.

By ensuring that these rules are observed, the Company works to protect its customers and, in general, all its counterparties, employees, and shareholders.

The Compliance Officer verifies that all laws, regulations, and principles applicable to the Company's activities are observed, and that all staff respect the code of conduct and individual compliance. The Compliance Officer also monitors the prevention of reputational damage, performs compliance controls at the highest level and assists with the day-to-day operations.

Independent compliance policies have been set up within the Company's different business lines to identify and prevent any risks of non-compliance.

## **6.8. IT Risk**

IT risk occurs due to inadequate information technology and infrastructure, inadequate IT strategy and policy and inadequate use of the Company's information technology. The Company has in place policies that are describing back-up procedures, software maintenance, hardware maintenance, use of the internet and anti-virus procedures. Materialization of this risk has been minimized to the lowest possible level.

## 6.9. Conduct Risk

Conduct risk is defined as the risk of an action, by an individual, financial institution or the industry as a whole, which leads to customer detriment or undermines market integrity. This can bring sanctions and negative publicity. Moreover, EBA has defined conduct risk as the current or prospective risk of losses to an institution arising from inappropriate supply of financial services including cases of wilful or negligent misconduct. Consequently, conduct risk arises from failures of designated liquidity providers located in third countries associated with the Company.

Additionally, the Company is exposed to negative balances with its Liquidity Providers, in case of fast-pacing volatile market, where the LP cannot close a position at the Company's stop out limit. Therefore, the Company may be exposed to conduct risk arising from inadequate agreements with the Liquidity Providers and/or with the third parties that hold client's funds.

As part of risk management policy and tools, the Company has procedures in place to diversify its liquidity providers and monitor their financial position on an on-going basis. The financial soundness of the liquidity providers is being monitored and the Company is ready to switch to alternative LPs, if necessary. Furthermore, the receivable/payable amounts with the LPs are monitored on a regular basis. In particular, the Company examines its existing procedures and arrangements with respect to the products offered and services provided.