



Argus Stockbrokers Ltd

PILLAR III DISCLOSURES

YEAR ENDED 31 DECEMBER 2024

MAY 2025

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

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1. Scope of application

Argus Stockbrokers Ltd (hereinafter “Argus” or the “Company”), is an investment firm incorporated in Cyprus as a private limited liability Company under the provisions of the Cyprus Companies Law, Cap. 113. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (hereinafter “CySEC”) under license number 010/03 and which has a LEI Code of 213800WY7LMNUUCB3P93 for the conduct of designated investment business in the Republic of Cyprus and other jurisdictions.

Under its license the Company offers the following investment and ancillary services:

Investment Services	Ancillary Services
Reception and transmission of orders in relation to one or more financial instruments	Safekeeping and administration of financial instruments, including custodianship and related services
Execution of orders on behalf of clients	Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
Portfolio Management	Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings
Provision of Investment Advice	Foreign exchange services where these are connected to the provision of investment services

The Company is a Cypriot Investment Firm (“CIF”) authorized and regulated by CySEC and may accept Tied Agents.

In addition, the Company is also registered with CySEC as a sub-threshold Alternative Investment Fund Manager (“Mini Manager”) under the provisions of Law 56(I)/2013, as amended. The Mini Manager’s core business is to provide collective management services to Alternative Investment Funds and Alternative Investment Fund with Limited Number of Persons.

The Company's principal activity during the year was in line to the Laws and Regulations of CySEC and includes:

- Stock exchange services in Cyprus and Greece (CSE and ATHEX);
- Custodian services provided to professional and retail investors in Cyprus and overseas;
- Stock exchange services in international stock exchanges;

- Portfolio management;
- Investment and other consulting services.

The Company is a member of Cyprus Stock Exchange (CSE) and the Athens Stock Exchange (ATHEX).

The Company's goal is to serve in the best way the needs of its corporate clients, institutional and private investors. Even though the Company's core investment service is the asset management, the Company also provides other services which include global brokerage and execution services and investment advice. The Company's mission is to protect and enhance its clients' wealth by designing and implementing tailor-made investment strategies that fully capture the unique characteristics and investment profile of its clients. For the year under review, as part of its license, the Company also managed 2 umbrella Funds, with 5 active compartments.

The Company is making the Pillar III disclosures report on an individual (solo) basis. Moreover, the Company prepares its Financial Statements in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS EU") and the requirements of the Cyprus Companies Law, Cap. 113.

We note also that the Company for the 2024-year end, is considered significant CIF according to CySEC Circular No C487, since its on and off-balance sheet assets are on average greater than EUR 100 million over the four-year period immediately preceding the given financial year.

The main shareholder of the Company is Argus Capital Holdings Limited, registered in Cyprus, which holds 47,36% of the Company's shares. The other shareholders of the Company are physical persons, with the largest shareholder holding 47,32% of the Company's share capital.

1.1. Regulatory Context

Since 26 June 2021, the Company, as the majority of EU investment firms, has been subject to the capital adequacy and overall risk management requirements that arise from the investment firm European prudential framework, which consists of EU Regulation 2019/2033 on the prudential requirements of investment firms ("Investment Firm Regulation" or "IFR") and EU Directive 2019/2034 on the prudential supervision of investment firms ("Investment Firm Directive" or "IFD"), as the latter has been harmonized into local legislation through the issuance of the Law for the Prudential Supervision of Investment Firms (165(I)/2021).

The IFR & IFD rules focus on specific methodologies that investment firms are required to apply for quantifying their exposure to risk and deriving their Capital Adequacy ratio, as well as to their required level of initial capital, their Internal Capital Adequacy & Risk Assessment ("ICARA") Process, and the Liquidity Requirement, among others.

Based on the relevant provisions of the IFR & IFD framework, the Company qualifies as a Class 2 investment firm and is required to hold €150 thousand initial capital, set in accordance with Article 14 of the IFR and Article 9 of the IFD.

The IFR/IFD framework consists of three (3) Pillars that are used to regulate, supervise and improve the risk management of firms in the financial services industry. The three (3) Pillars and their applicability to the Company, are summarized below and further analysis is presented in section 3:

- Pillar I - Minimum Capital Requirements - ensures that the Company maintains at all times a sufficient amount of capital above the minimum requirement in relation to certain key risks, as calculated using prescribed methods.
- Pillar II - ICARA and Supervisory Review and Evaluation Process (“SREP”) - ensures that the Company and its supervisor, CySEC, actively assess, control and mitigate the various risks that the Company faces.
- Pillar III - Market Discipline - ensures the promotion of market discipline through the disclosure of the Company's regulatory requirements, risk management and risk governance policies and procedures and remuneration policy and practices as well as investment policy and environmental, social and governance risks, allowing market participants to view and compare meaningful information relating to the Company and its peers.

1.2. Operating environment of the Company

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. The conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against Russia, Belarus, various companies and certain individuals. The sanctions imposed include an asset freeze and a prohibition from taking funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevent 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.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on

commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October 2023. Companies with material subsidiaries, operations, investments, contractual arrangements on joint ventures in the War might be significantly exposed. Entities that do not have direct exposures to Israel and Gaza Strip are likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the War. This is a volatile period and situation, however, the Company is not directly exposed. Management will continue to monitor the situation closely and take appropriate actions when and if needed.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Company has limited direct exposure to Russian, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries. Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact on the Company's profitability position. The event is not expected to have an immediate material impact on the business operations.

Further to the above and depending on the duration of the conflict between Russia and Ukraine, the Israel-Gaza conflict and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2025 which relate to new developments that occurred after the reference date, 31/12/2024.

2. Governance

2.1. The Board

The Company's Board of Directors (the "Board" or "BoD") is required to assess and review the effectiveness of the policies, arrangements and procedures put in place for the Company to comply with its obligations under the Investment Services and Activities and Regulated Markets Law 87(I)/2017 (the "Law"), as well as the relevant CySEC Directives and the IFR and to take appropriate measures to address any deficiencies.

The Board has the overall responsibility of the business. It sets the strategic aims for the business, in line with delegated authority from the shareholder and in some circumstances subject to shareholder approval, within a control framework which is designed to enable risk to be assessed and managed.

In particular, the Board of Directors are collectively responsible for the following, among other:

- Define, oversee and is responsible for the implementation of the governance arrangements that ensure effective and prudent management of the Company, including the segregation of duties within the Company and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interest of clients.
- Have the overall responsibility for the Company and approve and oversee the implementation of the Company's strategic objectives, risk prevention strategy and internal governance.
- Ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the legislation and relevant standards.
- Oversee the process of disclosure and announcements.
- Responsible for providing effective supervision of senior management.
- Define, approve and oversee the organisation of the Company for the provision of investment services and activities and ancillary services, including the skills, knowledge and expertise required by personnel, the resources, the procedures and the arrangements for the provision of services and activities by the Company, taking into account the nature, scale and complexity of its business and all the requirements the Company has to comply with.
- Monitor and periodically assess the adequacy and the implementation of the Company's strategic objectives in the provision of investment services and activities and ancillary services, the effectiveness of the Company's governance arrangements and the adequacy of the policies relating to the provision of services to clients and take appropriate steps to address any deficiencies.

As of 31/12/2024, the Board comprised of 3 executive directors and 2 independent non-executive directors.

2.2. Diversity in the selection of members of the management body

In selecting the members of its Board, the Company aims at achieving a diverse pool of members, with a broad set of qualities, competencies and skills, to achieve a variety of views and experiences and to facilitate independent opinions, so as to be able to apply a well-rounded approach to the issues facing the Company, understand the risks arising from its various activities and operations and take proper strategic decisions, in a manner that promotes the integrity of the market and the interest of clients.

2.3. Number of directorships held by members of the Board

The table below provides the number of directorships a member of the management body of the Company holds at the same time in other entities. As per Section 9(6) of Law 87(I)/2017, directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below.

Directorships within the same group are treated as a single directorship, as per the provisions of Section 9(5) of Law 87(I)/2017. The Directorships in table below do not include the position of each director in the Company.

Table 1: Number of directorships held by the Company’s Board members excluding position in Argus¹

Name of Director	Position within Argus	Directorships Executive	Directorships Non-Executive
Christos Akkelides	Executive Director	-	-
Andri Tringidou	Executive Director	-	-
Savvas Theofilou	Executive Director	-	-
Neoclis Nicolaou	Independent Non – Executive Director	-	4
Louiza Protopapa	Independent Non – Executive Director	-	4

1. The information on this table is based only on representations made by the Company’s directors at the time of preparation of the report.

2. Mr. Yiannakis Mouzouris resigned from his position as Independent, Non-Executive Director on 12/04/2024.

2.4. Risk Management Function

The Board of Directors has the overall responsibility for establishing and overseeing the risk management framework of the Company.

The Company established, implement and maintain adequate risk management policies and procedures which identify the risks relating to the Company's activities, processes and systems, and where appropriate, set the level of risk tolerated by the Company. Such policies and procedures are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management function is responsible for the compliance and monitoring of all transactions in the context of legality, avoidance of conflict of interest, insider dealing and preservation of confidential information. The Risk Management function is also responsible for the determination, evaluation and efficient management of the risks inherent in the provision of the investment services. The Risk Manager ensures efficient monitoring of the risks associated with providing investment services to clients as well as the risks of the operation of the Company in general.

The Board has appointed a Risk Manager who is independent of the business lines and internal units it controls and has sufficient authority and resources to carry out its function effectively. The appointed Risk Manager reports directly to the Board. The Company ensures that the appointed Risk Manager possesses sufficient knowledge, skills and experience in relation to risk management and the relevant procedures and has access to appropriate regular training.

2.5. Compliance Function

The Company's Compliance function is permanent in nature and is independent from the provision of the investment services and the performance of investment activities by the Company and/or any relevant person. The main duties of the Compliance function include inter alia the efficient monitoring of any possible deviation from the Company's internal policies and procedures, the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company.

The Company has appointed a Compliance Officer who is responsible, inter alia, for the following:

- Liaising with all relevant business and support areas within the Company;
- Monitoring the adequacy and effectiveness of the measures and procedures of the Company;
- Advising and assisting the relevant persons responsible for carrying out the investment services to be in compliance with the Law.
- Drafting written reports to the senior management making recommendations and indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies, at least annually. These reports are presented to the Board and discussed during its meetings, at least annually.
- Working on related changes to the Company's documentation.

- Training and educating the staff of the in respect with the Compliance function according to the Law.

The Compliance Officer reports directly to the Board on all material issues identified along with any recommendations.

2.6. Internal Audit Function

The Company has appointed an Internal Auditor which ensures that the Company maintains appropriate systems and controls and reports its findings to the Board of Directors of the Company. The Internal Auditor is independent from the other functions and activities of the Company.

The Internal Auditor is responsible for the following:

- Independently reviewing and providing objective assurance of the compliance of all activities and units of the Company, including the outsourced activities, with the Company's policies and procedures and with external requirements.
- Assess whether the Company's internal control framework is effective and efficient.
- Assess the appropriateness of the institution's governance framework.
- Assess whether existing policies and procedures remain adequate and comply with legal and regulatory requirements and with the risk appetite and strategy of the Company.
- Assess the compliance of the procedures with the applicable laws and regulations and with decisions of the management body.
- Assess whether the procedures are correctly and effectively implemented.

2.7. Anti-Money Laundering Compliance Function

The Company has appointed an Anti-Money Compliance Officer (“AMLCO”) to whom the Company’s employees shall report their knowledge or suspicion of transactions involving money laundering and terrorist financing. The AMLCO reports directly to the Board and is responsible, among others, for the following:

- To design, based on the general policy principles of the Company, the internal practice, measures, procedures and controls relevant to the prevention of money laundering and terrorist financing.
- Explicitly allocate the limits of responsibility of each department of the Company.
- The establishment of policies and procedures to prevent the abuse of new technologies and systems for the purposes of money laundering and terrorist financing.
- To develop and establish the Client Acceptance Policy of the Company, outlining the requirements of simplified and enhanced due diligence when entering into a relationship with a client and how to deal with suspicious transactions.

- To review and update the policies and procedures as may be required from time to time and communicate any updates to the Board of Directors for approval.

2.8. Governance Committees

CA (Compliance and Audit) Committee

The Company established a Compliance and Audit Committee (“CA Committee”).

In accordance with the requirements of the applicable laws and regulations, members of the Compliance and Audit Committee have individually and collectively, appropriate knowledge, skills and expertise to fully understand and monitor the risk strategy and the risk appetite of the Company.

Taking into consideration the size, nature and complexity of business activities, the Company has established a CA Committee, which is composed of one Executive Director, two Independent Non-Executive Directors, the Compliance Officer/AMLCO and the Internal Auditor.

Risk and Information and Communication Technology (“ICT”) Committee

The Risk and ICT Committee (the "Committee") has been established to support the Board of Directors in overseeing the effective management of risks and ICT governance within the Company. This includes ensuring compliance with the European Banking Authority (“EBA”) Guidelines, fostering a culture of risk awareness, and promoting the strategic alignment of ICT and risk management with the Company’s objectives.

The Risk and ICT Committee role among others is to:

- Advise and support the Board regarding the monitoring of the Company's overall actual and future risk appetite and strategy, taking into account all types of risks, to ensure that they are in line with the business strategy, objectives, corporate culture and values of the Company.
- Develop and maintain the firm's risk management framework, including risk appetite, limits, and policies, in compliance with EBA requirements.
- Monitor adherence to internal risk policies and regulatory standards, ensuring alignment with the Company's strategic goals.
- Oversee the alignment of the ICT strategy with the Company’s overall business strategy and risk appetite.
- Monitor ICT risk management practices, including cybersecurity, third-party risks, data protection, and system resilience.
- Review and approve significant ICT projects, budgets, and resource allocations to ensure value creation and compliance with regulatory expectations.

As at year end, the Risk and ICT Committee was composed of one Independent Non-Executive Director, the Compliance Officer/AMLCO, the Risk Manager, the Chief Financial Officer and the Systems Administrator. During 2024 the Committee met 4 times.

Investment Committee

The Company operates an Investment Committee which consists of an Advisory and a Portfolio Management Committee. The Investment Committee meets and takes decisions always under the Articles of Association and is oriented to serve the interest of investors.

The decisions of the Investment Committee are based on the provisions of the code of business conduct for investment firms and CySEC. It is responsible for formulating the overall investment policy, and for providing guidance to the Company's managers to move to a specified range of options. The Investment Committee has an advisory and supervisory character in relation to the desired and lawful structure of the portfolio, down under management.

The Investment Committee tasks include:

- The review and analysis of the macroeconomic and microeconomic environment.
- The definition of the framework within which the investment decisions regarding the advisory and discretionary functions will be governed.
- The review and evaluation of the general market conditions and trends.
- The revision of investment policy on a periodic basis based on current market environment.
- The review and follow up of all managed (advisory and discretionary) portfolios.
- The decision making to be implemented to the client portfolios based on the revised investment policy.
- The review and approve financially related (third party) products and services, before communicating to clients.
- Approving the investment strategy note to be sent to clients (if applicable).

As at year end, the Investment Committee was composed of three Executive Directors, the Compliance Officer/AMLCO and one Independent Non-Executive Director.

Nomination Committee

The Company has proceeded with the establishment of a Nomination Committee as it falls under the definition of “significant CIF”.

The Nomination Committee is responsible for, inter alia, the following:

- Identifying and recommending, for the approval of the Board, candidates to fill vacancies in the Board, evaluate the balance of knowledge, skills, diversity and experience of the Board and prepare a description of the roles and capabilities for a particular appointment, and assess the time commitment expected.
- Deciding on a target for the representation of the underrepresented gender in the Board and prepare a policy on how to increase the number of the underrepresented gender in the Board in order to meet that target.
- Assess periodically, and at least annually, the structure, size, composition and performance of the Board and make recommendations to the Board with regard to any changes.
- Assess periodically, and at least annually the knowledge, skills and experience of members of the Board individually and collectively and report to the Board accordingly.
- Periodically review the policy of the Board for selection and appointment of senior management and make recommendations to the Board.
- In performing its duties, take into consideration, to the extent possible and on an ongoing basis, the need to ensure that the Board's decision making is not dominated by one individual or a small group of individuals in a manner that is detrimental to the interests of the Company as a whole;
- Be able to use any type of resources that it considers to be appropriate, including external advisors, and shall receive appropriate funding to that effect.

As at year end, the Nomination Committee was composed of one Independent Non-Executive Director and the Compliance Officer/AMLCO.

Remuneration Committee

The Company has proceeded with the establishment of a Remuneration Committee as it falls under the definition of “significant CIF”.

The Remuneration Committee is responsible for preparing decisions related to remuneration, including those that have implications for the Company's risk and risk management, which are to be taken by the Board. In carrying out this function, the Remuneration Committee must take into account the long-term interests of shareholders, investors, and other stakeholders, as well as the public interest, to ensure that remuneration practices align with the sustainable success and integrity of the Company.

As at year end, the Remuneration Committee is composed of the two Independent Non-Executive Directors.

2.9. Board Risk Statement

The Risk Appetite Statement defines the level of risk the Board is willing to take in pursuit of its business objectives and strategic goals. It defines the parameters within which the Company can operate and the relevant risks it can assume, both on an individual as well as on an aggregated basis.

The Risk Appetite Statement includes some high-level principles and key risk indicators to alert Management and the Board of Directors of any risk concerns and trigger appropriate responsive actions. Specific limits are in place, which are embedded in the risk monitoring systems and reporting, to cap the amount of risk the Company will take.

The Company's risk statement is provided in Appendix 1.

2.10. Investment Policy

According to Article 52(1) of the IFR, investment firms which do not meet the criteria referred to in point (a) of Article 32 (4) of the IFD shall disclose the following in accordance with Article 46 of the IFR:

- The proportion of voting rights attached to the shares held directly or indirectly by the investment firm, broken down by Member State and sector;
- A complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with Article 52(2) of the IFR, 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
- An explanation of the use of proxy advisor firms;
- The voting guidelines regarding the companies the shares of which are held in accordance with paragraph Article 52(2) of the IFR.

According to Article 52(2) of the IFR, the investment firm referred to in Article 52(1) of the IFR shall comply with the disclosure requirements of Article 52(1) of the IFR only in respect of each entity 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 entity. 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.

As at the reference date of the report, the Company did not hold any shares that would meet the criteria stated in Article 52(2) of the IFR and therefore no disclosures regarding investment policy were made in this report.

3. Capital Management

The adequacy of the Company's capital is monitored by reference to the provisions of the IFR and IFD framework, which as previously mentioned, consists of the following three Pillars:

- Pillar I - Minimum capital requirements
- Pillar II – ICARA and Supervisory review process
- Pillar III - Market discipline

3.1. Pillar I – Minimum Capital Requirements

Under the IFR & IFD framework, as a Class 2 investment firm the Company is required to derive its Minimum Capital Requirements by taking the highest of the Fixed Overhead Requirement ("FOR"), the Permanent Minimum Capital Requirement ("PMCR") and the K-factors that apply based on its activities and operations. In addition, the Company is obliged to maintain liquidity levels equal to at least one third of its FOR, in order to satisfy the Liquidity Requirement.

3.2. Pillar II – The Supervisory Review and Internal Capital Adequacy and Risk Assessment Processes (ICARA)

The ICARA process falls under the scope of Pillar II and it is a requirement for investment firms as per Article 24 of IFD, which can be described as a set of relationships between CySEC and the investment firm, with the objective to enhance the link between a CIF's risk profile, its risk management and risk mitigation systems, and its capital and liquidity levels.

Pillar II establishes a process of prudential interaction that complements and strengthens Pillar I by promoting an active dialogue between the regulator and the investment firm such that, any inadequacies or weaknesses of the internal control framework and also other important risks, the fulfillment of which may entail threats for the investment firm, are identified and managed effectively with the enforcement of additional controls and mitigating measures.

The Company has prepared its ICARA Report based on comprehensive risk assessment and the arrangements, strategies and processes referred to in applicable legislation. All material risks were identified, and the effectiveness of risk management practices was evaluated while reviewing the stress tests results.

A three-year strategic plan has been developed by the Company as part of its growth strategy, with the objective to expand its client base in a sustainable manner, while simultaneously implementing measures to mitigate potential losses to the greatest extent possible.

3.3. Pillar III – Market Discipline

Market Discipline requires the disclosure of information regarding the risk management policies and internal governance arrangements of the Company, as well as the results of the calculations of minimum capital requirements, together with concise information as to the composition of Own Funds, and information on remuneration policies and practices.

The Company's Pillar III disclosures have been prepared in compliance with Part Six of the IFR and relate to the financial year ending on 31st of December 2024. This report should be read in conjunction with the audited financial statements of the Company. The disclosures are made on a solo basis and are published annually. Where in this report there are references to "reference date" this is the 31st of December 2024.

The Company's Pillar III disclosures are published on the Company's website through the 'Disclaimers and Legal Information' section. Please refer to the following link: <https://www.argus.com.cy/>

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

Unless stated otherwise, all amounts are in thousands of Euros ("€").

4. Fixed Overheads Requirement ("FOR")

The Company calculates its FOR by taking the one quarter of the fixed overhead expenses of the preceding year in accordance with the provisions of Article 13 of the IFR. The Fixed Overheads Requirement as at 31 December 2024 amounted to €597k. The Company monitors its expenses and calculates the projected fixed overheads requirement for every year. In case of a material change (increase or decrease by 30% or €2m of own funds requirements), the Company should recalculate its fixed overheads requirement based on the projected figures following approval by its regulator, and assess whether the appropriate capital resources are in place to comply with the provisions of the IFR.

5. Permanent Minimum Capital Requirement ("PMCR")

The Company monitors its Own Funds on a continuous basis and ensures that they remain above the Permanent Minimum Capital Requirement of €150k, which corresponds to the initial capital that applies to the Company, in accordance with Article 9 of the IFD.

6. K-Factors Requirement

The K-factor capital requirements are essentially a mixture of activity and exposure-based requirements. Capital requirement from applying K-factors formula is the sum of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF'). Further to the above and since the Company is a Class 2 investment firm all RtC, RtM and RtF proxies are applicable for the Company.

In the following sections all Risk Proxies are described with reference to the relevant K-factors requirements.

6.1. Risk to Client

Risk to Client ("RtC") is the risk that an investment firm poses to its clients in the event where it fails to properly carry out the services being offered to them. It reflects the risk covering the business areas of investment firms from which harm to clients can conceivably be generated in case of problems.

There are four K-factors through which some of the core aspects of RtC are being captured and measured, and which act as proxies that cover the specific business areas that are referred to above. These K-factors consist of the following:

- **K-AUM (Assets Under Management)** – K-AUM captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of the continuity of service of ongoing portfolio management and investment advice.
- **K-CMH (Client Money Held)** – K-CMH captures the risk of potential for harm where an investment firm holds the money of its clients, taking into account whether they are on its own balance sheet or in third-party accounts and whether arrangements under applicable national law provide that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm. K-CMH excludes client money that is deposited on a (custodian) bank account in the name of the client itself, where the investment firm has access to the client money via a third-party mandate.

- **K-ASA (Assets Safeguarded and Administered)** – K-ASA captures the risk of safeguarding and administering client assets and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.
- **K-COH (Client Orders Handled)** – K-COH captures the potential risk to clients of an investment firm which executes orders (in the name of the client, and not in the name of the investment firm itself), for example as part of execution-only services to clients or when an investment firm is part of a chain of client orders. As for the year under review, the Company is not subject to K-COH since it does not execute orders in the name of the client, on an agency basis (i.e. all client orders are executed on a principal basis and as such, they are covered under K-DTF).

6.1.1. K-AUM (Assets Under Management)

As the Company for the financial year 2024, provides the service of portfolio management to its, clients it is subject to the specific risk.

Mitigation Measures:

- The Company recognizes the criticality of this type of risk and maintains close monitoring through effective policies in place for the provision of portfolio management services. These policies undergo regular review by the Internal Auditor to ensure their effectiveness and compliance with regulatory requirements.
- Regular reviews of the outstanding balances by the Head of Accounting and management body are performed.
- Action is taken for long outstanding balances.
- Credit granting is minor.
- The Company implements a diversified investment strategies and risk allocations to spread assets under management across different assets. This helps to reduce concentration risk and minimize the impact of adverse events on a single investment or type of asset.
- Each investment strategy and product that is invested under the portfolio management services undergoes thorough evaluation, taking into consideration clients' approval, risk appetite, and risk profile.
- The Company conducts regular monitoring and assessment of portfolios and investment products to ensure alignment with the risk appetite and profile of each client.

6.1.2. K-CMH (Client Money Held)

For the period under review, the Company holds money on behalf of clients in accordance with the client money rules set out in CySEC's Directive DI87-01 for the Safeguarding of Client Assets, Product Governance Obligations and Inducements. The Company calculates its K-CMH based on the

provisions of Articles 15 and 18 of the IFR. The Company is exposed to this risk as it holds money on behalf of clients as part of its business activities.

Mitigation Measures:

- The Company has established robust internal controls and operational procedures to ensure the accurate handling, accounting, and recording of client money. This includes implementing segregation procedures, reconciliation processes, and regular audits to ensure the appropriate identification, recording, and safeguarding of client money.
- The Company keeps clients' funds in segregated bank accounts designated as “client accounts”, and sufficient procedures are in place to avoid the use of clients' funds by the Company for its own purposes.
- Segregated client money accounts hold statutory trust status, according to regulatory requirements, restricting the Company's ability to control the monies and accordingly such amounts are not presented on the Company's statement of financial position.
- The Company exercises all due skill, care, and diligence in the selection, appointment, and periodic review of custodians and other arrangements for holding and safekeeping clients' assets (financial strength, reputation, and operational capabilities). The Company conducts risk assessments for all financial/credit institutions that hold and safeguard clients' assets, while establishing exposure limits to mitigate potential losses.
- Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby most bank balances are held with independently rated parties with a minimum rating of "C" as per External Credit Assessment Institutions (“ECAIs”).
- When any discrepancy arises because of the reconciliation between a Company’s internal records and those of third parties that hold client money, the Company identifies the reason for the discrepancy and corrects it as soon as possible, unless the discrepancy arises solely because of timing differences between the accounting systems of the party providing the statement or confirmation and that of the Company.
- There are established procedures for conducting reconciliations on a regular basis between the Company's internal accounts and records and those of any third parties by whom the clients' assets are held.

6.1.3. K-ASA (Assets Safeguarded and Administered)

The Company provides for reference date the service of safekeeping and administration of financial instruments for clients, including custodian services provided to professional and retail investors and therefore, it is subject to this specific risk.

Mitigation Actions:

- The Company developed and implemented a comprehensive risk management framework that includes policies, procedures, and controls to identify, assess, and mitigate risks associated with

assets safeguarded and administered. This framework is regularly reviewed and updated to align with changing regulations and industry best practices.

- The Company has selected reputable sub-custodians, and neither the Company nor its general creditors have any right to sell, attach, or create a security interest in any financial instruments held, whether in case of sub-custodian's insolvency or otherwise.
- The Company diligently safeguards the equity positions of its clients in accordance with the MIFID II safeguarding rules and CySEC's Directive DI87-01.
- The Company implements strict segregation of duties to ensure that no single individual has complete control over the entire asset safeguarding and administration process.
- The Company implements robust information security measures to protect digital assets, such as client data and transaction records. This includes using firewalls, access controls, and regular security audits to prevent unauthorized access or data breaches.
- A robust compliance monitoring program has been established, which includes independent reviews and reporting to senior management.
- An effective business continuity plan has been established to ensure the continuity of asset safeguarding and administration operations in the event of disruptions, such as natural disasters, technology failures, or other emergencies.

6.2. Risk to Market

Risk to Market (“RtM”) is the risk that an investment firm poses to the financial markets that it operates in and the counterparties that it trades with.

There are two K-factors that capture the principal risks under RtM:

- **K-NPR (Net Position Risk)** – This k-factor is based on the rules for Market Risk for positions in equities, interest rate financial instruments, foreign exchange, commodities and crypto in accordance with Regulation (EU) No. 575/2013 (“CRR”).
- **K-CMG (Clearing Margin Given)** -This is an alternative to K-NPR to provide for market risk for trades that are subject to clearing or on a portfolio basis, where the whole portfolio is subject to clearing or margining as set out in Article 23 of IFR. CMG means the amount of total margin required by a clearing member or qualifying central counterparty, where the execution and settlement of transactions of an investment firm dealing on own account take place under the responsibility of a clearing member or qualifying central counterparty. Based on the reference year, the Company is not subject to K-CMG as it does not provide the service of clearing as described in the definition.

6.2.1. K-NPR (Net Position Risk)

The Company is not particularly exposed to significant FX losses, since it does not trade on own account. The Company is exposed to Market FX risk arising from its on-Balance Sheet assets and liabilities that were denominated and funded in a currency other than its reporting currency (i.e., EUR). Also, the Company has a low exposure to other currencies, with the majority to be in EUR currency. In addition, the Company carefully examined the amended CySEC’s Circular C462 “Prudential Treatment of Crypto Assets and Enhancement of Risk Management Procedures Associated with Crypto Assets” and informed its employees accordingly, although it does not offer and/or hold any crypto-related assets for the year under review.

Market risk originates from:

- Change in interest rates, both in local and foreign currency, causing losses from this adverse interest rate movement.
- Change in market prices of securities or funds as a result of a stock market downfall.
- Equity investments failing to achieve expected returns.
- Losses arising from adverse price movements (debt securities, gold, commodity prices etc.)

The Company is not exposed to Market Risk originated from the above factors as it does not perform any proprietary trading activity and/or not provide the investment service of “dealing on own account” to its clients.

Mitigation Measures:

The management of the Company diligently oversees its holdings of foreign currencies, taking measures to minimize its exposure to adverse foreign exchange fluctuations. This includes ensuring that the Company does not retain significant amounts of money in different currencies for extended periods of time, as the Company maintains the majority of its exposure to Euro and monitoring of client's assets on a currency-by-currency basis.

6.3. Risk to Firm

The Risk to Firm captures the risk that could be inflicted on the Company itself. The K-factors under RtF capture an investment firm’s exposure to their trading counterparties, the concentration risk in an investment firm’s large exposures and the operational risk from an investment firm’s daily trading flow.

K-factors for K-TCD and K-CON under RtF constitute a simplified application of the rules laid down in the CRR on counterparty credit risk and large exposures risk, respectively.

The Company is required to calculate the following K-Factors requirement as part of the RtF:

- **K-TCD (Trading Counterparty Default)** – K-TCD captures the risk to an investment firm by counterparties to over-the-counter (OTC) derivatives, repurchase transactions, securities and commodities lending or borrowing transactions, long settlement transactions, margin lending

transactions, or any other securities financing transactions, as well as by recipients of loans granted by the investment firm on an ancillary basis as part of an investment service that fails to fulfil their obligations, by multiplying the value of the exposures, based on replacement cost and an add-on for potential future exposure, accounting for the mitigating effects of effective netting and the exchange of collateral. The Company is not subject to K-TCD because as at 31 December 2024, it did not carry out dealing on own account in instruments subject to K-TCD.

- **K-DTF (Daily Trading Flow)** – K-DTF captures the operational risks to an investment firm in large volumes of trades concluded for its own account or for clients in its own name in one day which could result from inadequate or failed internal processes, people and systems or from external events, based on the notional value of daily trades, adjusted for the time to maturity of interest rate derivatives in order to limit increases in own funds requirements, in particular for short-term contracts where perceived operational risks are lower.

DTF means the daily value of transactions that an investment firm enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that an investment firm handles for clients which are already taken into account in the scope of client orders handled. For the year under review, the Company is subject to this risk since it has been executing multiple types of transactions on behalf of clients in its own name.

- **K-CON (Concentration Risk)** – K-CON captures concentration risk in relation to individual or highly connected private sector counterparties with whom firms have exposures above 25% of their own funds, or specific alternative thresholds in relation to credit institutions or other investment firms, by imposing a capital add-on in line with CRR for excess exposures above those limits. All investment firms should monitor and control their concentration risk. However, only investment firms which are subject to a minimum own funds requirement under the K-Factors should report the concentration risk. This K-factor does not apply to the Company since for the referenced financial year 2024, the Company did not have a Trading Book, as it did not carry out dealing on own account activities.

6.3.1. K-DTF (Daily Trading Flow)

For the year under review, the Company is subject to this risk since it has been executing multiple types of transactions on behalf of clients in its own name.

Mitigation Measures:

- The Company has established procedures for the daily monitoring of all transaction activities performed by all staff members.

- The Company conducts a thorough evaluation of potential counterparties before making a selection. Upon selection, regular due diligence reviews are carried out to ensure the counterparty possesses adequate continuity and IT procedures, and that they maintain high credit standards.
- The Company conducts daily reconciliations to identify any errors or discrepancies and to prevent fraudulent activities.
- Robust security measures have been implemented to prevent fraudulent activities by staff. The Company's trading platform is highly automated, minimizing the potential for manipulation by staff without detection.
- Internal audits are performed in regular intervals.
- The Company also implements the four eyes principle before executing any transaction (i.e. deposits/withdrawals).
- The Company has well-defined policies and procedures regarding the reception, transmission, and execution of orders. These policies and procedures undergo regular reviews by the Internal Auditor, and the Compliance Officer deems them to be adequate.

7. Other Risks

Liquidity Risk

The Liquidity risk is related to the inability to meet obligations when they fall due, the difficulty in obtaining funds to meet urgent commitments or the lack of liquid assets (cash deposits, bonds etc.), resulting in the inability to meet immediate liquidity needs within a short form horizon. It is also related to changes in market conditions and the inability to address them, resulting in the inability on behalf of the investment firm to liquidate assets and at a minimal loss in value.

The Company is exposed to Liquidity risk due to the Company's overdrafts, or because the Company has trade receivables that are not readily available (in short term).

Also, the Company follows the Liquidity requirement set by the IFR/IFD framework. As at 31 of December 2024 the Company satisfied the Liquidity Requirement.

Mitigation Measures:

To manage its Liquidity risk, the Company monitors rolling forecasts of the Company's liquidity requirements based on expected cash flows in order to ensure that it has sufficient cash to meet its operational needs, under normal and abnormal (stressed) market conditions.

Furthermore, in order to manage further its Liquidity risk, the Company:

- Implements robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of horizons.

- Ensures that its “cash on demand” is sufficient to meet any operational expenses that arise.
- Has the shareholders’ confirmation that they are willing at any moment to contribute with extra capital in case the need arises.

In addition, the Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Business Risk

Business risk might arise by underperformance of economic results, failure to increase or retain market share, meet business goals due to lack of business direction, planning, leadership or inability in raising capital when unexpectedly required, during microeconomic depression, sudden withdrawal of deposits or competitive threats resulting in loss of business due to competition from other investment firms and inability to anticipate change in external environment. The Company is subject to this risk due to high competition in the industry.

Mitigation Measures:

- Regular evaluation of the business results. Review and update of the existing business plan including realistic projections, taking into consideration the current market conditions.
- The Company's shareholders are at all times aware of the current financial status of the Company, and they can assist the Company to raise the required capital if necessary.
- The Company is up to date with any developments in this market and is ready to make the necessary changes in operations when competitive forces indicate so.
- Innovative staff with new ideas in terms of products offered and strategies followed.
- The Company monitors its competitors' and makes choices accordingly.

Regulatory Risk

Regulatory risk may arise from the following factors:

- Critical recommendations, sanctions, penalties imposed by the tax authorities to the Company due to non-compliance with tax requirements.
- Failure to comply with approved practices, accounting and ethical standards or to meet regulatory expectations regarding internal governance. Furthermore, Regulatory risk may arise from inability/non-consistency in providing sufficient information about terms and conditions, in advice provision, inadequate tracking of complaints etc., from clients undertaking money laundering activities and inadequate identification system.

Mitigation Measures:

- External auditors and tax advisors provide all the necessary advice for tax issues so that the Company avoids paying any penalties on taxes. This is very crucial in the current economic situation as the tax regulations may be further revised and the Company must be prepared to keep up with any amendments in order to avoid penalties.
- The Company has a strong Compliance function that implements strong controls in relation to compliance with the relevant Laws and regulations and monitors employees on a regular basis. When the Company offers investment and ancillary services to clients acts in an independent, fair and professional manner and always in the best interest of its clients. Frequent audits carried out by the Internal Auditor, who has been trained properly and has a suitable compliance regime. Company's policies and procedures are updated and reviewed on a regular basis. It's also noted that the Company has never missed a regulatory deadline submission. The Compliance department always reviews the compliance process and it's informed about changes/amendments in the regulatory framework of CySEC. All submissions are delivered on time.
- Policies and procedures in relation to handling clients' complaints.
- When dealing with clients' requests the Company always acts in the clients' best interest and in an independent, fair and objective manner.
- The Company is not a market maker hence it takes prices by third parties (no risk assumed).
- Internal AML/CTF policies, training and for the personnel at least once a year.

Operational Risk (other than Daily Trading Flow)

This is the risk that the internal organizational systems of the Company may fail owing to systems malfunctions or human errors. Operational risk can be defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk may also encompass erroneous internal control mechanisms, accounting systems, errors in legal documents, inadequate conduct or employee embezzlement. The Operational risk also includes other classes of risk such as fraud risk, conflicts of interest risk, personal account dealing risk and confidential information risk.

Mitigation Measures:

The Company's systems are evaluated and assessed continuously in order to minimize any events that might lead to the exposure of Operational risk such as:

- Contingency plans were established. Backup systems and a business continuity plan are also in place.
- The responsibilities of each department are monitored by the head of department on a daily basis. The organizational structure is simple and leads to a clear understanding of the duties and responsibilities of each department. In addition, IT systems can only be accessed through access rights. There are several layers of supervision including among others the Board of Directors, the senior management team and the Internal Audit function which ensure a high degree of oversight in

the Company's operations. Regular trainings sessions are delivered to the staff so as to ensure compliance with the internal procedures.

- The Company ensures its assets and has in place a business continuity plan which is tested on a periodic basis. Secured servers in other countries and fire protection also exist.
- The Company has policies in place to ensure protection of customers' data and compliance with the relevant legal and regulatory framework. Employees are subject to confidentiality conditions and are kept up to date with relevant legal updates.
- The Company has well-established policies and procedures in relation to the reception, transmission and execution of orders and to the provision of portfolio management services. The abovementioned policies and procedures are subject to regular review by the Internal Auditor and the Compliance officer considers them to be sufficient.
- Health and Safety procedures are in place to mitigate this risk.
- The Company carefully assesses its potential counterparties prior to selection. Once a counterparty is selected, the Company performs regular due diligence reviews to ensure that they have sufficient business continuity and IT procedures and that they remain of high credit standard.
- Controls in place exist to ensure prevention of violation of confidentiality policies. Such controls include the oversight of personnel that have access to such confidential information and system passwords to ensure that access to client information is only provided to authorized personnel. In addition, affected personnel is subject to confidentiality policies.
- The Company cooperates with high level and secured companies that are providing platforms (such as XPHMA 2000). The Company takes steps to ensure that is fully operational at all times.

Further to the above the Company's systems are evaluated, maintained and upgraded accordingly.

Reputational Risk

There is Reputational risk which can be originated by adverse effects arising from damage to reputation due to events/illegal actions and activities and/or the transactions or relationship with certain clients of the Company would put the reputation of the Company at risk. Also, the Reputational risk can be raised by unauthorized disclosure of customer information or other commercially sensitive information by an employee or management of the Company.

The Company's exposure to Reputational risk due to damage to reputation from unexpected events/illegal actions and activities as well as internal or external fraud. . Also, due to high competition in the market, other companies might offer better services. The Company is always exposed to this risk, since there is always a chance that an unplanned event (such as the disclosure of sensitive information) might harm customer confidence. Such an event could hurt the reputation of the Company, cause economic loss and disrupt the normal operation of the Company.

Mitigation Measures

In order to manage its Reputational risk, the Company:

- Has implemented procedures for the GDPR and has a designated GDPR Officer.
- Ensures that the Compliance department implements strong controls in relation to compliance with the relevant laws and regulations regularly.
- Ensures that has in place the appropriate policies and procedures so as to incorporate any market changes (including regulatory changes).
- Provides training under the supervision of the Compliance department and Risk department.
- Provides a high quality of services to its clients and remain ahead of any of its competitors.

Political Risk

It is the specific risk that an international investor bears because of unfavourable political conditions (new legislation, taxation, terrorism, political problems) in the country he/she invested. Thus, for investors, Political risk can simply be defined as the risk of losing money due to changes that occur in a country's government or regulatory environment.

The Company is inevitably subject to Political risk since a lot of changes in applicable legislation and other conditions come as a result of diplomatic/political decisions (such as the haircut, the tax legislation etc.,). Unfavorable changes could cause, among others, liquidity problems, economic loss, disruption of operations and reputational damage.

Mitigation Measures

The Company has in place a strong code of conduct and code of ethics policies and has developed a strong culture. The senior management analyses the political environment that operates so that the Company to be able to take necessary actions when those required.

Environmental, Social and Governance Risks

From 26 December 2022 onwards, investment firms which satisfy the definition of a “Significant CIF” based on the CySEC Circular C487, shall disclose information on Environmental, Social and Governance (“ESG”) risks, as described in Article 53 of the IFR.

The Company integrates the analysis of ESG factors into its investment process. The Company is a long-term investor, seeking to invest in companies with sustainable businesses focused on creating long-term value. For over 20 years, the Company has worked relentlessly to help both local institutional and retail investors pursue their investment objectives, regardless of shifting market conditions. ESG considerations are an integral part of the Company's investment process. The Board of the Company oversees and is ultimately responsible for the Company's ESG practices. The Company's Board believes that the policy of ESG integration and active ownership adds value for its clients.

8. Own Funds

The prudential framework for investment firms set out in the IFR and the IFD is designed to reflect better the nature, size, and complexity of investment firms' activities compared to the CRR/CRD framework. One key aspect of the framework is that it provides for simpler and more bespoke capital requirements for investment firms.

As per the IFR/IFD rules, 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 meet all the following conditions at all times:

- a) Common Equity Tier 1 Capital of at least 56% of minimum capital requirements;
- b) Common Equity Tier 1 Capital and Additional Tier 1 Capital of at least 75% of minimum capital requirements;
- c) Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital of at least 100% of minimum capital requirements.

As at 31 December 2024, the Company meets all the above conditions.

In addition to the minimum capital requirements, the Company is required to maintain liquid assets equal to at least one third of its Fixed Overhead Requirement.

Table 2 below presents the composition of the Company's Own Funds as at 31 December 2024, while **Table 3** indicates how these Own Funds reconcile with the Company's audited Balance Sheet as of this date, and they have been prepared using the format set out in the Final Report of the Commission Implementing Regulation (EU) 2021/2284 laying down implementing technical standards for the application of IFR with regard to supervisory reporting and disclosures of investment firms.

As at 31 of December 2024, the Company's Own Funds amounted to €1.312k and comprised of Common Equity Tier 1 capital (€765k) and Tier 2 capital (€547k).

Table 2: Template EU IF CC1.01 - Composition of regulatory own funds (Investment firms other than small and non-interconnected):

Ref.	Common Equity Tier 1 (CET1) capital: instruments and reserves	(a)	(b)
		Amounts (€'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements (Cross Reference to EU IF CC2)
1	OWN FUNDS	1.312	
2	TIER 1 CAPITAL	765	
3	COMMON EQUITY TIER 1 CAPITAL	765	
4	Fully paid up capital instruments	2.120	Ref. 1 (Shareholder's Equity)
6	Retained earnings	(1.241)	Ref. 3 (Shareholder's Equity)
11	Other funds	50	Ref. 2 (Shareholder's Equity)
19	(-) Other intangible assets	(7)	Ref. 1 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(157)	Ref. 2 & 3 (Assets)
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	547	
41	Fully paid up, directly issued capital instruments	547	Ref. 1 (Liabilities) & Ref. 2 (Shareholder's equity)

On 6 December 2021, the Company has raised finance by issuing eight year €200.000 convertible bonds at par of €1.000 per bond with a coupon rate of 6% per annum.

During the year 2022, the Company has raised finance by issuing seven year €440.000 convertible bonds at par of €1.000 per bond with a coupon rate of 6% per annum.

Upon maturity date (i.e. 31/03/2029), the investor has the option either to convert the bonds into ordinary shares of the issuer at a price that will be determined 30 days before the last conversion date or to be repaid in cash.

The issue of convertible bonds contains both debt and equity elements. The debt element is the obligation of the issuer to repay the debt holder in cash and this is measured at the present value of the future cash flows. The equity element is the value of the right (option) granted to debt holder to convert the debt to shares and this is the difference between the total proceeds and the fair value of debt component.

On 04 June 2024, the Company converted a part of convertible bonds (€84.305) to 232.558 ordinary shares of nominal value of €0,43 each.

Table 3: Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements:

		a	c
		Balance sheet as in published/audited financial statements	Cross reference to EU IF CC1
		As at 31 Dec 2024 (€'000)	
Ref.	Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements		
	Total Assets	3.053	
	of which:		
1	Intangible assets	8	Ref. 19
2	Financial assets at fair value through profit or loss (Investor Compensation Fund)	107	Ref.10 & 27
3	Additional Cash Buffer (part of Cash and cash equivalents)	50	Ref. 27
Ref.	Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements		
	Total Liabilities	2.028	
	of which:		
1	Convertible bond	549	Ref. 41
Ref.	Shareholders' Equity		
	Total Shareholders' equity	1.025	
	of which:		
1	Share capital	2.120	Ref.4
2	Other reserves	146	Ref. 11 & 41
3	Accumulated losses	(1.241)	Ref. 6

Table 4 below breaks down the Pillar I minimum capital requirement that the Company was required to hold as of 31st of December 2024. The Company’s K-factor requirement is calculated in accordance with Articles 16 through to 33 of the IFR.

Table 4: Minimum Capital Requirements:

Minimum Capital Requirements		31 December 2024 (€'000)
K-Factor Requirement		
Risk-to-Client (RtC)	K-AUM	95
	K-CMH	270
	K-ASA	236
	K-COH	-
Risk-to-Market (RtM)	K-NPR	15
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	-
	K-DTF	1
	K-CON	-
Total K-Factor Requirement		617
Fixed Overhead Requirement ('FOR')		597
Permanent Minimum Capital Requirement ('PMCR')		150

As indicated in **Table 5** below, the CAD ratio of the Company as at 31 December 2024 amounted to 212,53% which exceeded the minimum required threshold of 100%, and a capital surplus of €695k.

Table 5: Capital Excess Ratio Table:

(EUR)	31 Dec 2024 (€'000)	Reference
Capital		
Common Equity Tier 1	765	
Additional Tier 1	-	
Tier 2	547	
Total Own Funds	1.312	<i>a</i>
Own Funds Requirement		
K-factor Requirement	617	<i>b</i>
Fixed Overhead Requirement	599	<i>c</i>
Permanent Minimum Capital Requirement	150	<i>d</i>

Minimum Own Funds Requirement	617	<i>e = (higher of b, c, d)</i>
Capital Excess/Ratio		
Capital Excess	695	<i>a-e</i>
Capital Ratio	212,53%	<i>a/e</i>

9. Remuneration policy and practices

In accordance with the IFR/IFD, investment firms are required to disclose to the public qualitative information in relation to remuneration policies and practices of the Company and quantitative information on remuneration of those members of staff whose professional activities have a material impact on the risk profile of the Company. Those categories of staff should at least include senior management, risk takers, persons engaged in control functions and any employee whose total remuneration, including the planned discretionary pension benefits, is in the same remuneration bracket as with senior management and risk takers.

The policy of the Company takes into account the nature, scale and complexity of its activities.

Remuneration Policy

The Company ensures an appropriate allocation of responsibilities and reporting lines to oversee the implementation and effectiveness of the Remuneration Policy.

In particular, the supervisory function of the management body is responsible for:

- Adopting and periodically reviewing the Remuneration Policy.
- Approving material exemptions and amendments to the Policy and monitoring their effects.
- Ensuring alignment with the Company's governance framework, corporate culture, risk appetite, and regulatory obligations.
- Directly overseeing the remuneration of senior officers in control functions.

The Risk Management Function contributes by:

- Providing input on bonus pools, performance criteria, and remuneration awards to address staff behavior and business risks.
- Assisting in defining risk-adjusted performance measures and assessing the impact of variable remuneration structures on the Company's risk profile.

The Compliance Function is responsible for:

- Ensuring remuneration policies comply with regulatory requirements and internal policies.
- Analyzing how remuneration affects compliance with the Company's risk culture and governance framework.
- Reporting findings to the management body for review and action.

The Internal Audit Function independently reviews the Policy's design, implementation, and impact on the Company's risk profile, ensuring it operates as intended.

Part of the responsibilities of the senior management is also to decide on a target for the representation of the underrepresented gender in the Board and prepare a policy on how to increase the number of the underrepresented gender in the Board in order to meet that target.

As already mentioned, the Company has established a Remuneration Committee responsible for overseeing the implementation and ongoing monitoring of the Remuneration policy, ensuring its alignment with the Company's business strategy, risk management framework, and regulatory obligations. For entities designated as Significant CIFs, like the Company, the establishment of a Remuneration Committee is required under the applicable regulatory framework.

Compensation Mix

The remuneration of staff members in the independent control functions consists of a fixed (base) salary component and other benefits i.e. private medical insurance and an annual performance-based bonus.

Fixed remunerations are determined in accordance with the level of each employee of the Company and reflect their professional experience and organizational responsibility taking into account the level of education, the degree of seniority, the level of expertise and skills, job experience, the relevant business activity and remuneration level of the geographical location of the Company's business. The total remuneration of staff consists of fixed and variable components. The fixed component of the Company represents a high proportion of the total remuneration paid; this allows the employees to focus on the qualitative aspects of their work in the short, medium and long term. The variable remuneration of the employees is therefore based on the annual appraisals performed by the Managing Director and/or Board of Directors, and based on the outcome of such appraisals, a variable remuneration is decided upon at the discretion of the Managing Director and Board of Directors.

Remuneration Categories

Type of remunerations/benefits:

- Fixed remunerations
- Variable remuneration (e.g. bonuses)
- Contributions to the
 - social security fund and other funds
 - social cohesion fund
 - provident fund
- Other benefits (e.g. travelling expenses, private medical insurance etc.)

Fixed (base) Salary

The Company provides a fixed (base) salary to all groups identified i.e., the Executive Directors and Non-Executive Directors, staff employed in the internal control functions of the Company and to all

other employees. The fixed (base) salary is paid monthly as per the provisions of the national employment law.

Variable remuneration (e.g. bonuses)

The Company has a fully flexible policy on variable remuneration. This means that the amount of variable remuneration award should appropriately react to changes of the performance of the staff member, the business unit and the Company.

Taking into consideration the business activities, the risks and the impact that different categories of staff have on the Company's risk profile, the Company sets the ratio between fixed and variable remuneration to 100% for each individual included in the table 6 below.

During the year, the Company provided variable remuneration which did not exceed 100% of fixed remuneration of relevant employees.

Other Benefits

The Company may provide other benefits depending on the identified group such as:

- Private medical insurance;
- Director's indemnity to the fullest extent permitted by law and the Company's Articles of Association (applicable to the Executive Directors); and
- Other additional benefits made available from the Company from time to time as appropriate based on the Executive Director's circumstances i.e., travel, hotel and other expenses reasonably incurred by the Executive Directors in the course of the Company's business.

Contributions

Contributions and benefits to the provident fund, social cohesion fund and social security fund are subject to the statutes of the respective fund.

Table 6 provides an aggregate analysis of remunerations during the year 2024.

31 December 2024				
Role	No. of Beneficiaries	Fixed Remuneration '000 €	Variable Remuneration '000 €	Total '000 €
Senior Management	8	297	-	297
Other staff whose actions have a material impact on the risk profile of the Company	6	261	9	270
Total	14	558	9	567

Notes on Remuneration:

**The Senior Management category includes the Executive, Non-Executive and Independent Non-Executive Directors and the Heads of the Risk Management and Compliance/Anti-Money Laundering Department.*

***The Other Staff category includes the management of the Firm other than the above mentioned executives.*

There were no severance payments or deferred remuneration awarded and paid out during the financial year under review.

Appendix

I. Board Risk Statement

The primary objective of the Company is to mitigate to the greatest extent possible, the potential negative impact of the risks it faces. This is essential to ensure the continuity of its operations without significant risks to both the Company and its valued customers. The Company recognizes the importance of proactive risk management in achieving its strategic goals and aims to implement robust risk management practices to achieve this objective. In order to achieve this objective, the Company conducted a comprehensive risk identification and assessment exercise by utilizing a risk register, which captured all the inherent risks associated with its activities and operations. By identifying and assessing potential risks and developing strategies to manage them, the Company aims to maintain a secure and stable operational environment. The Company has implemented a series of measures aimed at effectively mitigating the risks it has identified to which it is exposed.

II. Own Funds

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

		a	b
		<i>Common Equity Tier 1 Capital</i>	<i>Tier 2 Capital</i>
1	Issuer	ARGUS STOCKBROKERS LIMITED	ARGUS STOCKBROKERS LIMITED
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Public or private placement	Private	Private
4	Governing law(s) of the instrument	Cyprus Law	Cyprus Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Convertible Bonds
6	Amount recognised in regulatory capital (EUR, as of most recent reporting date)	€ 2.120k	€ 547k
7	Nominal amount of instrument	€ 2.120k	€ 5.000k
8	Issue price	€ 0,43 each	€ 1k per bond
9	Redemption price	N/A	N/A
10	Accounting classification	Shareholders' equity	Liability & Shareholder's equity
11	Original date of issuance	Various	31/03/2022
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	31/03/2029
14	Issuer call subject to prior supervisory approval	No	N/A
15	Optional call date, contingent call dates and redemption amount	N/A	The Issuer, at its own initiative, may elect to Redeem all or some of the outstanding Convertible Enhanced Capital Securities (CECS) at their principal amount plus accrued interest on any Interest Payment Date.
16	Subsequent call dates, if applicable	N/A	N/A
	<i>Coupons/dividends</i>		
17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	N/A	6%
19	Existence of a dividend stopper	N/A	N/A
20	Fully discretionary, partially discretionary or	N/A	N/A

	mandatory (in terms of timing)		
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
22	Existence of step up or other incentive to redeem	N/A	N/A
23	Noncumulative or cumulative	N/A	N/A
24	Convertible or non-convertible	Non-convertible	Convertible
25	If convertible, conversion trigger(s)	N/A	Convertible Bonds may be converted at the option of the holder during any Conversion Period. There will be only one Conversion Period date which will coincide with the Bonds Final Maturity Date
26	If convertible, fully or partially	N/A	Always Fully
27	If convertible, conversion rate	N/A	The Bonds will be converted to Ordinary Shares of the Issuer at a price which will be determined 30 calendar days before the Last Conversion Date so that the holders of Bonds shall be entitled to receive at the Last Conversion Date new Ordinary Shares of the Issuer which will equate to a maximum of 25% and no less than 20% of the Issued Share Capital of the Issuer.
28	If convertible, mandatory or optional conversion	N/A	Optional-at the option of the holders
29	If convertible, specify instrument type convertible into	N/A	Common Equity Tier 1
30	If convertible, specify issuer of instrument it converts into	N/A	ARGUS STOCKBROKERS LIMITED
31	Write-down features	No	No
32	If write-down, write-down trigger(s)	N/A	N/A
33	If write-down, full or partial	N/A	N/A
34	If write-down, permanent or temporary	N/A	N/A

35	If temporary write-down, description of write-up mechanism	N/A	N/A
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A	N/A