

Independent Limited Assurance Report to the Cyprus Securities and Exchange Commission in respect of Dragon Capital (Cyprus) Limited for the year ended 31 December 2025 in accordance with Regulation (EU) 2019/2033 of the European Council and the Parliament of the Prudential Requirements of Investment Firms (hereinafter, "IFR") and Directive (EU) 2019/2034 of the European Council and the Parliament on the Prudential Supervision of Investment Firms (hereinafter, "IFD").

1. We report in relation to the fair presentation of the disclosures of Dragon Capital (Cyprus) Limited (the "Company") for the year ended 31 December 2025 required, under Part Six of Regulation (EU) 2019/2033 of the European Council and the Parliament of the Prudential Requirements of Investment Firms (hereinafter, "IFR") (the "Disclosures") and Directive (EU) 2019/2034 of the European Council and the Parliament on the Prudential Supervision of Investment Firms (hereinafter, "IFD"). The Disclosures, which are set out on the Company's website, are attached as an Appendix and have been initialed for identification purposes.

#### *Respective responsibilities*

2. The Company's Board of Directors is responsible for the preparation and fair presentation of the Disclosures in accordance with the IFR and IFD. 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 IFR and IFD.

#### *Scope of work performed*

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

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

*Conclusion*

5. Based on our work described in this report, nothing has come to our attention that causes us to believe that the Disclosures for the year ended 31 December 2025 are not fairly presented, in all material respects, in accordance with the requirements of IFR and IFD.

*Other matter*

6. Our report is solely for the purpose as set out above and is not to be used for any other purpose or to be distributed to any other parties without our prior consent in writing. This report relates only to the Disclosures required in accordance with IFR and IFD and does not extend to any financial statements or other financial information of the Company.

*Deloitte Limited*

Deloitte Limited  
Certified Public Accountants and Registered Auditors (Cyprus)  
Limassol, 27 May 2026

# Dragon Capital

## **PILLAR III DISCLOSURES** **DRAGON CAPITAL (CYPRUS) LTD**

YEAR ENDED 31 DECEMBER 2025

May 2026

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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<b>1. OVERVIEW</b> .....	<b>4</b>
1.1. COMPANY INCORPORATION AND PRINCIPAL ACTIVITIES.....	5
1.2. ORGANIZATIONAL STRUCTURE.....	6
1.3. SCOPE OF DISCLOSURES.....	7
1.4. DISCLOSURE POLICY.....	7
1.5. GOING CONCERN BASIS.....	7
1.6. OPERATING ENVIRONMENT OF THE COMPANY.....	8
<b>2. CORPORATE GOVERNANCE-BOARD AND COMMITTEES</b> .....	<b>10</b>
2.1. BOARD OF DIRECTORS.....	10
2.2. NUMBER OF DIRECTORSHIPS HELD BY MEMBERS OF THE BOARD.....	12
2.3. RISK COMMITTEE.....	13
2.4. INVESTMENT COMMITTEE.....	13
<b>3. RISK MANAGEMENT OBJECTIVES AND POLICIES</b> .....	<b>14</b>
3.1. RISK MANAGEMENT FRAMEWORK.....	14
3.2. RISK MANAGEMENT FUNCTION.....	15
3.3. INTERNAL AUDIT FUNCTION.....	17
3.4. COMPLIANCE AND ANTI-MONEY LAUNDERING COMPLIANCE OFFICER.....	17
<b>4. INTERNAL CAPITAL ADEQUACY AND RISK ASSESSMENT ("ICARA")</b> .....	<b>19</b>
<b>5. PRINCIPAL RISKS</b> .....	<b>20</b>
5.1. RISK TO CLIENT.....	20
5.2. RISK TO MARKET.....	22
5.3. RISK TO FIRM.....	23
<b>6. OTHER RISKS</b> .....	<b>24</b>
6.1. COMPLIANCE RISK.....	24
6.2. LIQUIDITY RISK.....	24
<b>7. OWN FUNDS</b> .....	<b>25</b>
<b>8. MINIMUM CAPITAL REQUIREMENT</b> .....	<b>28</b>
8.1 CAPITAL REQUIREMENTS.....	28
8.2 FIXED OVERHEADS REQUIREMENT ("FOR").....	28
8.3 PERMANENT MINIMUM CAPITAL REQUIREMENT ("PMCR").....	28
8.4 "K-FACTOR" CAPITAL REQUIREMENT.....	28
<b>REMUNERATION POLICY</b> .....	<b>31</b>
<b>APPENDIX 1: OWN FUNDS</b> .....	<b>35</b>



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## 1. OVERVIEW

Since 26 June 2021, Dragon Capital (Cyprus) Limited ("the Company" or "DCCL") 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 Cyprus Law on 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 Process, and the Liquidity Requirement, among others.

The Company is a Class 2 CIF and is required to hold €750k (\$882 equivalently) of initial capital, set in accordance with Article 14 of the IFR and Article 9 of the IFD.

The IFR/IFD framework consists of three Pillars that are used to regulate, supervise and improve the risk management of firms in the financial services industry. The three Pillars and their applicability to the Company, are summarised below:

- 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, allowing market participants to view and compare meaningful information relating to the Company and its peers.

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### **1.1. Company Incorporation and Principal Activities**

The Company is domiciled in Cyprus and was incorporated on 2 February 2006, as a private limited liability company under the Cyprus Companies Law, Cap. 113. The Company is authorized and regulated as a Cypriot Investment Firm ("CIF") by the Cyprus Securities and Exchange Commission (CySEC) under License Number 112/10 with LEI code 213800A5US82UYY9H485.

According to its CIF license, the Company is authorized to provide the following investment and ancillary services:

#### **Investment Services**

- Reception and transmission of orders in relation to one or more financial instruments;
- Execution of orders on behalf of clients;
- Dealing on own account;
- Provision of investment advice;
- Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
- Placing of financial instruments without a firm commitment basis.

#### **Ancillary Services**

- 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;
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
- Foreign exchange services where these are connected to the provision of investment services;
- Investment research and financial analysis or other forms;
- Services related to underwriting.

The above services can be offered for the following financial instruments:

#### **Financial Instruments**

- Transferable securities;
- Money-market instruments;
- Units in collective investment undertakings;
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;

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- Options, futures, swaps and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market;
- Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in the previous point above and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- Financial contracts for differences;
- Options, futures, swaps, forward-rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF.

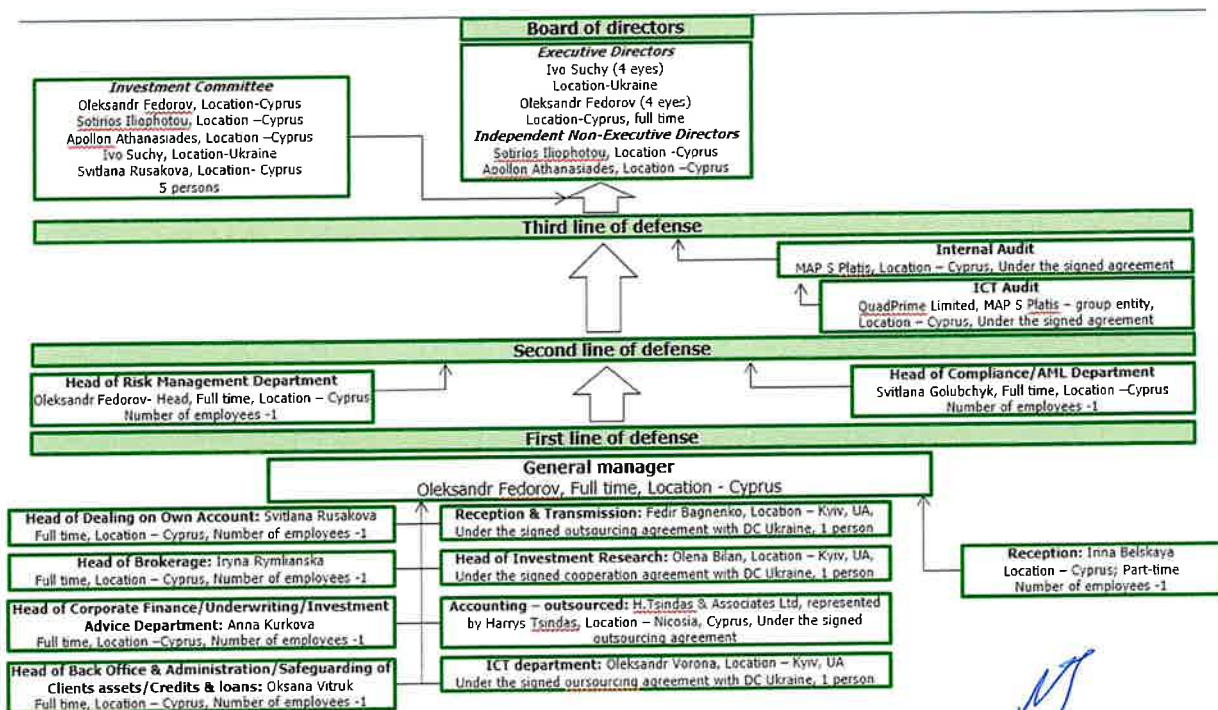
The Company applied for extension of authorization in 2025 – portfolio management activation is deemed necessary for further potential business development. Extension was not granted in 2025 – the Company is awaiting decision of the Commission. The Company was not approached by the Commission for extra explanations or comments.

## 1.2. Organizational structure

The Company's organisational structure with three lines of defence:

### Organizational structure

January 1<sup>st</sup>, 2026



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### ***1.3. Scope of disclosures***

As at 31 December 2025, the Company was controlled by Tomas Fiala (the "UBO") who owned 99,01% of the Company's shares. The Company is related to Conebond Limited, a Cyprus registered company, due to structure of ownership.

The Pillar 3 Disclosures for the year ended 31 December 2025 are prepared on an individual (solo) basis, as it does not fall under the scope of prudential consolidation based on the provisions of Article 7 of the IFR. The Company also prepares its Financial Statements on an individual (solo) basis, in accordance with the International Financial Reporting Standards ("IFRS").

### ***1.4. Disclosure Policy***

This report represents the Pillar III Disclosures of the Company as at the end of 2025 and has been prepared in compliance with Part Six of the IFR. To this end, reference date is set to be the 31<sup>st</sup> of December 2025. The reporting currency of the Company is the US Dollar (\$).

The Company discloses information in relation to its capital requirements on an annual basis. The disclosures are usually published on the Company's website <https://dccl.com.cy/en/pillar-iii/>, following of the publication of the financial statements.

### ***1.5. Going concern basis***

The Company as at 31 December 2025 was in net current position of US\$43 855 767 (2024: US\$37 022 922) during the year the Company has made a profit of US\$6 852 266 (2024: US\$12 401 187). The Company continued to demonstrate a positive trend in profitability, driven by the stabilization of the macroeconomic environment.

The Company's financial statements have been prepared on going concern basis as:

- I. The management of the Company does not expect worsening of market conditions in Ukraine due to the stabilizing economic recovery and support from international financial institutions. Despite the ongoing conflict, Ukraine's real GDP growth rate was 2,2% in 2025. Additionally, foreign aid and continued financial support from the IMF, alongside fiscal measures and structural reforms, have helped stabilize the economy and mitigate potential risks. Despite challenging economic environment, the Company continued demonstrating growth of its trading portfolio and securing positive results for its shareholder. The Company does not plan to expand significantly the range of trading financial instruments, keeping its risk profile low and in line with conservative investment approach.
- II. There is no expectation worsening of market conditions due to stabilization of military action, macro support of global partners, that significantly contribute to investors' confidence. As per management assessment and available financial information as of today, the Company performed profits for the period and remains financially strong and solvent with significant value in net asset and net current asset position. The Company's risk management policies are established to

identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

- III. No trading counterparties restricted the Company due to war in Ukraine and all trading lines of the Company continue to be active in usual manner. No clients left the Company due to war in Ukraine and the Company continues execution of clients' orders in usual manner.
- IV. The management is continuously assessing the financial position of the Company, which continues to maintain a strong net asset and current asset position, along with profits generated in the first months of 2026.
- V. As per management's assessment, the Company remains financially stable, strong, and solvent, with sufficient level of own eligible funds and liquid funds that are held at European Union based credit institutions.

### ***1.6. Operating environment of the Company***

The Company's performance is influenced by the operating environment of Cyprus, as the country in which it operates, as well as by the economic and geopolitical conditions of the regions connected to the financial instruments it holds (e.g., Ukraine).

#### **Cyprus operating environment**

The government has continued its efforts to attract foreign direct investment, particularly in renewable energy, technology, and infrastructure, contributing to the diversification and sustainability of the economic base. These initiatives present both opportunities for growth and risks associated with global economic volatility and regional uncertainties.

Cyprus' fiscal position remains strong, with a projected budget surplus and robust revenue growth, reflecting improved fiscal discipline and financial stability. Additionally, the country's credit rating was upgraded to A3 by Moody's in November 2024, marking a significant step toward maintaining financial stability and enhancing investment attractiveness.

On 31 December 2025, Cyprus enacted significant tax reform measures, with most changes effective from 1 January 2026. Among the most notable changes anticipated to impact most companies are, without limitation, the increase in the corporate income tax rate from 12.5% to 15%, the extension of the corporation tax loss carry forward period from 5 to 7 years, the abolishment of the deemed dividend distribution rules for corporate profits earned after 1 January 2026.

#### **Ukraine political and economic environment**

The Russian invasion of Ukraine, which started on Feb. 24, 2022, has entered its fifth year, continuing to negatively affect the domestic economy and business environment. Since late 2022, the war has been mostly dominated by attritional battles, with each side making only limited progress on the ground despite a high intensity of fighting. Following limited territorial changes from their 2023 counteroffensives

and constrained by manpower and ammunition shortages, Ukrainian forces adopted a defensive posture in late 2023. Despite ongoing offensive pressure, Russian advances have since remained limited.

As of end-2025, Russian forces were assessed to be in control of an estimated 117,000 km<sup>2</sup> or 19.4% of Ukraine, with the Russian-occupied area remaining much smaller than at the peak of the invasion in March 2022 (est. 152,000 km<sup>2</sup> or 25% of Ukraine). The Russian-occupied territory comprises parts of the Luhansk and Donetsk regions in the east as well as Zaporizhya and Kherson regions and Crimea in the south. Approximately 40% of the area currently under Russian control was captured during the first phase of Russian military aggression against Ukraine in 2014-2015 (Crimea and parts of the two eastern regions).

The prospects for peace remained uncertain as of this publication, despite intensified US diplomatic efforts, with Russia continuing to insist on its maximalist demands including Ukraine's withdrawal from the unoccupied part of the Donetsk region, which Ukraine refuses to accept.

The Ukrainian economy returned to growth in 2023 following a 28.8% slump in 2022 caused by the Russian invasion, as massive financial support from international financial institutions (IFI) and partner countries allowed the government to preserve macroeconomic stability. Real GDP expanded by 5.5% y-o-y in 2023 and 3.2% y-o-y in 2024, supported by businesses adaptation to the war, partial recovery in consumer confidence, resumption of exports via Black Sea ports and growth in domestic military production. Russian attacks on the domestic energy infrastructure in the winter of 2022/23 and throughout the most of 2024 caused sizable energy shortages, which undermined the pace of economic recovery. Economic recovery was also constrained by labor shortages stemming from a refugee exodus in the first year of the war, internal migration away from the war zone, and continued mobilization. Real GDP growth slowed further to 2.2% y-o-y in 2025, according to the Economy Ministry, affected Russia's attacks on power and gas infrastructure in 1Q25 and 4Q25, the shutdown of a major coking coal mine in January 2025 following Russian advances in Donetsk region, and the halt of Russian gas transit. Russia paused its attacks on Ukrainian critical infrastructure in 2Q-3Q25 due to a US-brokered "energy ceasefire," which allowed for repairing some of the previous damage. The economy also remained supported by robust domestic consumption, further expansion of military production, and incipient recovery in hryvnia bank lending.

Headline inflation, which peaked at 26.6% year-on-year at end-2022, declined sharply to 3.2% by March 2024, supported by macroeconomic stabilization, including the UAH:USD exchange rate, a strong 2023 harvest, and lower logistics costs. Inflation rebounded again to 12.0% y-o-y by end-2024 and peaked at 15.9% in May 2025, fueled by surging electricity prices for business caused by energy-sector damage, a hike in retail electricity tariffs, strong salary growth on the back of persisting labor shortages, and a food supply shock due to adverse weather conditions. Inflation turned on a downward trend in mid-2025 and slowed to 8.0% y-o-y by end-2025 on a fading pass-through effect from higher energy costs, normalized fruit and vegetable supply after the previous year's weather-related shortages, and high base effects in retail electricity prices.

Ukraine's budgetary performance deteriorated sharply as the war started, with the state budget deficit ballooning to UAH 1,775bn in 2023, UAH 1,838bn in 2024, and hitting a new record of UAH 2,160bn in 2025 (all tallies net of UAH 433bn, UAH 474bn, and UAH 530bn of foreign grants, respectively), up from UAH 193bn in 2021. The deficit expansion was fueled by military spending, while tax revenues slid to UAH 950bn in 2022 from UAH 1,107bn in 2021 due to an output collapse and temporary tax breaks introduced in the first months of the war with the aim of avoiding shortages of different goods. Tax

receipts recovered to UAH 1,647bn in 2024 thanks to the introduction of a windfall bank tax, reinstatement of pre-war fuel taxes, and broader economic recovery supporting tax collection. Tax revenues grew to UAH 1,838bn in 11M25, up from 1,490bn in 11M24, supported by earlier fiscal measures (higher military duty rate and wider base, bank windfall tax, and increased fuel/tobacco excises), acceleration of domestic inflation, and robust import growth.

Huge financial support from IFIs and other foreign partners enabled the Ukrainian government to finance a much wider budget deficit and supported the country's external position. Ukraine received \$52bn of foreign budget support in 2025, up from \$42bn annual inflows in 2024 and 2023, and up from \$31bn in 2022. The IMF was instrumental in soliciting necessary financial aid and ensuring its regular disbursement. The Fund's \$15.6bn four-year Extended Fund Facility (EFF) program for Ukraine, approved in March 2023, served as an anchor for support from other foreign partners. On Sep. 9, 2025, the government requested a new IMF program due to the war's longer-than-expected duration. A staff-level agreement on a \$8.1bn four-year EFF program was reached on Nov. 26, with the program expected to catalyze \$136.5bn in external support to cover Ukraine's external funding gap in 2026-29.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 23 to the financial statements.

The Management of the Company does not expect substantial worsening of market conditions in Ukraine due to the stable economic environment driven by international financial support, the successful adaptation of domestic businesses to the ongoing war, low banking sector risks and sizable central bank reserves ensuring foreign exchange market stability. Furthermore, despite the ongoing conflict and infrastructure damage, positive factors such as increased foreign aid, availability of seaborne exports, and robust agricultural production are expected to continue supporting the country's economic growth and fiscal stability.

The financial effect on the global economy and the overall business activities of the Company cannot be estimated with reasonable certainty at this stage, due to the high level of uncertainties arising from the inability to reliably predict the outcome. Management will continue to monitor the situation closely and take appropriate actions when and if needed.

## 2. CORPORATE GOVERNANCE-BOARD AND COMMITTEES

### 2.1. Board of Directors

The Board of Directors (the "Board") comprises of four members, two (2) which are Executive Directors and two (2) which are Non-Executive (Independent) Directors. The majority of the members of the Board of the Company, including the General Manager, are residents of the Republic of Cyprus. One Executive Director is resident of the Republic of Ukraine, who was approved by CySEC, and provides additional insights and opinions on local Ukrainian financial market developments that help Company align its overall strategy.

The duties of the Board include:

- Formulate the Company's strategy in terms of development of existing and new services;

- Establish and implement a sound risk strategy, risk appetite, risk culture and risk management framework;
- Govern the organization by broad/specific policies, procedures and objectives;
- Ensure that the Company maintains and implements adequate internal control mechanism;
- Ensure that the Company complies with its legal obligations to CySEC;
- Assess and review on regular basis the effectiveness of Company's policies, procedures and arrangements in place and their compliance with the relevant Laws and Directives issued by EU governing bodies and the Commission;
- Monitor the performance of the Investment Committee;
- Ensure that sufficient and experienced personnel and resources are available to the Company to carry out its operations;
- Ensure that the Compliance /AMLRO function has necessary authority, expertise, sufficient resources and direct access to all relevant information in order to be able to monitor the activities performed by the employees and assess its knowledge and competence;
- Implement and monitor Internal Capital Adequacy Assessment Process in order to appropriately identify and measure any risks, to set appropriate level of internal capital in relation to Company's risk profile and to apply and further develop a suitable risk-management and internal control systems;
- Ensure that the Board receives on a regular (at least annual basis) written reports from the Compliance/AML officer, Risk Management Officer and Internal Audit Function, follows up any issues raised as well as ensure that remedial measures have been taken in the event of any deficiencies;
- Approve and oversee the remuneration policy of the Company;
- Appoint and replace Head of Compliance /AML Officer.

Head of Compliance/AML Department, Head of Risk Management Department, Internal Audit service provider are responsible for the provision of periodic (at least annual) reports to the Board.

The Board meets as a minimum four times per year at Company's office in Cyprus. The Board follows a formal procedure for scheduling of its meetings of matters that the Board needs to take decisions. Minutes are always taken during the meeting and signed by the Chairman and the Secretary of the Company. Decisions taken at Board Meetings should be by a majority of votes.

During 2025, the Board met nine (7) times. All meetings of the Board have been held at the registered office of the Company in Cyprus. Furthermore, two (2) resolutions regarding operational matters of the Company were adopted in 2025.

The Board oversees the Risk Management Function. The Risk Management Function reports directly to the Board. In addition, the members of the Board receive quarterly risk management reports. The main goal of such reporting is to increase awareness of the Board of current developments of the Company and to monitor the compliance with requirements set by risk management framework - risk management arrangements, processes and mechanism. Quarterly report contains information on trading/investment activity developments, Capital Adequacy developments and levels, compliance with set requirements of risk management framework/policy, results of the follow up review. Quarterly Risk Management Reports

are deemed as one of the instruments of the operational risk control for the coverage and mitigation of risks.

**Aspects of the diversity**

The Board understands diversity to include, but not be limited to the following diversity aspects: educational and professional background, gender, age and geographical provenance (if applicable) etc. and is committed to promoting each of these aspects of diversity.

The Board is responsible for the implementation of the "Policy on the assessment of the suitability of members of the Board of Directors and key function holders" and shall have regard to the Board's commitments in relation to diversity when identifying and nominating candidates.

Board appointments will be based on merit and candidates will be considered against objective criteria.

The Board will be oriented to hire women as members of the Board of Directors. Taking into account the size, nature and provided services there in no concrete target and timeframe. During the process of Board of Directors formation educational and professional background, age and geographical provenance will be taken into account.

**2.2. Number of directorships held by members of the Board**

**Table 1** below provides information on the number of directorships each member of the management body of the Company holds at the same time in other entities [including the directorship held in Dragon Capital (Cyprus) Limited]. Directorships in organisations which do not pursue predominantly commercial objectives, such as non-profit or charitable organizations, are not taken into account for the purposes of the below. Furthermore, executive or non-executive directorships held within the same group, are considered as a single directorship.

**Table 1: Board's Directorships**

Name of Director	Executive Directorships	Non-Executive Directorships
Mr. Oleksandr Fedorov	1	-
Mr. Ivo Suchy	3	-
Mr. Apollon Athanasiades	1	2
Mr. Sotirios Iliophotou	-	1

*Note: Directorships held in non-commercial organizations are not included.*

Taking into consideration the fact that the Company's on-and off-balance sheet assets is on average, over the last four financial years, lower than EUR 100 million, the Company does not satisfy the definition of a "Significant CIF", as per the provisions of the latest CySEC Circular C487.

### **2.3. Risk Committee**

Having assessed the complexity and scale of the Company's trading activity, its size and scale of business, the Company did not set up a Risk Committee. Risk issues are covered by the Risk Management Department of the Company with direct reporting to the management body.

### **2.4. Investment Committee**

Currently the Company has 1 committee - Investment committee. Having assessed the scope and complexity of its business the Company does not consider establishing any additional committees and will review such option in future. The purpose of the Investment Committee is to contribute towards the formation of Company's trading policy by examining investment opportunities and analysing their potential.

The Investment Committee's main responsibilities are the following:

- Meet at least annually;
- Provide a framework on which investment decisions for investment of own funds will be based;
- Develop own funds trading policies and procedures;
- Set the Company's trading policy;
- Predetermine the markets and the financial instruments in which the Company operates;
- Deal with any other matters relating to Company's investment activity;
- In close cooperation with Risk Management Function, which is responsible for the ICARA practical process and implementation, in order to develop recommendations for trading limits; and
- Communicate the above decisions to the Board.

Provision of a framework on which investment decisions are based:

- Decisions are taken with a majority vote;
- In case of an unusual event occurring in the markets, the Investment Committee will reassess its position with an extraordinary meeting;
- Meetings are called with 48-hours notice to members.

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### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

#### ***3.1. Risk Management Framework***

Company's risk management framework is an integral part of the overall internal control framework. The Company implements a holistic investment firm-wide risk management framework extending across all its business lines and internal units, including internal control functions, recognizing fully the economic substance of all its risk exposures including the risks the investment firm poses to itself, its customers and markets and liquidity risks, in particular those that can have a material impact on or deplete the level of own funds available. The risk management framework enables the Company to make fully informed decisions on risk-taking.

The primary objective of the Company's risk management is to ensure the company can clearly and effectively identify, measure, manage and monitor:

- (a) material sources and effects of risk to clients and any material impact on own funds;
- (b) material sources and effects of risk to market and any material impact on own funds;
- (c) material sources and effects of risk to the Company, in particular those which can deplete the level of own funds available; and
- (d) liquidity risk over an appropriate set of time horizons, including intra-day, so as to ensure that the Company maintains adequate levels of liquid resources, including in respect of addressing material sources of risks

Risk management framework ensures that the Company complies with externally imposed capital requirements and that the Company maintains healthy capital ratios in order to support its business and to maximize shareholders' value. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of its activities.

Risk Management Framework of the Company consists of three major elements:

1. Risk management Policy (including risk management framework for ICT and Security risks)
2. ICARA
3. Trading Book Policy

All elements of the framework are interconnected and aim to address various types of risks from different perspectives. Risk management framework aims to effectively identify, manage, monitor and report the risks that the Company is or might be exposed to, or the risks that it poses or might pose to others.

Risk management policy covers all major risks faced by the Company, including ICT and security risks, in its daily operations and ways to control and mitigate them.

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ICARA covers risks not fully covered by Risk Management Policy and set standards for overall risk tolerance and acceptance. The updated ICARA pays more attention to the business model of the Company. Risk Management function carefully identifies and monitors potential harms from both the market and the client.

Trading Book Policy provides additional guidelines for mitigation techniques and controls of risk, covered in Risk Management Policy and additionally integrates risk tolerance levels set by the ICARA in daily operations.

Risk Management Framework (including Risk Management Policy, ICARA process (including ICARA Report), Trading Book Policy) are reviewed on regular basis, at least annually, by Head of Risk Department and further reviewed and approved by the Board. Review is performed in order to identify any deficiencies and promptly react to those, securing the adequacy and effectiveness of the framework.

### ***3.2. Risk Management Function***

The Risk Management function operates independently and monitors the adequacy and effectiveness of policies and procedures, the level of compliance to those policies and procedures, in order to identify deficiencies and rectify.

The Head of the Risk Department is responsible for:

- Establishing, implementing and maintaining adequate risk management policies and procedures which identify the risks relating to Company's activities, processes and systems;
- Setting Company's risk tolerance;
- Developing internal control mechanisms, effective procedures for risk assessment, effective control and safeguard arrangements for information processing systems;
- Adopting effective arrangements, processes and mechanisms to manage the risks relating to the Company's activities, processes and systems in light of the set risk tolerance;
- Analyzing for the Investment Committee the potential hazards associated with the recommended framework on which the investment decisions/advice are based;
- Credit assessment (quality and financial analysis of client) to which a credit of loan is granted according to Dragon's risk criteria and limits;
- Credit assessment of counterparties and classification of the counterparty according to Company's risk criteria and limits;
- Monitoring of investment risk undertaken by Dragon for each client, counterparty and as a whole;
- Monitoring of brokerage and own account transactions as regards to adherence to established risk limits;
- Monitoring of day-to-day operational risks;
- Monitoring of credits and loans to clients;
- Building and promoting a risk awareness culture within the Company, including ICARA, and providing the relevant training;

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- Ensuring that the Company complies with its continuous prudential supervision obligations to CySEC such as the submission of Capital Adequacy Ratio, contribution to Investors Compensation Fund, etc.;
- Monitoring the adequacy and effectiveness of its risk management policies and procedures;
- Monitoring the level of compliance by the Company and its employees with the arrangements, processes and mechanisms adopted;
- Monitoring the adequacy and effectiveness of measures taken to address any deficiencies in the risk management policies, arrangements and procedures;
- Reporting to Senior Management/Board at least annually on risk management issues (submission of annual Risk Management Report), indicating in particular whether appropriate remedial measures have been taken.

### **Risk limit monitoring**

All trading activities are counted without delay towards the corresponding limits of Trading Book Limits System and every trader should be informed promptly of the limits relevant to them and of their current level of utilization.

All individual positions are aggregated into the overall risk position at least once a day at the close of trading.

### **Risk appetite of the Company**

Under the utilized business model the Company follows strictly conservative approach in acceptance and further treatment of risks, associated with Company's operations. The Company in its capacity assesses and accepts aggregate level of risk in order to achieve its strategic objectives. Such assessment translates all material risks into specific risk limits.

The Company's approach to calculating its own capital requirements is based on the combination of minimum capital requirement for risks coverage under current prudential supervision framework and additional capital (overhead capital), calculated during the internal assessment of risks faced. Carefully assessing its business model and operational environment, Risk management function of the Company identifies potential risks that need to be covered, their numerical impact under various scenarios and amount of capital that can cover potential risks impact.

Under holistic Company-wide risk management framework extending across all the organisation, recognising fully the economic substance of all its risk exposures including the risks the Company poses to itself, its customers and markets, market risk is seen by the Company as one of the main risks to address due to Company's business model – the Company is actively engaged in dealing on own account in debt and equity instruments. Market risk is address via Trading Book Limits System, which is an integral part of Risk Management Policy and ICARA Process. Limits for Trading Book Limits System are recommended by the Head of Risk Management and approved by the Investment Committee and further

approved by the Board of Directors. Under annual review the limits can be revised depending on the market conditions and the Company's risk appetite.

Based on the business model of the Company, its operational environment, organizational structure and internal governance, risk management framework and risk profile, the Company deems it proper to maintain minimum ICARA capital range of 600-700% of required minimum under prudential supervision.

### **3.3. Internal Audit Function**

The Internal Audit function ensures that there is adequate planning, control and recording of all audit and review work performed, that there is timely reporting of findings, conclusions and recommendations to the Board, and that matters or risks highlighted in the relevant reports are followed up and resolved satisfactorily.

The Internal Audit function is outsourced and has the following responsibilities:

- To establish, implement and maintain an audit plan and to examine and evaluate the adequacy and effectiveness of IT systems, internal control mechanisms and arrangements;
- To issue recommendations based on the result of the audit;
- To verify compliance with the recommendations; and
- To report in relation to internal audit matters to the Senior Management, the Board and to the regulators.

The Senior Management and the Board assess and periodically review the effectiveness of the policies, arrangements and procedures put in place to comply with the regulatory obligations and to take appropriate measures to address deficiencies. The internal auditor issues the written reports to the Senior Management/Board on an annual basis, containing information on regulatory compliance, risk management/compliance and other internal audit findings indicating in particular whether the appropriate remedial measures have been taken into consideration with regards to any deficiencies. These reports on the same matters are presented and discussed during the meetings of the Board. In cases of serious irregularities such as money embezzlement, money laundering, market manipulation, etc., the Board is immediately informed in order for immediate actions to be taken.

### **3.4. Compliance and Anti-Money Laundering Compliance Officer**

During 2025, the Compliance and AMLCO Function were performed by the same person. The Compliance and Anti-Money Laundering Compliance Officer is independent of all operational and business functions and reports directly to the Board. More specifically this officer is responsible for the following:

- To design and build upon the general principles of the Company, the internal policies, procedures and controls relevant to the prevention and suppression of Money Laundering and Terrorist Financing;

- To develop and establish the Client Acceptance Policy, which require submission to the Board for approval;
- To review and update the AML Manual as may be required from time to time, and for such updates to be communicated to the Board for their approval;
- To implement the guidelines and broad instructions issued by the member of the Board responsible for AML, and create efficient and transparent processes to be followed across the Company, based on the said broad instructions and guidelines;
- To receive information from the Company's employees which is considered to be knowledge or suspicion of money laundering or terrorist financing activities or might be related with such activities. The information is received in a written report form ("Internal Suspicion Report");
- To evaluate and examine the information received in a written report form and to take appropriate actions;
- To ensure the preparation, maintenance and update of the lists of Clients categorised following a risk-based approach;
- To detect, record and evaluate, at least on an annual basis, all risks arising from existing and new Clients, new financial instruments and services, and amend and update the systems and procedures applied by the Company for the effective management of the aforementioned risks;
- To identify the third person, which the Company relies and/or shall rely for applying customer due diligence and identification procedures of the Clients, by providing his written consent for the relevant reliance. The written consent must be kept in the personal records of the third person;
- To ensure that the branches and subsidiaries of the Company, if any, that operate in countries outside the EEA, have taken all necessary measures for achieving full compliance with the provisions of the Manual, in relation to Client identification, due diligence and record keeping procedures;
- To provide advice and guidance to the employees of the Company on subjects related to Money Laundering and Terrorist Financing;
- To acquire the knowledge and skills required for the improvement of the appropriate procedures for recognising, preventing and obstructing any transactions and activities that are suspected to be associated with Money Laundering or Terrorist Financing;
- Provision of training as required;
- Timely submission of the Monthly Prevention statement to CySEC;
- The preparation of the Annual Report;
- To respond to all requests and queries from the Unit and CySEC, and to provide all requested information and fully cooperate with the Unit and CySEC;

The Compliance and Anti-Money Laundering Compliance Officer has access to the documents and information required for performing the relevant duties and responsibilities.

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#### **4. INTERNAL CAPITAL ADEQUACY AND RISK ASSESSMENT (“ICARA”)**

During 2025, the Company has prepared its Internal Capital Adequacy and Risk Assessment (“ICARA”) Process, through which it ensured full alignment with the IFR & IFD framework and the Cyprus Law 165(I)/2021 on the Prudential Supervision of CIFs. This will form the basis of the Company’s Pillar II requirements that the Company views as the additional amount of capital and liquidity it needs to hold against any risks that are not covered by Pillar I.

The purpose of the ICARA Process is to ensure that the Company has sufficient capital at all times to cover the risks associated with its activities. ICARA process is used by the Company to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that the Company considers adequate to cover the nature and level of risks which the Company may pose to others and to which the investment firms themselves are or might be exposed. ICARA requires the Company not only to identify and assess risks and maintain sufficient capital to face these risks, but to apply appropriate risk-management techniques to ensure adequate capitalization on an ongoing basis.

Result of ICARA Process application is the ICARA Report. ICARA Report is produced annually and represents Company's own assessment of its internal capital requirements. ICARA report is reviewed and approved by the Board of Directors at least annually. The report addresses the current risk management framework, including policies, processes and procedures implemented, highlight their deficiencies, if any, and present recommendations for remedial action to be taken.

  
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## 5. PRINCIPAL RISKS

The Company aims to follow a continuous, active, and systematic Risk Management process of well-defined steps in order to understand, manage and communicate risks from a firm-wide perspective. This is achieved through the effective identification, assessment, treatment and reporting of internal and external risks.

### 5.1. Risk to Client

Risk to Client ("RtC") captures the risk that may be imposed onto the clients. RtC exists in the activities/services of a firm which are related to the client and are measured as a percentage of Clients Money Held (CMH), Assets Under Management (AUM), Assets Safeguarded & Administered (ASA) and Clients' Orders Handled (COH) that are explained below:

- K-AUM (Assets Under Management) is the value of assets that an investment firm manages for its clients under both discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature. Even though the Company is authorized to provide Investment Advice service, this is not offered to clients in connection with trading activity/transactions execution. Investment Advice authorization is used in connection with activities of Corporate Finance, Underwriting and Investment Advice Department. Therefore, the Company was not subject to the risk relating to this K-factor.
- K-CMH (Client Money Held) is the amount of client money that an investment firm holds, taking into account the legal arrangements in relation to asset segregation and irrespective of the national accounting regime applicable to client money held by the investment firm. Based on the reference year, as part of its business, the Company receives from its customers, cash deposits to enable them to perform transactions in financial instruments and to this end, it is subject to the risk captured by this K-factor.
- K-ASA (Assets Safeguarded and Administered) is the value of assets that an investment firm safeguards and administers for clients, irrespective of whether assets appear on the investment firm's own balance sheet or are in third-party accounts. During the year under review, the Company offered safeguarding services in relation to debt and equity securities. Therefore, the Company was subject to the risk relating to this K-factor.
- K-COH (Client Orders Handled) is the value of orders that an investment firm handles for clients through the reception and transmission of client orders and through the execution of orders on behalf of clients. The Company executes clients' orders by acting as an agent to their trades, therefore the risk reflected by this K-factor was applied for the year ending 31 December 2025.

### K-CMH

The Company makes adequate arrangements to safeguard the ownership rights of its clients, especially in the event of the Company's insolvency, and prevents the use of client's funds for its own account. Firstly, upon receiving customer funds DCCL will place them immediately in segregated accounts.

The Company exercises all due skill, care and diligence in the selection, appointment, and periodic review of the third party and of arrangements for the holding and safekeeping of client's funds.

Also, the Company considers the need for diversification of accounts used for clients' funds/financial instruments with several reputable banking/custodian institutions. If the Company decides to deposit client funds with a credit institution, bank, or money market fund of the same group as the Company, the Company will limit the funds that it deposits with any such group entity or combination of any such group entities so that funds do not exceed 20% of all such funds.

In addition, Customer assets are deposited in reputable authorized banks in either EU or third countries and DCCL performs periodic reviews (at least annually) of the banks and of their arrangements for the safekeeping of the funds and makes decision whether it will continue to keep accounts with the current provider.

### **K-ASA**

DCCL deposits financial instruments held on behalf of its clients into an account or accounts opened with a third party, provided that DCCL exercises all due skill, care and diligence in the selection, appointment and periodic review of the third party and of arrangements for the holding and safekeeping of those financial instruments.

The Company's assessment of third parties is based among others on scoring system for the evaluation of the risks (for example, creditworthiness) associated with third party. Also, the company ensures that controls are in place to reduce the risk of customers assets being misused or lost because of inadequate record-keeping or negligence.

The Company considers diversifying Clients' funds into other institutions as per the provisions of Paragraph 6(2) of Directive DI87-01 and Part D of Circular C458. The Company is in discussion with Santander Bank, Poland for accounts opening/banking and custody services. The Company currently cooperates with Santander Bank, Poland-Santander Bank acts as Company's prime broker for orders execution. This is to ensure that the Company has arrangements in place to hold Client assets in separate accounts from the Company's own bank accounts and also ensure that reconciliations of Client balances are performed on a regular basis and are properly filed.

### **K-COH**

The Company has a process in place by which it assesses the execution venues on which it relies upon to execute the orders of its clients, and that it monitors the credit standing and overall position of this party to ensure that the risk of losses arising for the client because of the failure of such a party to execute a transaction, is minimized to the greatest extent possible.

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## 5.2. Risk to Market

Risk to Market ("RtM") is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, interest rates, foreign exchange rates and commodity prices. Market risk arises from the Company's exposures to financial instruments and to changes in the market prices of these financial instruments. Market risk comprises of equity risk, foreign exchange risk and commodity risk. There are two K-factors that capture the principal risks under RtM:

- K-NPR (Net Position Risk) means the value of transactions recorded in the Trading Book of an investment firm, as well as transactions in the Banking Book which give rise to Foreign Exchange and/or Commodity Risk. This k-factor is based on the rules for Market Risk for positions in equities, interest rate financial instruments, foreign exchange and commodities in accordance with CRR. Therefore, K-NPR captures the Market Risk, which is defined as the risk that the Company's income or the value of its holdings of financial instruments will change due to the change in market risk factors (market prices, non-trading book interest rates, non-trading book foreign exchange rates). Exposure to market risk at any point in time depends primarily on short term market conditions and the levels of client activity. Based on the reference year, this K-factor is applicable to the Company.
- K-CMG (Clearing Margin Given) 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. 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. Based on the reference year, this K-factor was not applicable to the Company due to the nature of its operations.

### K-NPR

The Company's exposures to Market risk arise from the trading of Ukrainian Eurobonds traded OTC and global equity and bonds traded on the global organised markets – UK, US, EU.

DCCL manages, controls, and mitigates its exposure to Market Risk using the methodology of "mark to market" and trading limits system.

Overall operational environment for market risk control is back/middle office system 1C with built in Risk Management Module. Automatic price upload allows automatic control of current valuation of positions taken and their correspondence to set trading limits and stop loss limits.

This system is developed to limit possible market risk exposure through individual limitation of exposures in instruments traded by Dealing on Own Account Department. Set limits do not allow to take more risks than Company care bare under set risk profile. Along with that limit system defines individual stop-loss levels taking into consideration market volatility of different products. This approach allows better position management and capital-under-risk control through decrease of market risk accepted.

### **5.3. Risk to Firm**

Risk to Firm ("RtF") captures an investment firm's exposure to the Risk of Default of its Trading Counterparties (K-TCD), the Concentration Risk arising from its exposures to counterparties and their connected persons (K-CON) and Operational Risks from its Daily Trading Flow of transactions (K-DTF).

- K-TCD (Trading Counterparty Default) means the exposures in the Trading Book of an investment firm in instruments and transactions referred to in Article 25 of the IFR, which give rise to the risk of a counterparty's default. In particular, it looks at the risk of losses arising from the default of a counterparty with which a company maintains open Trading Book positions in derivatives and other specified transactions and includes positions with both clients and liquidity providers. The Company, throughout the year under review, was exposed to TCD due to its over-the-counter ("OTC") derivative transactions (i.e. Currency Swaps).
- K-DTF (Daily Trading Flow) is the daily value of transactions that an investment firm enters into through dealing on own account or through the execution of orders on behalf of clients in its own name, excluding the value of orders that an investment firm handles for clients through the reception and transmission of client orders and through the execution of orders on behalf of clients which are already taken into account in the scope of client orders handled. The Company is exposed to DTF due to the fact that it executes trades on a principal basis (i.e. dealing on own account).
- K-CON (Concentration Risk) captures large exposures in the Trading Book to counterparties and groups of connected counterparties, including issuers of Trading Book financial instruments. The Company was not exposed to this risk during the year under review.

#### **K- TCD**

Dragon Capital implemented and utilized several risk mitigation techniques for non-centrally cleared derivatives (FX swaps for settlement process). Among the techniques utilized in 2025 the following can be observed: timely confirmations, portfolio reconciliations, mark-to-market valuation (in connection with trading book limit system), dispute resolution and collateral allocation.

#### **K-DTF**

The Company manages operational risk through a control-based environment in which processes are documented and transactions are reconciled and monitored using "four-eye" principal. The Company has three layers in organization structure: front office, middle office, and back office. A minimum of two parts take part in each workflow. Front office does trade, back office settles this trades and risk management controls correctness of this deal regarding limits. "Four-eye" principal implements in all processes thus errors can be detected in any steps.

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## 6. Other Risks

### 6.1. Compliance Risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from noncompliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Company.

### 6.2. Liquidity Risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The risk management department performs the following tasks regarding liquidity risk:

- Provides the framework for liquidity risk measurement
- Monitor liquidity risk
- Manage liquidity position (short and long term)
- Evaluate and manage liquidity related contingencies

This particular attention is paid when setting limits to risk, in the case of insufficient market liquidity of individual products, of not being able to conclude contracts or not being able to conclude them on the expected terms for the purpose of managing positions and that payment obligations can be met on settlement dates or in respect of margin calls.

Also, the Company follows the Liquidity requirement set by the new IFR/IFD framework. As at 31 December 2025 the Company satisfied the Liquidity Requirement.

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**Table 2: Template EU IF CC1.01 - Composition of Regulatory Own Funds**

		<b>Amounts (\$'000)</b>	<b>Source based on reference numbers/letters of the balance sheet in the audited financial statements (Cross Reference to EU IF CC2)</b>
Ref.	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	<b>OWN FUNDS</b>	<b>43.872</b>	
2	<b>TIER 1 CAPITAL</b>	<b>43.872</b>	
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>43.872</b>	
4	Fully paid-up capital instruments	10	Ref. 1 (Shareholders' Equity)
5	Share premium	22.678	Ref. 2 (Shareholders' Equity)
6	Retained earnings	21.246	Ref. 3 (Shareholders' Equity)
19	(-) Other intangible assets		
27	CET1: Other capital elements, deductions and adjustments	(62)	Ref. 2 (Assets)
28	<b>ADDITIONAL TIER 1 CAPITAL</b>	-	
40	<b>TIER 2 CAPITAL</b>	-	

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**Table 3: Template EU IFCC2: Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements**

		<b>Balance sheet as in published/audited financial statements</b>	<b>Cross reference to EU IF CC1</b>
		<b>As at 31 Dec 2025 (\$'000)</b>	
<b>Ref.</b>	<b>Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements</b>		
1	Property, plant and equipment	16	
2	Contribution to Investor Compensation Fund	62	Ref. 27
3	Trade and other receivables	2.534	
4	Financial assets at fair value through profit or loss-trading (Additional Valuation Adjustment)	40.321	
5	Refundable tax	76	
6	Cash and cash equivalents	4.058	
	<b>Total Assets</b>	<b>47.067</b>	
<b>Ref.</b>	<b>Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements</b>		
1	Trade and other payables	3.133	
	<b>Total Liabilities</b>	<b>3.133</b>	
<b>Ref.</b>	<b>Shareholders' Equity</b>		
1	Share capital	10	Ref.4
2	Share premium	22.678	Ref.5
3	Reserves	21.246	Ref.6
	<b>Total equity</b>	<b>43.934</b>	

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## 8. MINIMUM CAPITAL REQUIREMENT

### **8.1 Capital Requirements**

The IFR & IFD framework involves a different approach for calculating the Minimum Capital Requirements, which for Class 2 investment firms dictates that they are derived by taking the highest of the Fixed Overhead Requirement ("FOR"), the Permanent Minimum Capital Requirement ("PMCR") and the K-factors that apply to each investment firm.

### **8.2 Fixed Overheads Requirement ("FOR")**

The Company's policy is to monitor its FOR at least on a quarterly basis. 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 2025 amounted to \$296k.

### **8.3 Permanent Minimum Capital Requirement ("PMCR")**

The Company monitors its Own Funds on a continuous basis and ensures that they remain above the PMCR of €750k, which translates to \$882k, which corresponds to the initial capital that applies to the Company in accordance with Article 9 of the IFD.

### **8.4 "K-factor" Capital Requirement**

The Company calculates its overall "K-factor" Capital Requirement on a continuous basis, which is the sum of "K-factor requirements" grouped in three categories: Risk-to-Client (RtC), Risk-to-Market (RtM), Risk-to-Firm (RtF), in accordance with Articles 16 through to 33 of the IFR (and as described in further detail in Section 3). The total K-Factors as at 31 December 2025 amounted to \$4.600.

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**Table 4** breaks down the Pillar I minimum capital requirement that the Company was required to hold as of 31 December 2025.

**Table 4: Minimum Capital Requirements**

<b>Minimum Capital Requirements</b>		<b>31 December 2025 (\$'000)</b>
<b>K-Factor Requirement</b>		
Risk-to-Client (RtC)	K-AUM	-
	K-CMH	14
	K-ASA	20
	K-COH	-
Risk-to-Market (RtM)	K-NPR	4.565
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	-
	K-DTF	-
	K-CON	-
<b>Total K-Factor Requirement</b>		<b>4.600</b>
<b>Fixed Overhead Requirement – FOR</b>		<b>296</b>
<b>Permanent Minimum Capital Requirement – PMCR</b>		<b>882</b>

According to the IFR & IFD requirements, the Company’s Own Funds Requirement as at 31 December 2025 should have been at least the total K-Factor Requirement of \$4.600.

As indicated in **Table 5** below, as at 31 December 2025, the Capital Adequacy Ratio of the Company amounted to 953,82% which far exceeded the minimum required threshold of 100,00%, having also a capital surplus of \$39.272k.

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## REMUNERATION POLICY

The Company's Board is responsible for adopting and maintaining the remuneration policy and overseeing its implementation to ensure it is fully operating as intended. Furthermore, the Company's Board approves any subsequent material exemptions made for individual staff member and changes the remuneration policy and carefully consider and monitor their effects. In addition, the Board ensures that the Company's remuneration policies and practices are appropriately implemented and aligned with the Company's overall corporate governance framework, corporate culture, risk appetite and the related governance processes. Also, the Board provides effective input in accordance with their roles into the setting of bonus pools, performance criteria and remuneration awards where those functions have concerns regarding the impact on staff behaviour and the riskiness undertaken.

In order to avoid conflicts of interest the Company should identify and appropriately mitigate situation where conflicts of interest may rise, including establishment of the internal reporting system, appropriate controls and the four eyes principle. The remuneration policy should ensure that no material conflicts of interest arise for staff in control functions.

In order to adequately manage any related residual risk, the Company considers all relevant factors such as:

- Role performed by relevant persons;
- Type of products offered;
- Methods of distribution (e.g. non-advised, face-to-face or through telecommunications);
- Long-term value creation;
- Remuneration of the achievement of results on the basis of prudent, responsible risk bearing;
- Benchmark performance against the market; and
- Transparency in its remuneration policy etc.

### Remuneration characteristics

The Company's remuneration policy is structured taking into account the environment in which it operates and the results it achieves. It includes the following elements:

- **Fixed remuneration** based on the level of responsibility and the professional path of the employee within the Company, which constitutes a relevant part of total pay; and
- **Variable remuneration** linked to the achievement of previously established targets (multi-year period assessment), based on the assessment of the individual, the business unit, the overall results and prudent risk management.

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## Variable Remuneration

Variable remuneration is linked to the achievement of previously established targets (multi-year period assessment), based on the assessment of the individual, of the business unit, overall results and prudent risk management. Variable remuneration should not affect the Company's ability to ensure sound capital base.

Where variable remuneration is awarded, such awards should be based on the investment firms', staff's and, where applicable, business units' performance and take into account the risks taken.

The variable component of remuneration is designed to promote sound and effective risk management, discourage excessive risk-taking, align staff incentives with the long-term interests of the Firm, its clients, and the financial system, and support compliance with MiFID II, IFD/IFR, ESMA and EBA remuneration requirements, as well as operational resilience objectives under DORA.

Variable remuneration is not guaranteed, is performance-based, and is awarded only where it is sustainable according to the Firm's financial position and risk profile.

Decisions for senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on their risk profile and non-risk takers are based on performance in the year, measured against DCCL, departments and personal objectives. Separate objectives are set for risk takers and non-risk takers building the firm ground for independent control and limiting the risk appetite.

The combination of these components comprises a balanced remuneration system reflecting the DCCL's strategy and its values as well as the interests of its shareholders.

The ratio between the fixed and variable components of the remuneration should be compliant with set regulatory limitations and in line with set limitations.

Ratio between the fixed and variable components of the remuneration can be changed only by the decision of the Board of Directors of the Company. Such decision on ratio change should be accompanied by relevant changes (addition of criteria for awarding variable remuneration, identification process, payout in instruments policy if applicable, deferral policy and vesting criteria) to Remuneration Policy of the Company in line with current legal requirement.

Variable remuneration may include:

- Performance-related cash bonuses
- Deferred elements (where applicable)
- Risk-adjusted discretionary awards

The ratio between the fixed and variable components of the remuneration should be compliant with regulatory limitations and recommended levels.

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When assessing performance for the purposes of determining variable remuneration, DCCL assess a number of qualitative and quantitative criteria. They are directly related to the Company overall performance for the year end, promoting long-term value creation and sustainable growth.

**Quantitative measures**

- profitability of the DCCL– variable remuneration is possible in case of overall positive profitability of the DCCL.

**Qualitative measures**

- compliance with regulatory requirements (especially conduct of business rules and, in particular, the review of the suitability of instruments sold by relevant persons to clients) and internal procedures;  
- DCCL assess the investment returns received by clients over various timelines in respect of the investment services provided by relevant persons who are remunerated by variable remuneration;  
- a firm undertakes a program of contacting a sample of clients shortly after the completion of a sale to test if the sales person has acted honestly, fairly and professionally in accordance with the best interests of the client.

The Company's Board adopts and periodically, at least annually, reviews the general principles of the remuneration policy and is responsible for overseeing its implementation.

The Risk Manager in collaboration with the Compliance/AML Officer of the Company should be responsible, among others, for:

- the preparation of decisions regarding the remuneration of the identified staff;
- checking whether the existing remuneration policy is still up to date and, if necessary, make proposals for changes; and
- assessing the mechanisms and systems adopted, to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the overall remuneration policy is consistent with the business strategy, objectives, corporate culture and values and the long-term interest of the institution.

The remuneration policy of the Company is based upon the performance of key management and employees and the profitability of the Company in general. For the year 2025, the Company paid fixed and variable remuneration to its key management and employees.

The Company paid out variable remuneration in 2025.

**Table 6** below presents information on the aggregated quantitative remuneration paid by the Company during 2025, broken down by Senior Management and members of staff whose actions had a material impact on the risk profile of the Company:

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**Deloitte Limited**

**Table 6: Fixed and Variable Remuneration by Senior Management and Other Staff**

2025

<b>Business Area</b>	<b>No. of beneficiaries</b>	<b>Fixed Remuneration, \$'000</b>	<b>Variable Remuneration, \$'000</b>	<b>Total Remuneration, \$'000</b>
Executive and Non-Executive Directors	4	168	17	185
Other staff	5	425	73	498
<b>Total</b>	<b>9</b>		-	<b>683</b>

Note: "Other Staff" category includes Heads of the Departments: Dealing, Brokerage, Compliance/AML, IB/Corporate Finance and BO and Administration.

During 2025 the Company did not provide any non-cash benefits.

Finally, the Company does not benefit from the derogation laid down in Article 32(4) of the IFD.



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## APPENDIX 1: OWN FUNDS

**Table 7: Template EU IF CCA: Own funds: main features of own instruments issued by the firm**

		<i>Common Equity Tier 1 Capital</i>
1	Issuer	Dragon Capital (Cyprus) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private Placement
4	Governing law(s) of the instrument	Cyprus Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (as of most recent reporting date)	22.687.764 USD
7	Nominal amount of instrument	10.107 USD
8	Issue price	1 USD
9	Redemption price	N/A
10	Accounting classification	Shareholder's equity
11	Original date of issuance	2/2/2006
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>		N/A
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A

