ROBOMARKETS LTD
171 Arch. Makarios III Ave. 3027, Limassol, Cyprus

PILLAR III DISCLOSURES

ROBOMARKETS LTD

Disclosure and Market Discipline
Obligation for Public Disclosure of Information

In accordance with the requirements 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

YEAR 2021

Audited by BDO Ltd

Date of Report

July 2022

This document has been prepared for informational purposes only by Robomarkets Ltd (authorized and regulated by the Cyprus Securities and Exchange Commission under license number 191/13 dated 30 January 2013). The information herein is provided as at the date of this document and is subject to change without notice. No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This presentation is not an advertisement of securities or an offer or a solicitation of an offer to sell, exchange or otherwise transfer securities and is not intended to facilitate any sale, exchange or transfer of securities to any person or entity and does not form a fiduciary relationship or constitute advice. This document is not investment research.

General Notes

Robomarkets Ltd (hereinafter, the "Company") has prepared the following disclosures based on the audited financial statements for the year ended 31st December 2021. While the information included in the Disclosures derives from the Company's audited financial results, the Disclosures do not constitute the Company's Financial Statements nor do they constitute any form of contemporary or forward-looking record or opinion of the Company.

They are merely prepared to explain how the Company manages risks, under the requirements of the Cyprus Securities Exchange Commission (hereafter referred to as "CySEC or the Commission"), and how much capital is assigned to these risks for their management.

The disclosures have been reviewed and approved by Senior Management, and they have not been verified by the Company's external auditor.

Unless stated otherwise, all amounts are in thousands of Euro ("EUR" or "€"), the reporting currency of the Company. Numbers presented in parentheses represent negative amounts.

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1. GENERAL INFORMATION AND SCOPE OF APPLICATION

I. Principal Activities

The Company is licensed by CySEC as a financial services firm, under CIF license number 191/13 and has a Legal Entity Identifier (LEI) number 213800DNRKVK9S3ASC71. The Company's licenses were activated on 12/09/2013. The principal activities of the Company are the provision of investment services to natural and legal persons in accordance with the provisions of the applicable legislation and requirements issued by the CySEC. During the reported period, the Company was providing investment services to clients. More specifically, the Company is licensed for the following services and financial instruments:

Investment Services

- Reception and Transmission of orders in relation to one or more financial instruments
- Execution of Orders on Behalf of Clients
- Portfolio Management
- Dealing on Own Account
- Provision of Investment advice.

Ancillary Services

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management
- Foreign exchange services where these are connected to the provision of investment services
- Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.

According to the applicable prudential framework, there are three pillars which are designed to implement market discipline through the disclosure of financial information about risk exposures of the Company and the risk mitigation techniques applied to ensure prudent management of risks.

Pillar I - sets out the minimum capital requirements the Company is required to meet for Risks to Clients, to the Market and to the Firm itself.

Pillar II – defines the risks which are not covered, or are only partially covered by Pillar I, and which are determined under the Internal Capital Adequacy & Risk Assessment ("ICARA") Process.

Pillar III – requires disclosure to market participants of key information on the Company's capital, own fund requirements, risk governance, risk management processes and remuneration, all of which lie at the core of the Company's risk management framework.

As of the 26th of June 2021, the capital adequacy and overall risk management requirements that applied to the Company, as well as the majority of EU investment firms, under the Capital Requirements Regulation & Directive ("CRR & CRDIV") prudential framework, have been replaced by amended prudential rules, consisting of EU Regulation 2019/2033 on the prudential requirements of investment firms ("IFR") and EU Directive 2019/2034 on the prudential supervision of investment firms ("IFD") – harmonized through the issuance of the Cyprus Law on the Prudential Supervision of CIFs of 2021 (165(I)/2021). These new legislative documents have been developed to address the specific vulnerabilities and risks inherent to investment firms by means of proportionate and appropriate prudential arrangements.

The new rules introduce several changes to the 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 Assessment Process ("ICAAP") which is replaced by the ICARA Process, and a newly introduced Liquidity Requirement according to which they are required to maintain liquidity levels equal to at least one third of their Fixed Overhead Requirement ("FOR"), among other provisions.

II. Disclosure Policy

This document represents the Pillar III disclosures of the Company as at the end of 2021. The purpose of the disclosures is to give information on the basis of calculating capital requirements and on the management of risks faced by the Company. The following sets out the Company's Disclosure Policy as applied to Pillar III Disclosures:

a. Information to be disclosed

The aim of the Company's Disclosure Policy is to meet all required Pillar III disclosure requirements as detailed in the IFR.

b. Frequency

The Company discloses information in relation to its risk management policies and procedures on an annual basis. The frequency of disclosure is reviewed in case of a material change in the calculation of capital, business structure or regulatory requirements.

c. Medium and location of publication

The Company's Pillar III disclosures are published on the Company's website:
https://www.robomarkets.com/about/company/regulation/

d. Verification

The Company's Pillar III disclosures are subject to internal review and approval by the Compliance function and External Auditor prior to being submitted to the Board for assessment and prior to being published. In addition, the Remuneration Policies, which have been mentioned herein, have been assessed and approved by the Board of Directors.

III. Scope of the Disclosures

The present disclosures are made on an individual basis. The Company's financial statements as at 31 December 2021 were also prepared on an individual basis in accordance with the International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Furthermore, the Company qualifies as a Class 2 investment firm based on the rules of the IFR & IFD prudential framework.

With the development of the Coronavirus disease (COVID-19) outbreak, the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures. Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries such as retail, manufacturing and financial services have been indirectly affected. Whilst factors such as mass vaccination programs and less severe strains of the disease have reduced the impact and there has been some degree of stabilisation of the pandemic, uncertainties still remain. The Company has considered the unique circumstances of the COVID-19 outbreak that could have a material impact on its business operations and risk exposures and concluded that there has been a slightly negative impact on the Company during 2021. All staff of the Company has been moved to work from office to places of living. Office premises had been disinfected several times.

Moreover, as a result of the Russian invasion to Ukraine, many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well, with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs. The Company does not accept Russian and Ukrainian residents as clients. Hence, the Company's Client base is not affected by the military action and consequently, no direct impact is to be expected for the Company. The Company has established procedures for monitoring sanctions lists and complying with them.

Moreover, the Company provides a range of services in financial industry for the retail and institutional customers through the trading platforms for online trading. Products currently offered by the Company for the clients include currency pairs, CFDs, stock instruments.

2. RISK MANAGEMENT AND GOVERNANCE OF THE COMPANY

I. The Board

The Board of Directors is responsible for overlooking the operations of the Company. With respect to the management of risk, it has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company sets out to promote diversity in its management body with a goal to engage a broad set of qualities and competencies when recruiting members of the management body, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision making within the management body.

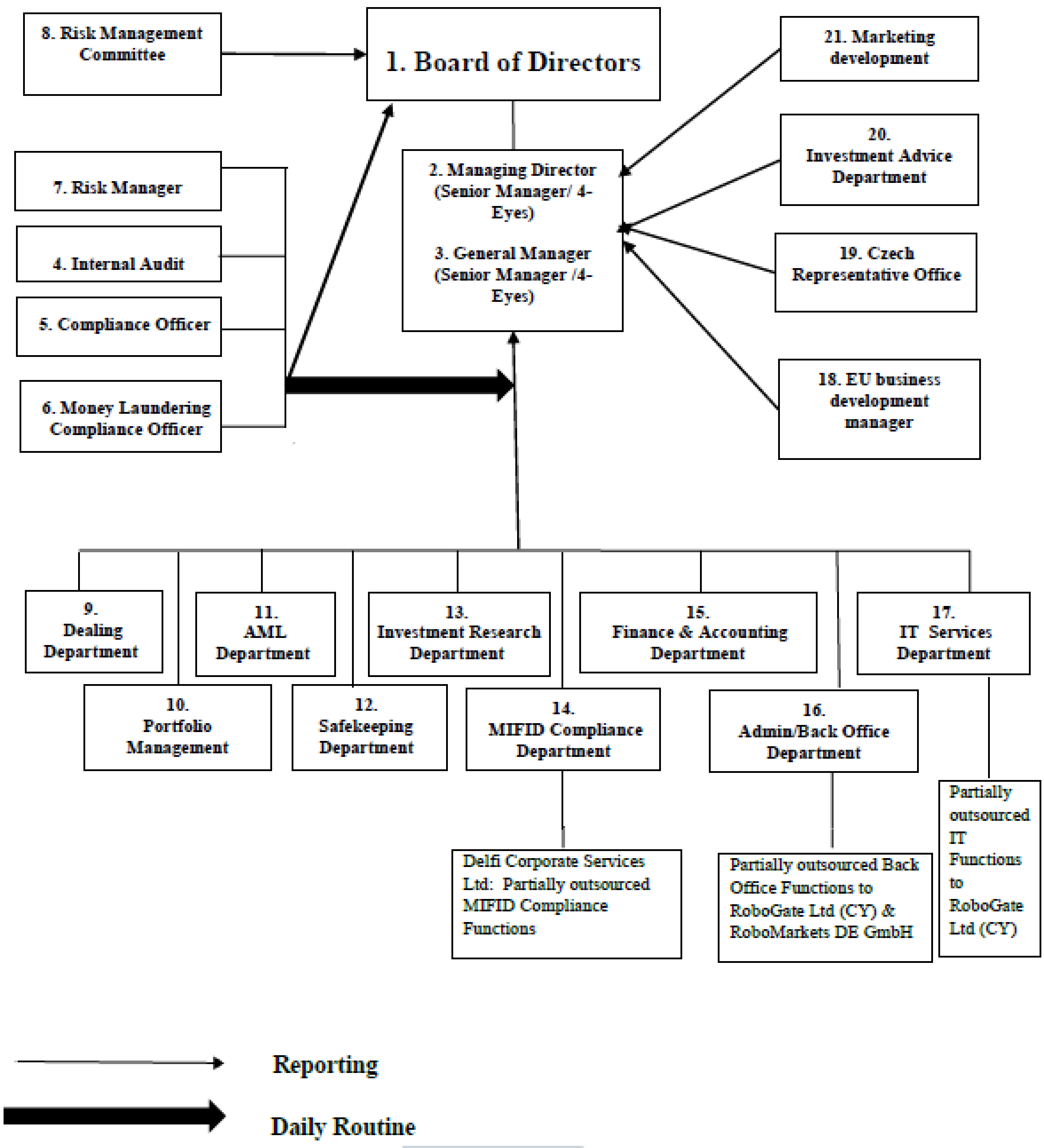
The diversity of the management body shall cover the following areas:

a. educational and professional background,
b. gender,
c. age and,
d. geographical provenance.

II. Board & Committee Structure

The Board comprises of two executive directors and two independent non-executive directors. The departments, presented in the following Organizational Structure, operate throughout the year.

ORGANIZATIONAL STRUCTURE
ROBOMARKETS LTD in 2021



III. Number of directorships held by members of the Board

Table 1 below presents the number of directorships held by each member of the Company's Board of Directors in other entities.

Table 1: Board's Directorships

Name	Position with Robomarkets Ltd	Directorships – Executive	Directorships – Non-Executive
Mr. Vitaly Avtaykin	(Executive Director, part of "4-Eyes", CY-based)	1	-
Mr. Alik Israfilof	(Executive Director, part of "4-Eyes", CY-based)	1	-
Mr. Agamemnon Ioannides	(Independent, Non-Executive Director, CY-based)	1	2
Ms. Svetlana Saratova	(Independent, Non-Executive Director, CY-based)	-	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.

IV. Duties of the Board of Directors

The main duties of the Board of Directors of the Company are:

- To carry the overall responsibility for proper implementation of the relevant laws and regulations
- To formulate the Company's business strategy in terms of the development of existing and new services and its presence in the local and international financial markets
- To govern the Company by broad policies and objectives, formulated and agreed upon by the chief executive and employees
- To ensure that sufficient resources are available to the Company to carry out its operations
- To be responsible for the overall duties and responsibilities of the Anti-Money Laundering /Compliance Officer (MLCO)
- To define, record and approve the general policy principles of the Company in relation to the prevention of money laundering and terrorist financing
- To notify the Company's policy for the prevention of money laundering and terrorist financing to the MLCO
- To approve the Company's risk management policies and procedures
- To establish a clear and quick reporting chain for transmission of information to the MLCO
- To assess the Anti-Money Laundering function

- To assess and approve the annual report of the MLCO
- To assess the Internal Audit Department's members and the efficiency of the mechanisms of internal control
- To assess the Compliance Function
- To evaluate and adopt strategies to improve the operation of the internal audit mechanism
- To review written reports regarding Compliance, Risk Management and Internal Audit
- To approve the Company's financial statements
- To review the Suitability Report prepared by the Company's external auditors
- To take decisions on important matters of the Company during Board meetings.

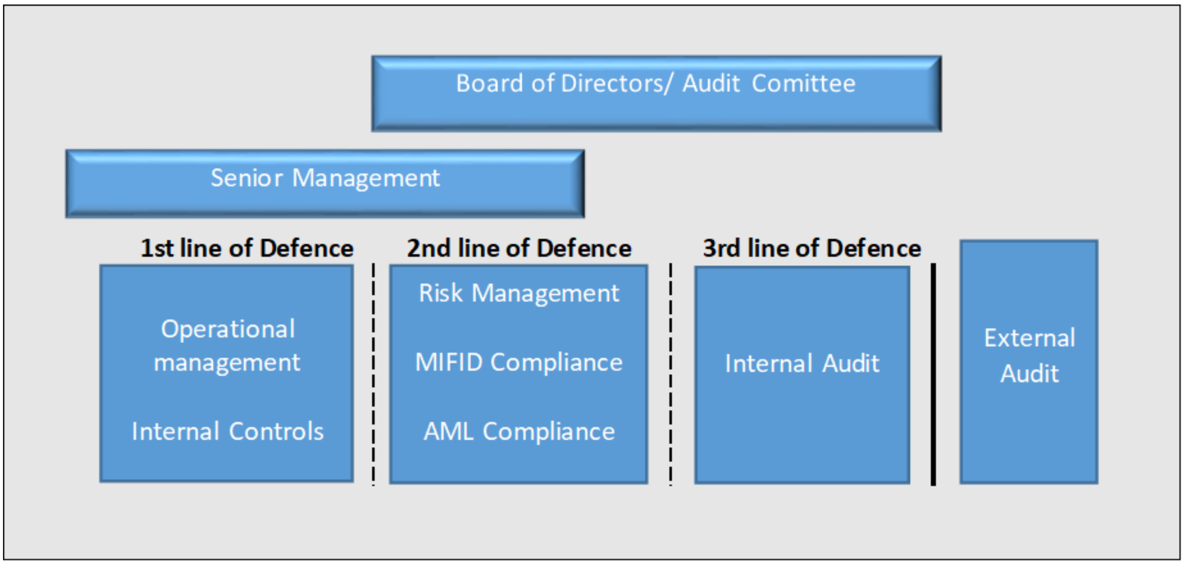
Also responsible for the Company's internal control system and for the management of its risks are the following departments:

- Risk Management Department
- Anti-Money Laundering
- Compliance Officer
- Internal Audit Function (outsourced)
- External Audit Function.

All five above listed functions report directly to the Board in regards of the audited outcomes of the Company's operation, at least annually.

V. Three lines of defense

To prevent the risks which might impact its smooth operation and management, the Company has adopted the "three lines of defense" model of governance with clearly defined roles and responsibilities. The Company has a good risk management framework with the systems for identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating material risks that may affect the business' ability to achieve its objectives. The 'three lines of defense' has become the standard model for identifying, managing and monitoring risks and uncertainty within the organization. The model has three lines (or barriers) of defense against the impact of risk as illustrated below:



The first line represents staff on the frontline, those involved in day-to-day operations and directly exposed to the risks of the Company's business. It is the first line of defense which is crucial for all businesses, where everyone understands the risks they personally manage and are empowered and qualified to respond appropriately to these risks.

The second line is essentially the oversight function for the first line of defense, which sets and monitors the policies and procedures that the first line must comply with. It is the second line of defense which is crucial for controlling all internal procedures and complying with regulations. There are adequate managerial and supervisory compliance functions in place to ensure compliance and to highlight control breakdown, inadequate processes and unexpected events.

The third line is the supervising review of the effectiveness of the first and second lines by the Board of Directors and the independent auditors.

VI. Anti-Money Laundering

The Anti-Money Laundering Officer (full time employee, AML Licensed by CySEC) reports directly to the Board of Directors and is responsible for:

- Ensuring implementation of the procedures described in the Company's AML Procedures Manual
- Implementing and maintaining adequate policies designed to detect any risk or failure by the Company to comply with its obligations
- Implementing adequate measures and procedures designed to minimize the risk or failure by the Company to comply with its obligations, and monitoring and assessing the adequacy of such measures and procedures
- Ensuring that Company employees attend training sessions on anti-money laundering and terrorist financing procedures

- Ensuring that all client accounts are opened only after the relevant pre-account opening due diligence and identification measures and procedures have been conducted, according to the principles and procedures set in the AML Manual
- Ensuring compliance with high standards of anti-money laundering (AML) practice in all markets and jurisdictions in which the Company operates
- Ensuring the implementation of the "Know Your Client" procedures of the Company
- Gathering information with regards to the new clients of the Company
- Analyzing the clients' transactions
- Continuously improving the existing control procedures
- Providing a written annual report to the Board of Directors on the matters of own responsibility, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies
- Closely cooperating with the Money Laundering Combat Unit of the Republic of Cyprus and electronic submitting of the reports to MOKAS.

VII. Compliance Officer

The Compliance Officer function is performed internally by the Compliance Manager who reports directly to the Board of Directors and is responsible for:

- Ensuring compliance with laws, regulations and directives issued by CySEC
- Ensuring implementation of the procedures described in the Company's IOM
- Monitoring and assessing the adequacy of the existing policies and procedures for detecting the risk of failure by the Company to comply with its regulatory obligations, as well as the associated risks, and making sure that the Company takes into account the nature, scale and complexity of its business and the nature and range of investment services and activities undertaken in the course of that business
- Ensuring that Company employees attend training sessions on compliance with applicable laws, rules and regulations
- Ensuring that the Company complies with its continuous obligations to CySEC (e.g submission of Capital Adequacy Return, annual reports, notifications to CySEC regarding changes in the Company's structure, services, personnel, procedures, etc.)
- Communicating with regulatory bodies
- Assisting regulatory bodies in performing inspections of the Company's activities
- Continuously improving the existing control procedures
- Reviewing marketing communications and making sure that they have been prepared in accordance with legal requirements
- Advising and assisting employees to comply with the Company's regulatory obligations
- Recommending specific remedial measures, in case of detection of any weakness or failure by the Company to comply with its obligations under applicable laws and regulations
- Providing a written annual report to the Board of Directors on the matters of own responsibility, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies.

VIII. Internal Audit

The primary role of Internal Audit is to help the Board to protect the assets, reputation and sustainability of the organization. The Internal Audit function is outsourced to an external specialist firm. The Internal Audit is an element of the internal control framework established by management to examine, evaluate and report on financial and other controls on operations. Internal audit assists management in the effective discharge of its responsibilities and functions by examining and evaluating controls. It is an independent unit reporting directly to the Board of Directors through a written Report prepared on an annual basis.

The Internal Auditor is more specifically responsible for:

- Reviewing the existence of adequate systems and trading platforms of the Company
- Reviewing the presence and adequacy of a continuous audit trail in the Company
- Reviewing the existence of basic accounting practices and financial information
- Reviewing the actions taken by the Company to fulfil the operating conditions imposed by CySEC
- Providing feedback and challenging the effectiveness of the Company's internal control framework.

IX. IT Audit

The Company employed its external auditor to implement an independent IT Audit. To this respect, the external auditor reports directly to the Board in order to inform the Board as to the degree to which the IT procedures and controls implemented within the Company comply with the current legal requirements, including the Data Protection Law which come in force on 25th May 2018.

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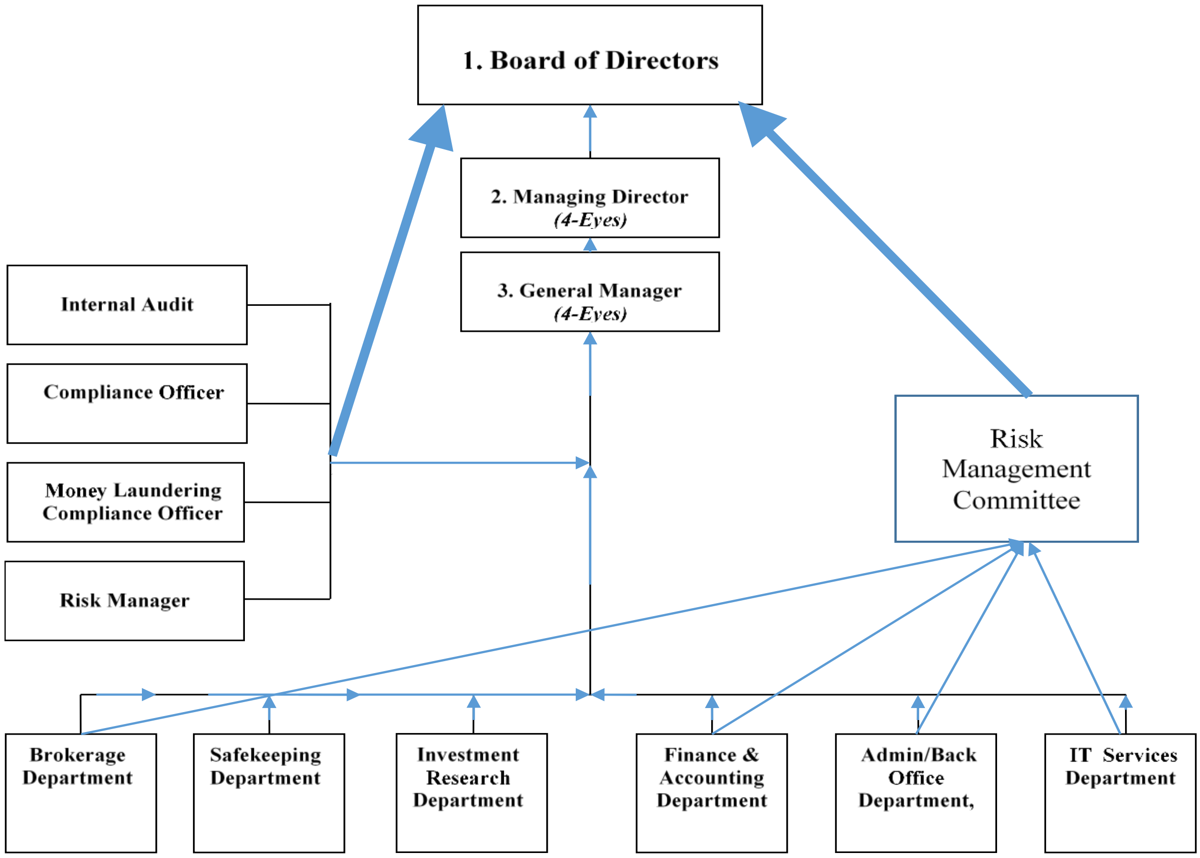
X. Risk Management

Risk Reporting Charts
Robomarkets Ltd



Daily Routine

Reporting

Risk information flows up to the Board through direct reporting from the Risk Management Committee, the Risk Manager, the Internal Auditor, the Anti-Money Laundering Compliance Officer, the Compliance Officer and the External Auditor.

a. Risk Management Committee

In order to support effective governance and manage the wide range of risks, the Board has established a Risk Management Committee ("RMC"). The RMC is responsible for ensuring compliance and monitoring of all transactions in the context of legality, avoidance of conflicts of interest, insider dealing and preservation of confidential information, creating internal procedures which include but are not limited to, the Risk Appetite and the Risk Policy. The RMC determines the evaluation and efficient management of the risks that are inherent in the provision of the investment services.

The scope of the RMC is to ensure that, in providing the investment and ancillary services, the Company remains compliant with the provisions of the applicable legislation and the Directives issued by CySEC concerning capital adequacy and other risk-related issues, as well as with the internal regulations of the Company.

The RMC is comprised of one non-executive director, the two executive directors, the Head of Dealing department and the Risk Manager. The RMC reports to the Board directly. The role of the RMC includes the oversight and challenge of the Company's risk appetite and the recommendation to the Board of any changes to risk appetite, the assessment of any future risks, the review and challenge, where appropriate, of the outputs from the Risk Manager and the oversight of the risk culture to ensure that it is appropriately embedded in the business. During the year, the RMC convened 3 times.

b. Duties of Risk Manager

The Risk Manager is responsible for the monitoring and managing of the risks across the Company, as well as for the implementation of the above-mentioned policies into day-to-day practice, including the Risk Appetite and Risk Policy. Moreover, the Risk Manager is responsible for the strategy, risk identification, assessment and escalation, reporting and support processes.

c. Risk Culture

The Company is committed to cultivating a consistent risk culture throughout the business, where everyone understands the risks they personally manage and are empowered and qualified to respond appropriately to these risks. The Company also embraces a culture where the business areas are encouraged to take risk-based decisions, while knowing when to escalate or seek advice. The Company also promotes a culture where there is no fear of escalating bad news or emerging risks through. The Company has in place the measures and techniques to identify, assess and manage events, which may have an actual or potential negative impact on the customers, colleagues, operational capability, financial position or the reputation of the Company.

d. ICARA

As already mentioned, the ICARA is now replacing the ICAAP, as the new requirement for investment firms according to Article 24 of the IFD. More specifically, the ICARA increases the focus placed on the assessment of risks which are based on the K-factor requirements. To this effect, in order to evaluate the risks that are not covered by capital requirements (Pillar I), and according to Pillar II requirements, the Company is in the process of preparing an updated Pillar II process and report so as to meet the new prudential rules. The ICARA process considers all of the risks faced by the Company, their likely impact if they were to occur, how they can be mitigated and the amount of capital that can be prudently be held against them, at the present stage and in the future.

The Company will perform a full ICARA annually with approval provided by the Board. For this purpose, all departments will complete the Risk Records Charts, which will be evaluated so that the Risk Manager can proceed to updating the Risk Register with the risk assessments. The Finance department will prepare the Business Plan and the Capital Plan for the next 3-5 years based on a rolling P&L and Balance Sheet, based on which the Risk Manager will implement Stress Test of the Capital Plan, based on a "what if" approach, for those risks identified as material in the risk identification and assessment process. All stress tests will then be summarised by the Risk Manager, assessed, identified and submitted as a "Stress Test Register" to the Risk Management Committee for consideration.

These measures allow the Management to perform a Gap Analysis (what we have at hand versus what we should have), and to create an Action Plan to monitor and mitigate the consequences of the risks in order to enable the Board of Directors to assess and approve the Action Plan along with the outcomes of the ICARA.

e. Risk Appetite

The Risk Appetite limits the risks that the Company can accept in the pursuit of its strategic objectives. The Company's Risk Appetite is formally reviewed annually and is monitored on an ongoing basis for adherence. The Company's strategy, business plan, capital and liquidity plans are set with reference to the Risk Appetite. The Risk Appetite was defined by the Management of the Company in the frame of the ICARA procedure, and is accompanied by the following key components:

a. Risk Appetite
b. Basic orientation of Risk Types
c. Decision on the level of the application
d. Decision on the ICARA application method
e. Assessment of the group structure and business model/products/services of the Company
f. Assessment of the current political, economic and business environment.

The Company has zero tolerance towards internal fraud and non-compliance with regulatory requirements. Furthermore, the Company has low tolerance towards operational risks. To ensure a consistent approach towards the management of risk, the Company's strategy, business plan, capital and liquidity plans are set with reference to its Risk Appetite.

3. OWN FUNDS

I. Tier 1 Capital and Tier 2 Capital

Own Funds (also referred to as capital resources) is the type and level of regulatory capital that must be held to enable the Company to absorb losses. The Company is required to hold own funds in sufficient quantity and quality in accordance with the IFR, which sets out the characteristics and conditions for the own funds.

The Board has ultimate responsibility for the Company's capital management and capital allocation and to this end, it is kept informed via a quarterly update on the capital and liquidity position of the Company.

During the financial year 2021, the Company complied fully with all capital and liquidity requirements and operated in line with the regulatory requirements determined by the applicable prudential framework.

As per the new 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 of the following conditions at all times:

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

The following information provides an analysis of the Own Funds of the Company as at 31 December 2021. The two tables have been prepared in accordance with the Pillar III templates established by the Commission Implementing Regulation (EU) 2021/2284 laying down implementing technical standards for the application of the IFR with regard to supervisory reporting and disclosures of investment firms.

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

		Amounts (€'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements (Cross Reference to EU IF CC2)
Ref.	**Common Equity Tier 1 (CET1) capital: instruments and reserves**		
1	**OWN FUNDS**	**18.384**	
2	**TIER 1 CAPITAL**	**18.384**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**18.384**	
4	Fully paid up capital instruments	752	Ref. 1 (Shareholder's Equity)
5	Share premium	50	Ref. 2 (Shareholder's Equity)
6	Retained earnings	6.892	Ref. 4 (Shareholder's Equity)
7	Accumulated other comprehensive income	12.726	Ref. 5 (Shareholder's Equity)
10	Adjustments to CET1 due to prudential filters	(2)	
11	Other funds	24	Ref. 3 (Shareholder's Equity)
19	(-) Other intangible assets	(63)	Ref. 1 (Assets)
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	(1.890)	Ref. 2 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(105)	Ref. 3 & 6 (Assets)
28	**ADDITIONAL TIER 1 CAPITAL**	-	
40	**TIER 2 CAPITAL**	-	

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

		Balance sheet as in published/audited financial statements	Cross reference to EU IF CC1
		As at 31 Dec 2021 (€'000)	
Ref.	**Assets** - *Breakdown by asset classes according to the balance sheet in the published/audited financial statements*		
1	Intangible assets	63	Ref. 19
2	Investments in subsidiaries	1.890	Ref. 24
3	Trades and other receivables (Investors' compensation fund)	91	Ref. 27
4	Other non-current assets	358	
5	Trades and other receivables (Other)	3.995	
6	Cash and cash equivalents (Minimum cash buffer of 3 per thousand of the eligible funds and financial instruments of clients)	14	Ref. 27
7	Cash and cash equivalents (Other)	14.975	
8	Other current assets	16	
9	**Total Assets**	**21.402**	
Ref.	**Liabilities** - *Breakdown by liability classes according to the balance sheet in the published/auditied financial statements*		
1	Non-current liabilities	-	
2	Current liabilities	957	
3	**Total Liabilities**	**957**	
Ref.	**Shareholders' Equity**		
1	Share capital	752	Ref. 4
2	Share premium	50	Ref. 5
3	Other reserves	24	Ref. 11
4	Retained earnings	6.892	Ref. 6
5	Total comprehensive income for the year	12.726	Ref. 7
6	**Total Shareholders' equity**	**20.444**	

More information about the main features of the Own Funds of the Company, can be found in Appendix 1.

4. CAPITAL REQUIREMENTS

I. Minimum Capital Requirements

The new IFR & IFD framework introduces 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 FOR, the Permanent Minimum Capital Requirement ("PMCR") and the K-factors that apply to each investment firm.

The Company's Minimum Capital Requirements as at 31st of December 2021, were the following:

Table 4: Minimum Capital Requirements

Minimum Capital Requirements		31 Dec 2021 (€'000)
K-Factor Requirement		
Risk-to-Client (RtC)	K-AUM	-
	K-CMH	60
	K-ASA	-
	K-COH	-
Risk-to-Market (RtM)	K-NPR	517
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	145
	K-DTF	254
	K-CON	-
Total K-Factor Requirement		**976**
Fixed Overhead Requirement ('FOR')		**3.000**
Permanent Minimum Capital Requirement ('PMCR')		**750**

II. Fixed Overhead Requirement

According to Article 13 of the IFR, the FOR shall amount to at least one quarter of the fixed overheads of the preceding year. The FOR of the Company as at 31 December 2021 amounted to €3.000K.

III. Permanent Minimum Capital Requirement

In accordance with Article 14 of the IFR, the PMCR of the Company as at 31 December 2021 was equal to €750K which is above the levels of initial capital required for authorisation to conduct the relevant investment services included in the CIF license of the Company.

IV. Capital Excess Ratio

The Table below indicates that the Company has excess capital over the minimum that is required to hold. This is reflected by a Capital Adequacy Ratio of 612,78%, which is above the minimum threshold of 100% set out in Article 9(1)(c) of the IFR.

Table 5: Capital Excess Ratio

(EUR)	31 Dec 2021 (€'000)	Reference
Capital		
Common Equity Tier 1	18.384	
Additional Tier 1	-	
Tier 2	-	
Total Own Funds	**18.384**	***a***
Own Funds Requirement		
K-factor Requirement	976	*b*
Fixed Overhead Requirement	3.000	*c*
Permanent Minimum Capital Requirement	750	*d*
Minimum Own Funds Requirement	**3.000**	***e = (higher of b, c, d)***
Capital Excess/Ratio		
Capital Excess	**15.384**	***a-e***
Capital Ratio	**612,78%**	***a/e***

5. TYPES OF RISK

I. Risk to Client ('RtC')

Risk to Client arises when an investment firm fails to properly provide services to its clients. The K-factors under RtC capture client Assets Under Management and ongoing advice (K-AUM), Client Money Held (K-CMH), Assets Safeguarded and Administered (K-ASA) and Client Orders Handled (K-COH). In the ordinary course of business, the Company uses various control mechanisms in order to ensure that RtC is maintained at minimum levels. The Company has no significant concentration on RtC. The four k-factors under RtC are analysed in more detail 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. As the Company did not provide the service of portfolio management during the year ending 31 December 2021, the Company was not subject to this risk.

- 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. The Company holds money on behalf of clients in accordance with the client money rules set out in the CySEC's Directive DI87-01 for the Safeguarding of Client Assets, Product Governance Obligations and Inducements. Clients' funds are kept in reputable Credit Institutions, in accounts classified as "segregated" in accordance with the CySEC regulatory requirements. Segregated client money accounts hold statutory trust status according to regulatory requirements, restricting the Company's ability to control the funds and accordingly such amounts are not presented on the Company's statement of financial position.

- 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. For the referenced financial year, the K-ASA factor did not apply since the Company did not provide safekeeping and administration on clients' financial instruments (Note: the safeguarding of clients' positions in CFDs, which is performed by the Company, is captured under K-CMH due to the inherent nature of CFDs).

- K-COH (Clients 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. For the year ended 31 December 2021, the Company executed its clients' orders only on a principal basis (and not on their behalf as an agent), therefore was is not subject to this K-factor.

II. Risk to Market ('RtM')

Risk to Market captures the risk that an investment firm can pose to market access. The K-factors that fall under the scope of RtM include Net Position Risk (K-NPR) and Clearing Margin Given (K-CMG), where the latter is used as an alternative to the former only upon permission by the competent authority and is relevant to specific types of investment firms which deal on own account through clearing members, based on the total margins required by an investment firm's clearing member. RtM changes in line with fluctuations in market prices, such as foreign exchange rates, interest rates, equities and commodities prices. These market prices affect the Company's income indirectly as a result of the increase or decrease in the clients' activities, as well as the foreign exchange differences.

- 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. K-NPR captures the Market Risk, which is defined as the risk that changes in market prices will affect the Company's income or the value of its holding of financial instruments.

- K-CMG (Clearing Margin Given) means the amount of total margin required by a clearing member or a 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 a qualifying central counterparty. K-CMG is an alternative to K-NPR to provide for the Market Risk for trades that are subject to clearing as set out in Article 23 of the IFR. This k-factor is not applicable to the Company as during 2021 it did not provide the service of clearing as per the above definition.

K-NPR

The K-factor for RtM for investment firms which deal on own account is calculated using the Standardised Approach that applies for Market Risk exposures under the CRR, in relation to positions in Interest Rate Instruments, Equities, Foreign Exchange and Commodities.

Types of Market Risk

- **Position Risk (General and Specific Risk)**

The Company's management closely monitors the interest rate fluctuations on a continuous basis, and frequently performs a detailed analysis of its exposure to Interest Rate Risk. It shall be noted though that interest rate risk arises from the possibility that changes in the market interest rates will affect future income or the fair values of financial instruments. The Company does not consider that it is materially exposed to Interest Rate Risk.

Equity Risk is the risk of loss resulting from fluctuations in the price of stocks or changes that relate to the issuer of a share or the stock market in general. For the year ended 31 December 2021 the Company was subject to Market Equity Risk through its proprietary positions in equity CFDs and in stock index CFDs, opened with clients and selected counterparties.

- **Commodities Risk**

Commodities Risk arises from the positions of the Company in commodity CFDs, which as at 31 December 2021 related specifically to precious metals and crude oil.

- **Foreign Exchange Risk**

Foreign Exchange Risk is the risk of loss from fluctuations in foreign exchange rates and arises from the Company's assets and liabilities that are denominated and funded in a currency other than its reporting currency, as well as from the notionals of its FX and gold derivative positions. The Company has established limits that describe its Risk Appetite in this area and stress tests are performed using sensitivity to fluctuations in underlying Foreign Exchange Rates in order to monitor this risk. High level Risk Appetite and policies are recommended for approval by the Board. The Board has delegated the responsibility to the Managing Director and the Risk Management Committee to ensure that its Foreign Exchange Risk is maintained within its set Risk Appetite and according to the approved Risk Policy.

III. Risk to Firm ('RtF')

Risk to Firm captures the risk an investment firm may be subject to through its activities and operations. The K-factors under RtF capture an investment firm's exposure to the default of its trading counterparties (K-TCD), the Concentration Risk resulting from an investment firm's Trading Book exposures to specific counterparties or groups of connected counterparties (K-CON), and Operational Risks from an investment firm's trading activities (both Banking Book and Trading Book – 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. The TCD factor reflects the Company's exposure to the default of its trading counterparties through its open positions in CFDs maintained with clients and selected counterparties, to which it acts as Principal.

- 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. This factor applies to the Company as it acts as Market Maker in executing its clients' transactions, and it reflects the Operational Risks incurred when executing trades in FX, equity, stock index and commodity CFDs on a Principal basis (on its own account or on behalf of clients on its own name), due to inadequate or failed processes, people, and systems, or from external events. The Company's systems and controls are evaluated, maintained and upgraded continuously. Furthermore, the Company has a "four-eye" structure and Board oversight ensuring the separation of power and authority regarding vital functions of the Company. Also, the

Company has in place policies and processes whose implementation supports the evaluation and management of almost any exposures to Operational Risk. The Company has implemented an Operational Risk management framework designed to ensure that Operational Risks are assessed, mitigated and reported in a consistent manner.

- 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. In order to avoid high concentration and exposure to a small number of clients, the Company maintains a diversified client portfolio. Due to the fact that the open positions of the clients are mostly naturally offset against each other, the net exposure does not exceed the acceptable limits.

IV. 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 for minimizing such losses, such as maintaining sufficient cash and other highly liquid current assets and having available an adequate amount of committed credit facilities. The Company holds in separate accounts all the funds of its clients and therefore considers that its liquidity risk is significantly low.

According to Article 43 of the IFR, the Company is required to maintain an amount of liquid assets that does not fall below the Liquidity Requirement, which is equal to at least one third of its FOR. As at 31 of December 2021 the Company satisfied the Liquidity Requirement.

The Balance-Sheet Liquidity Risk is managed by the Accounting Department, which is responsible for planning and supervising asset flows on accounts.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Lease liabilities	18,576	18,576	18,576	-	-	-	-
Trade and other payables	467,434	467,434	467,434	-	-	-	-
	486,010	486,010	486,010	-	-	-	-

31 December 2020	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Lease liabilities	222,479	225,810	52,110	173,700	-	-	-
Trade and other payables	414,674	414,674	414,674	-	-	-	-
	637,153	640,484	466,784	173,700	-	-	-

V. Other Risks

In addition to the abovementioned risks, the Company has identified the following, which are also considered significant to its operations:

a. Business Process risk

To better control and manage the risk that may arise from inadequate business processes, the Company has established a number of measures, which include but are not limited to the following:

1. The Company has a four-eye structure and Board oversight, which ensures the separation of powers regarding vital functions of the Company. The Board further reviews any decisions made by management and monitors their activities.
2. Several controls are applied by the Accounting department in order to detect incorrect activities.
3. Senior Management ensures the accuracy of any statements, as well as that the information addressed to clients is fair, clear and not misleading.
4. The Company has prepared a comprehensive business contingency and disaster recovery plan with recovery procedures and actions to be followed in the case of damage to any vital part of its structure.
5. The Company obtains continuous legal advice and suggestions on the preparation of its legal documents and any issues that may arise relating to Compliance and Risk Management, with an aim to meet all legal and regulatory requirements and minimize any reputational impact by maintaining an effective control framework.
6. The Company properly organizes the working process in order to cover risks coming from the COVID pandemic: a) all employees were able to continue their working duties from their place of residence; the necessary arrangements had been implemented to secure online access to working database from the residence of employees; each employee had been requested to present negative COVID test on a weekly basis – for that reason a special agreement was concluded with a medical laboratory center of Limassol; in case of positive test result the employees were obliged to restrict themselves for 15 days of isolation and were only allowed to work after medical confirmation.

b. Technology

The Company's operations are highly dependent on technology and advanced information systems. Its ability to provide its clients with reliable, real-time access to its systems is fundamental to the success of the business. Such dependency upon technology exposes the Company to significant risk in the event that such technology or systems experience any form of damage, interruption or failure. The Company has business continuity procedures and policies in place which are designed to allow it to continue trading in its core markets and its systems are designed to mitigate the risk of failure of any component.

Where the Company is dependent upon providers of data, market information, telephone and internet connectivity, the Company mitigates the risk of failure of any of these suppliers by ensuring that, where possible, multiple providers and data routes are utilized. To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality, accessibility and other features of its software, network distribution systems and technologies.

c. Reputation Risk

Reputation Risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company on the part of customers, counterparties, shareholders, investors or regulators. Reputation Risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large clients, poor customer service, fraud or theft, customer claims, legal action or regulatory fines. The Company has policies and procedures in place when dealing with possible customer complaints in order to provide the best possible assistance and service under such circumstances. In addition, the Company's Directors comprise of high-caliber professionals who are recognized in the industry for their integrity and ethos, which adds value to the Company.

d. Strategic Risk

This could occur because of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Company's exposure to strategic risk is high as there are new regulatory requirements coming in EU zone which are restricting business activity in retail forex. However, the management has own strategy, policies and procedures to minimize this type of risk.

e. Business Risk

Business Risk consists of the risk to earnings and capital arising from changes in the business environment, including the effects of deterioration in economic conditions. Research on economic forecasts is conducted with a view to minimize the Company's exposure to Business Risk.

f. Regulatory Risk

Regulatory Risk is the risk the Company faces by not complying with the relevant Laws, Directives, Circulars and announcements to which it is subject. If materialized, Regulatory Risk could trigger the effects of Reputation and Strategic Risk. The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the CySEC. Compliance with these procedures and policies are further assessed and reviewed by the Company's Internal Auditor and Compliance Officer and suggestions for improvement are implemented by Management. The Internal Auditor and Compliance Officer evaluate and test the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is considered to be minimized to the greatest extent possible.

However, there is a risk of overregulation, which might lead to the ceasing of the forex industry overall. The Company mitigates this risk by widening the range of instruments and financial markets offered to the clients.

g. Compliance Risk

Compliance Risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The Company's aim is to meet all legal and regulatory requirements and minimize any reputational impact by maintaining an effective control framework. 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 Management of the Company.

6. REMUNERATION POLICY AND PRACTICES OF THE COMPANY

The Company's Board of Directors is responsible for the adoption, periodic review and implementation of the Company's Remuneration Policy, which as of 5 May 2022, has been revised in order to be in line with:

- The ESMA Guidelines on certain aspects of the MiFID II remuneration requirements (ESMA35-36-2537) dated 31 March 2022;
- The EBA Guidelines on sound remuneration policies under Directive (EU) 2019/2034 (EBA/GL/2021/13) dated 22 November 2021; and
- Law 165(I)/2021 to provide for the Prudential Supervision of Investment Firms, dated 5 November 2021.

The responsible body for ensuring the implementation of the Company's Remuneration Policy is the Board of Directors. The responsibility of the Board is to prepare the decisions regarding the Remuneration Policy, including those which have implications for the risk and risk management of the Company and to table the said decisions or proposals for final deliberation.

The Board of Directors is advised by the following persons in respect to the Company's Remuneration Policy:

- The Head of Compliance, in order to ensure that any developments in the regulatory field are duly monitored and that the Remuneration Policy, as amended from time to time, properly reflects and compiles with the provisions of the applicable legal framework.
- The Risk Management Committee, to ensure that the Remuneration Policy is consistent with and promotes sound and effective risk management and that it does not encourage risk-taking that exceeds the level of tolerated risk of the Company.

The Remuneration Policy is subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function. The said review is performed at least on an annual basis by the Internal Audit and Compliance functions.

The Table below presents information on the aggregated quantitative remuneration paid by the Company during 2021, broken down by Senior Management and members of staff whose actions had a material impact on the risk profile of the Company:

Table 6: Salary of the Risk Takers (Gross)

Position/Role	Number of beneficiaries	Annual Remuneration (EUR)		
		Fixed	Variable	Total
Executive Directors	2	84.983	-	84.983
Non-Executive Directors	2	12.000	-	12.000
Other Staff	10	301.176	-	301.176
Total	**14**	**398.159**	-	**398.159**

Note: "Other Staff" category includes Heads of the Departments: MIFID II Compliance, AMLCO, Risk, Dealing, Portfolio Management, Safekeeping/Finance, Admin/Back Office, IT Services, EU Business Development and Investment Advice.

During 2021 the Company did not provide any non-cash benefits and did not award any guaranteed variable remuneration. In addition, the Company did not pay or award any severance payments or deferred remuneration in 2021 or in previous performance periods, in vested or unvested portions.

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

Appendix 1 – Main Features of Own Funds

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

		Common Equity Tier 1 Capital
1	Issuer	Robomarkets Ltd
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 (Currency in million, as of most recent reporting date)	EUR 752.449
7	Nominal amount of instrument	752.449
8	Issue price	EUR 1,00
9	Redemption price	N/A
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	14/08/2012
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	N/A
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A

31	Write-down features	No
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

Alik Israfilof
Director