Risk Disclosure Statement

I. Introduction

Capital Com Group Ltd (the "**Company**", "**we**", "**Capital Com**") is a Cypriot Investment Firm (the "**CIF**") regulated by the Cyprus Securities and Exchange Commission (the "**CySEC**") for the provision of investment and ancillary services under the license number 463/25 and registered in the Republic of Cyprus. Our business and registered address is at 66 Christaki Kranou, 7th Floor, City Tower, 4042, Germasogeia, Limassol, Cyprus.

II. Purpose and Legal Framework

The Company operates under the provisions of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments (the "**MiFID II**"), as transposed into Cypriot Law by the Investment Services and Activities and Regulated Markets Law of 2017 (the "**Law 87/(I)/2017**").

The Company's Risk Disclosure Statement (the "**Statement**") provides existing and/or potential clients ("**you**" or "**they**") with information about the risks associated with its products , which you may trade.

Where you trade a product that is classified as a packaged retail and insurance based investment product (the "**PRIIP**"), you will be provided with the Key Information Document (the "**KID**"). For CFDs and KOs, Capital Com is the PRIIP manufacturer and provides the relevant KID. For other PRIIPs products made available through our platform (including certain exchange traded products such as ETFs/ETNs/ETCs), we act as distributor and provide access to the manufacturer's KID (and, where applicable, the prospectus and/or other issuer disclosures like KIID).

Each KID contains information about the nature, costs, risks and rewards of this product and is intended to help you understand the product and compare it with other products. KIDs are made available before you enter into any transaction in the relevant product, in accordance with the PRIIPs Regulation. You should carefully read these documents before trading.

III. Products and Services offered by the Company

Our services are provided on an execution only basis. This means you make your own investment decisions, and we do not provide either investment advice nor portfolio management in relation to our products.

When providing services to you, and in accordance with the Company's Order Execution Policy, we will act in one of the following capacities:

- As principal in all over-the-counter (the "**OTC**") dealings on Contracts for Difference (the "**CFDs**") and Knock-out Options (the "**KOs**") and is the sole execution venue for such clients' orders.
- As agent in dealings in stocks (as defined under **Annex 1** of this statement), by routing your orders to a third party broker for execution on a trading venue, as applicable.

IV. Client Classification, Appropriateness and Target Market Assessment

Our products are available to both retail and professional clients. However, investing or trading in any of the above entails various risks that you should be aware of. A summary of the key risks is provided in this statement.

In compliance with MIFID II and the Law 87(I)/2017, the Company is required to identify its target market for its products. This helps ensure that the Company provides its services only to Clients which fall within its target market assessment. A target market refers to a specific group of clients that the Company aims to provide its services and products based on their needs, financial knowledge, experience, and risk tolerance.

Each product (e.g., CFDs, KOs, Stocks) may have a different target market, reflecting differences in complexity, risk profile, leverage, and potential losses. As a result, you may fall within the target market for certain products but not for others. Before offering financial services or products, the Company evaluates whether they match the client's profile, investment objectives, and risk appetite in respect of that product.

For non-complex products (such as certain stocks), where we provide execution-only investment services and the conditions for the MiFID II execution-only exemption are met, Capital Com will not carry out an appropriateness assessment. You are therefore warned that you do not benefit from the corresponding protection afforded by the relevant conduct of business rules on appropriateness.

Stocks admitted to trading on a regulated market are generally considered non-complex. However, certain exchange traded products (including structured products, leveraged and/or inverse ETFs, and certain ETFs that are not regulated under UCITS) may be considered complex.

Where you wish to trade complex investment products (including CFDs and KOs), you will be required to complete an appropriateness questionnaire so that we can assess whether you have the necessary knowledge and experience to understand the risks involved. The appropriateness assessment does not constitute investment advice, nor does it imply any assessment of suitability in relation to your investment objectives, but is carried out solely for the purpose of verifying your ability to understand the risks of the financial instruments offered by the Company.

V. Product specific risks

A. Investing in Stocks

Stocks

Stocks represent ownership in a specific company or corporation. By purchasing a stock, you become a shareholder and may be entitled to certain rights, such as the right to receive dividends (if declared) and, in the

case of ordinary shares, the right to vote at shareholders' meetings. Stocks do not provide capital protection or guaranteed returns.

In general, the price of a stock is primarily influenced by the company's performance—if the company is performing well, its stock price typically rises, and if the company faces difficulties, the stock price may fall. Stock prices may also move suddenly and significantly, and past performance does not guarantee future results.

- In the event that a company becomes insolvent or undergoes liquidation, holders of ordinary stocks are at the bottom of the priority list for payment. This means that shareholders may not receive any compensation until all other debts and obligations (such as those owed to creditors and bondholders) have been settled. In such circumstances, you may lose the entire amount invested.
- One key factor affecting stock prices is **perception risk**. The price of a company's stocks is heavily influenced by investor sentiment and market perceptions of its future prospects. If investors are optimistic about the company's future, the stock price may rise. Conversely, if there is pessimism or negative sentiment, the stock price can fall. For example, if investors lose confidence in the company, the stock price might decrease, and if you decide to sell at that time, you might realize a loss. Even if the stock price recovers later, there's no guarantee you'll regain the amount you originally invested.
- Additionally, stock prices can be volatile, and they can be influenced by various external factors such as changes in the economy, interest rates, industry performance, or even broader market trends. Therefore, investing in stocks carries inherent risks, and investors must be prepared for the possibility of losses, especially in the short term, if market conditions are unfavorable. In stressed or volatile market conditions, liquidity may decrease and it may be difficult or impossible to sell shares at the desired price or without delay. Trading in a stock may also be suspended.
- Corporate actions such as mergers, acquisitions, capital increases, rights issues, stock splits, reverse splits or delistings may affect the value of your investment and may result in dilution.

- If shares are denominated in a foreign currency, fluctuations in exchange rates may affect the value of your investment and any returns when converted into your home currency.

Transaction costs, commissions, spreads, taxes, and other charges may reduce the overall return on your investment.

Therefore, investing in stocks carries inherent risks, and you must be prepared for the possibility of losses, especially in the short term, if market conditions are unfavorable.

Fractional Stocks

Fractional Stocks enable you to invest in a fraction of a stock instrument (e.g., stocks, ADRs, ETFs, ETNs, ETCs etc.) that is otherwise traded and listed only in whole-unit form. Fractional Stocks are provided through a trust arrangement, under which the legal ownership of the underlying stock held in safe custody segregated in our books and records, while you are the beneficial owner of the fractional interest in proportion to your fractional exposure to the relevant instrument. While whole units of stocks (e.g., shares, ADRs, ETFs, ETNs and ETCs) are traded on regulated trading venues, their fractions are not.

Fractional Stocks do not constitute a separate class of financial instruments issued by the underlying issuer. Your rights derive from the contractual arrangement governing the fractional structure and may differ from those attached to direct legal ownership of whole shares. Voting rights and participation in certain corporate actions may be limited or handled proportionally in accordance with our policies.

Fractional Stocks do not provide capital protection or guaranteed returns. Their value fluctuates in line with the market price of the underlying instrument. You may lose part or all of the amount invested.

As fractions are not independently admitted to trading on a regulated market, liquidity depends on our execution arrangements. In certain market conditions, it may be difficult or impossible to dispose of your fractional interest at the desired price or without delay.

You are exposed not only to the market risk of the underlying instrument but also to operational and counterparty risks associated with the entity holding the underlying **whole units.**

Before investing in Fractional Stocks, you should ensure that you understand their legal structure, the rights attached to them, and the specific risks involved.

ADRs (American depository receipts)

American Depository Receipts (the "**ADRs**") are certificates issued by a U.S. depositary bank that represent a specified number of stocks in a foreign (non-U.S.) company. ADRs are traded on U.S.-based trading venues and are designed to allow investors to gain exposure to non-U.S. issuers through such venues. In terms of product characteristics, performance, and key risks and benefits, ADRs are broadly in line with stocks. However, ADRs are sensitive towards all principal risks of financial markets.

Exchange Traded Products (e.g., ETFs, ETNs, ETCs)

- ***Exchange Traded Funds (the "ETFs")*** are collective investment products whose units/stocks are admitted to trading on an exchange or other trading venue. ETFs are generally designed to track the performance of a reference index, sector, basket of instruments or investment strategy. Although ETFs are traded like stocks, their market price may, at times, differ from the value of the underlying holdings (net asset value) and their performance may deviate from that of the reference benchmark (tracking difference/tracking error). You should also be aware that ETF liquidity depends on market conditions and on the liquidity of the underlying holdings.
- ***Exchange Traded Commodities (the "ETCs")*** are exchange-traded debt instruments designed to provide exposure to commodities (such as precious metals, energy products or agricultural commodities) or commodity derivative contracts. The price of an ETC is directly or indirectly

linked to the performance of the underlying. An ETC passively tracks the performance of the commodity or commodity indices to which it refers.

- ***Exchange Traded Notes (the "ETNs")*** are exchange-traded debt securities, typically issued by a financial institution, that are designed to track the performance of a reference index or underlying asset. The price of an ETN is directly or indirectly linked to the performance of the underlying. An ETN passively tracks the performance of the underlying to which it refers.

In terms of product characteristics, performance drivers and key risks, ETFs, ETCs and ETNs are generally aligned with stocks, but they may also entail additional risks linked to their structure (including tracking error, commodity-specific risks and issuer/counterparty risk).

Risks related to Stocks:

1. **Automatic currency conversions may affect returns on stocks**

   Where stocks are denominated in a currency other than your account currency, automatic currency conversions may occur in connection with buy orders, sell-side settlement, dividend payments or other corporate action distributions.

   For buy orders, where the stock is denominated in a non-account currency, the relevant foreign exchange conversion is applied and the FX rate is locked at the point of execution. For sell orders, conversions may occur in connection with sell-side settlement and, where applicable, in connection with dividends and other corporate action distributions. Such conversions may take place at times or at exchange rates that are unfavourable to you.

   As a result, exchange rate movements and conversion timing may impact the value of proceeds or income received and may reduce returns, independently of the performance of the underlying instrument or broader market movements.

2. **Trading in a stock may be suspended or stopped**

   Trading in stocks may be suspended, restricted or terminated due to regulatory action, delisting, corporate events or market conditions. In such circumstances, you may be unable to trade the affected stocks, or positions may be closed at short notice and potentially at unfavourable prices.

   In such circumstances, your orders may be rejected or cancelled, and you may be required to close positions or positions may be closed where necessary to comply with applicable rules or operational constraints.

3. **Corporate actions may affect your entitlements**

   Corporate actions are events initiated by an issuer that may affect the rights, value, structure, liquidity or marketability of a financial instrument. These events may be mandatory (applied automatically) or voluntary (requiring an investor election).

   Corporate action processing is subject to custody arrangements, settlement infrastructure and intermediary chains beyond our direct control. As securities are generally held through pooled or omnibus custody structures, corporate actions may be processed on an aggregated basis and subject to operational constraints. As a result:

   - Adjustments to your holdings (including changes in quantity, value or cash balances) may reflect rounding, allocation or timing differences;
   - Fractional entitlements may be rounded, cash-substituted, sold, adjusted or otherwise processed in accordance with operational feasibility and market practice;
   - Processing timelines may depend on upstream intermediaries and market systems and may be delayed.

   Participation in certain voluntary corporate actions (such as rights issues, tender offers, exchange offers or similar elections) may be limited or unavailable due to custody, settlement, intermediary or operational constraints. Where participation is facilitated, elections may apply

uniformly to all affected holdings of the same instrument within an account and split or heterogeneous elections may not be supported.

You will be able to exercise rights (where applicable) only through us, and subject to operational constraints, deadlines and the information we receive from third parties.

ADRs: Where the underlying stocks of an ADR carry voting and/or dividend rights, the ADR holder may be entitled to exercise such rights, subject to the terms of the depositary arrangement. You should note that dividend payments are not guaranteed as they are subject to issuer's discretion and may be reduced, delayed or cancelled. Whether a dividend will be declared and paid is at the discretion of the issuer and taxes may apply, which may reduce the net dividend amount received, which could negatively impact the overall value of the dividend to you.

4. **You may not be able to exercise voting rights**

   On a best-effort basis, and where sufficient time and information is available to us to do so, we facilitate voting rights. However, there will be cases where you may not be able to exercise voting rights directly, or at all, or voting may be aggregated. This may limit your ability to influence corporate decisions.

5. **Trading outside normal market hours involves additional risks**

   Trading outside normal market hours may involve lower liquidity, higher volatility and, where applicable, wider spreads. Prices during extended trading hours, where applicable, may differ significantly from prices during regular trading sessions, increasing the risk of unfavourable execution or losses. Execution quality and price formation mechanisms may differ from those applicable during regular market hours.

6. **Settlement delays may occur**

   Trades in stocks are subject to settlement processes that may fail or be delayed due to market, counterparty or operational issues. This may result in delays in the transfer of ownership, receipt of cash proceeds, or

financial adjustments to your account. Until settlement has completed, the relevant cash proceeds may not be available for withdrawal and you may have restricted access to such proceeds.

Where a trade is cancelled, corrected or reversed by the venue, counterparty or relevant post-trade infrastructure, we may need to reverse, cancel or amend the transaction and adjust your account accordingly. Until settlement is completed, legal ownership may not be fully transferred and associated rights may not be fully exercisable.

7. Your assets may be affected by counterparty or custody failures

Your assets may be exposed to counterparty, custody and segregation risks. These risks may arise from the failure, insolvency or default of the Company, execution brokers (including brokers we cooperate with for the execution of orders on stocks), custodians, sub-custodians, clearing houses or settlement agents, or from failures in segregation arrangements. In the event of insolvency, operational failure or deficiencies in segregation, you may experience delayed settlement, restricted or delayed access to your assets, and in certain cases a partial loss of your holdings.

While client assets are held in accordance with applicable regulatory requirements, segregation does not eliminate all risks, and it may not fully protect you in the event of the failure of a relevant third party or systemic disruption.

Where assets are held in pooled (omnibus) custody accounts, an irreconcilable shortfall at a custodian or sub-custodian may be shared on a pro-rata basis among affected clients. In extreme circumstances, recovery of assets may be subject to insolvency proceedings and may take a prolonged period of time.

8. Fractional Stocks risks

For Fractional Stocks, to the extent operationally feasible, the economic and other rights arising from the underlying instrument (such as dividends and certain corporate action entitlements) are generally passed on to you

proportionately to your fractional holding. However, certain rights and entitlements (including the transfer of Fractional Stocks) may be limited due to operational constraints.

Fractional holdings may be rounded in accordance with our operational arrangements (for example, to a limited number of decimal places). As a result, small dividend amounts or fractional corporate action entitlements may be rounded, cash-settled, delayed or not payable where not operationally feasible.

Considering that Fractional Stocks are traded on an OTC basis, liquidity may be more limited than in the corresponding whole instrument, and execution may be impacted by market conditions and the available liquidity provided via the executing arrangements.

9. Transfer of stocks risks

Transfers of stocks to another intermediary are subject to operational, custody and settlement limitations. Certain instruments, including fractional holdings or securities held through omnibus arrangements, may not be transferable.

During a transfer, your positions may be temporarily unavailable for trading and you remain exposed to market risk. Transfers may be delayed, rejected or require liquidation of the relevant instruments.

10. Stocks orders cannot be amended, only cancelled

Once you submit a stock order, you cannot amend it. If you wish to change an order that has not yet been executed, you must cancel the order (where cancellation is still possible) and submit a new one. Cancellation may not be possible if the order has already been executed (in whole or in part) or is in the process of being executed.

11. ADR specific risks

ADRs may be subject to depositary fees, withholding taxes and the terms of the depositary arrangement. These factors may reduce returns or affect

the timing and availability of dividends and corporate action entitlements. ADR investments are subject to the terms and conditions of the relevant depositary agreement, which may limit or affect the exercise of certain rights.

B. Trading OTC derivative products

Contracts for Difference (CFDs)

A CFD is a derivative instrument priced with reference at an underlying asset price. CFDs are traded OTC and no exchange or other external execution venue will be involved in the transaction. CFDs involve greater risk than investing in on-exchange products, as market liquidity cannot be guaranteed and it may be more difficult to liquidate an existing position. The prices and other conditions are set by us in accordance with our obligation to provide best execution as included in our Order Execution Policy and in accordance with our Terms & Conditions.

The services of Capital Com are available for retail clients, professional clients and eligible counterparties. CFDs are high risk and complex financial products, generally used for speculative purposes, and may not be appropriate for all individuals. CFDs are not suitable for "buy and hold" trading, therefore if the client does not have enough time to monitor such investment on a regular basis, he or she should not trade in CFDs.

Special Statement for Residents of Spain. The Company offers trading in CFDs. CFD is a product that is complex and difficult to understand. The National Securities Market Commission of Spain (the "**Comisión Nacional del Mercado de Valores**" or "**CNMV**") considers that generally, CFDs are not appropriate for retail clients, due to their complexity and risks involved. A CFD is also a leveraged product and the losses incurred may be greater than the amount initially invested. The amount initially invested corresponds to the initial margin required to open a position.

Example of how a CFD works

Company ABC is a public company listed on London Stock Exchange. You think a listed share ABC is undervalued and that its price will rise. The price quoted is 60/65. That means you may sell at 60€ or buy at 65€. The difference between the price you can sell and the price you can buy is called "the spread".

You decide to buy 40 CFDs in the share ABC at the price of 65€ per CFD. Your position is therefore 2600€ (40 x 65€).

Leverage allows you to trade in positions larger than your own money. So, you do not actually pay 2600€. The amount you pay depends on the margin required. If the required margin is 20% that means your minimum initial payment is 520€ (2600€ x 20%). The return you get on this initial requirement depends on the price at which you decide to close your position (that is, when you sell the CFD).

If the price of ABC decreases by 5% (from 60/65€ to 57/61.75€), you will lose the difference between opening and closing price multiplied by the size of the contract. i.e. you lose (65-61.75)*40=130€.

The only cost paid to enter into such transaction is the spread, which is 200€ i.e. (65-60)*40. In addition to spread, if any position is carried overnight, there is an overnight funding adjustment/swap that needs to be debited or credited to your account. Overnight funding adjustments or swaps can be found on the website and the trading app. You should be aware of the possibility that other costs, such as taxes, may exist that are not paid through or imposed by the Company. It is your sole responsibility to bear these additional costs. Costs related to trading CFDs may outweigh the gross profits from a trade.

CFD trading is risky and not suitable for everyone. If you choose to enter a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks and

that you monitor your positions carefully. If you are in any doubt about the risks involved, you should seek professional advice.

This Statement provides a general description of the risks associated with trading CFDs over-the-counter. This Statement does not explain all the risks involved in trading CFDs or how such risks relate to your personal circumstances.

CFD trading involves high risk of losing your capital. You are highly recommended not to invest cash that you cannot afford to lose.

Knock-out options (KOs)

KOs are derivative financial instruments that give the buyer the right to speculate on the direction of a specific underlying asset upon the payment of an Option Price (also referred to "Size in Cash" on the Online Trading Platform) and that may become worthless if the price of the said underlying reaches the KO level price.

KO level is a predetermined price level of the underlying asset that, if reached, terminates the KO quantity at zero value. The KO level is selected by the trader when entering a trade by choosing either a Call or Put direction.

The services of Capital Com are available for retail clients, professional clients and eligible counterparties. KOs are high risk and complex financial products, generally used for speculative purposes, and may not be appropriate for all individuals. Due to their short-term nature and sensitivity to market movements, KOs are not suitable for passive or long-term investment strategies. Their structure requires active monitoring, as they are subject to rapid and significant changes in value. Therefore, if a client does not have sufficient time to monitor such investments on a regular basis, they should not trade in KOs.

Examples of how a KO option works

1. Company X is traded on NYSE with a current price (Call 101, Put 99). Client selects a Call KO, speculating that the price of the underlying asset Company X will increase. The client decides to open 2 Call KO quantities and sets the KO level at 50 $.

   The client pays 102 $ to open the trade (Option Price), which is the initial cost for entering the trade and is calculated as follows:

   For KO Calls: (Open Price – KO level) × Quantity = (101−50) × 2= 51×2 =102 $

   Later, the price of Company X rises to 120 $. The value of each KO quantity is now 70$. The client decides to close both KO quantities and makes a profit of 38 $, calculated as follow:

   New value per quantity: Current Price - KO level = 120 - 50 = 70

   Since the client opened 2 quantities, the total value of these 2 quantities is:

   Total value = 70 x 2 = 140 $

   The client closes the trade and realizes a profit of:

   Profit = Total Value - Option Price paid = 140 - 102 = 38 $

2. Another client opens 5 Put KO quantities with underlying Commodity Z, which is traded at 250$, speculating that the price of Commodity Z will go down. The client sets the KO level at 300. Client pays 250$ to open the trade (50$ for each KO quantity).

   Option Price per quantity = (KO level - Current price) x Quantity= (300 - 250) x1 = 50 $

The client pays 250$ to open the trade (5 quantities, 50$ each).

Later, the price of Commodity Z drops to 220$ and the client closes the 2 Put KO quantities at 80$ each.

The calculations are as follow:

Value per quantity = KO level - Current price = 300 - 220 = 80 $

Since the client has 5 quantities, the total value for all quantities is:

Total value = 80 x 5 = 400 $

The client decides to close 2 quantities at 80 $ each, which gives a total of:

Value from closing 2 quantities = 80 x 2 = 160 $

The remaining 3 quantities still have the potential for profit if the price continues to fall.

Then, the price of Commodity Z suddenly rises at 301$. The 3 remaining KO quantities expire worthless because the price of the underlying asset has touched or exceeded the KO level set by the client.

Therefore, the remaining 3 quantities result in a total value of 0$, as they are knocked out.

At the end, the Client has made -90$ losses, which is calculated as follow:

Total loss = Option Price paid - value of 2 quantities = 250 - 160 = 90 $

In addition to the Option Price, if any trade is carried overnight, there is an overnight funding adjustment that needs to be debited or credited to your

account. Overnight funding adjustment rates can be found on the website and the trading app. You should be aware of the possibility that other costs, such as tax, may exist that are not paid through or imposed by the Company. It is your sole responsibility to bear these additional costs. Costs related to trading KOs may outweigh the gross profits from a trade.

KOs trading is risky and not suitable for everyone. If you choose to enter a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks and that you monitor your trades carefully. If you are in any doubt about the risks involved, you should seek professional advice.

This Statement provides a general description of the risks associated with trading KOs over-the-counter. This Statement does not explain all the risks involved in trading KOs or how such risks relate to your personal circumstances.

KO trading involves a high risk of losing your capital. You are highly recommended not to invest cash that you cannot afford to lose.

Risks related to OTC products (CFDs & KOs):

By entering a CFD and/or KO transaction with Capital Com the client acknowledges, understands and agrees that:

1. **Trading CFDs and KOs is highly speculative and risky**

   Trading CFDs and KOs is highly speculative, involves a significant risk of loss and is not suitable for all investors. CFDs and KOs are a risky type of investment and can result in large losses.

   CFDs and KOs are only suitable for those clients who:

   - ➢ understand and are willing to assume the economic, legal and other risks involved;
   - ➢ are experienced and knowledgeable about trading in CFDs and/or KOs and in the underlying assets; and

- ➢ are financially able to assume losses significantly in excess of the margin.

2. **CFDs and KOs are risky and not appropriate for everyone**

   Before the Company opens an account for you, the Company is required to make an assessment of whether the products and/or services are appropriate for you, and to warn you if, on the basis of the information you have provided, that any product or service is not appropriate.

   We may ask you for information about your financial assets and earnings. We do not monitor on your behalf whether the amount of money that you have sent us or your profits and losses are consistent with that information. It is up to you to assess whether your financial resources are adequate and what level of risk you take.

   If the client is warned that the given CFD and/or KOs is not appropriate for him/her and still decides to proceed with the Company, the client is deemed to have confirmed that he/she understands the risks involved and accepts them.

3. **Trading OTC entails specific risks**

   When trading CFDs or KOs with us, the orders will not be executed on a recognized or designated investment exchange but rather directly with the broker, in what is commonly referred to as OTC trading. All positions/trades entered into with us must also be closed with us and cannot be transferred or closed with any other entity. OTC transactions may involve greater risk than investing in on-exchange transactions because there is no exchange market on which to close out an open position/trade. It may be impossible to liquidate an existing position/trade, to assess the value of the position/trade arising from an OTC transaction or to assess the exposure to risk. There is no central clearing and no guarantee by any other party of our payment obligations to you, so you are exposed to credit risk with Capital Com.

You must look only to Capital Com for performance of all transactions in your account and for return of any margin.

4. **Gap risk**

   Financial markets may fluctuate rapidly and the prices of our products will reflect this. Gap risk is a risk that arises as a result of market volatility. Gapping occurs when the prices of our CFDs or KOs suddenly shift from one level to another, without passing through the level in between. There may not always be an opportunity for you to place an order or for the platform to execute an order between the two price levels.

5. **There are risks related to holding long CFD positions and/or Call KO trades**

   CFDs

   Being long in CFDs means you are buying CFDs to speculate that the market price of the underlying asset will rise between the time of entry and exit. As the holder of a long CFD position, you will generally make a profit if the market price of the underlying asset increases while the position is open.

   You will incur a loss if the market price of the underlying asset falls while your long CFD position is still open. Your loss will be the difference between the market price at the time of purchase and the price at the time of sale, multiplied by the number of CFD units involved. Your potential loss may therefore exceed your initial margin requirement.

   You may also suffer a loss if your CFD position is closed by the Company due to insufficient funds in your account to maintain the position.

   KOs

   Opening a Call KO trade means you are speculating that the price of the underlying asset will rise. As the holder of a Call KO, you will generally make a profit if the underlying price increases while your KO trade (size in options) remains active.

You will incur a loss if the price of the underlying asset falls while your Call KO trade is open. Your loss will be the difference between the value of the KO at the time of entry and the value at the time of closing.

Additionally, you may lose the full Option Price paid if the price of the underlying asset reaches the predetermined KO level, in which case the KO will expire with zero value.

6. **There are risks related to holding short CFD and/or Put KO positions / trades**

CFDs

Being short in CFDs means you are selling CFDs to speculate that the market price of the underlying asset will fall between the time of entry and exit. As the holder of a short CFD position, you will generally make a profit if the price of the underlying asset decreases while your position is open.

You will incur a loss if the market price of the underlying asset rises while your short CFD position is still open. Your loss will be the difference between the market price at the time of entry and the price at the time of exit, multiplied by the number of CFD units involved. Your potential loss may exceed the initial margin required.

You may also suffer a loss if your CFD position is closed by the Company due to insufficient funds in your account to maintain the position.

KOs

Opening a Put KO trade means you are speculating that the price of the underlying asset will fall. As the holder of a Put KO, you will generally make a profit if the underlying price decreases while your KO trade (size in options) remains open.

You will incur a loss if the price of the underlying asset rises while your Put KO trade is open. Your loss will be the difference between the value of the KO at the time of entry and the value at the time of closing.

Additionally, you may lose the full Option Price paid if the underlying asset reaches the predetermined KO level, in which case the KO will expire with zero value.

7. High leverage can lead to quick losses for clients

Applicable only for CFDs. The high degree of "leverage" is a distinct feature of CFDs. The effect of leverage makes investing in CFDs riskier than investing directly in the underlying asset. This is a result of the margin system applicable to CFDs, which generally involves a small deposit relative to the size of the transaction, so that a relatively small price movement in the underlying asset can have a disproportional impact on your trade.

A small price movement in your favor can provide a high return, however, a small price movement against you may quickly result in significant losses.

If losses occur to your CFD trades, you may be required to pay additional funds on short notice to maintain your position open. If you fail to comply with a request for additional funds, your position may be liquidated.

Negative Balance Protection: It is possible for adverse market movements to result in the Company's clients losing more than their account balance. In this case, the Company will bear the negative consequences of such adverse events affecting retail clients and any of the retail clients' losses will be limited to their then current account balance. For more information, please refer to the Terms and Conditions.

Please note that if a resident of **Spain decides to trade CFDs a set of additional rules and procedures will become applicable. Such a set of additional rules and procedures can be found in Section 20.17 of the Company's Terms and Conditions.*

8. **Stop Loss Orders cannot always protect you from losses**

   Capital Com offers the option to set Stop Loss Orders to help limit potential losses from an open position/trade. A Stop Loss Order is designed to automatically close your position/trade when the market reaches the price level you have specified.

   However, Stop Loss Orders are not guaranteed and may be executed at a price that is worse than the one you set, particularly in volatile or fast-moving market conditions.

   Applicable only for CFDs: In the case where a Guarantee Stop Loss Order (GSL), has been placed and accepted, we guarantee that your position will be closed at exactly the price you specify. However, since this price is guaranteed, a fee is charged when the GSL is triggered and executed. For further details, please refer to the Company's Order Execution Policy.

9. **You have an obligation to maintain margin requirements when trading CFDs**

   The client must always maintain a minimum margin on his/her open positions. It is your responsibility to monitor your account balance. The client may receive a margin call to deposit additional cash if the margin in his/her account is too low. You may need to provide us with additional funds to meet your margin requirement on short notice to maintain your positions open. Failure to do so, may result in your positions being liquidated.

10. **Only cash settlement is available**

    The client understands that CFDs and KOs can only be settled in cash and the difference between the buying and selling price partly determines the result of the investment.

11. Daily Premium Adjustment

For certain CFD and KO positions referencing commodities, indices, bonds, or interest rates, a daily premium adjustment may be applied.

This adjustment reflects the difference in value between successive contract maturities of the relevant underlying futures-referenced contract and is intended to ensure continuity of the spot price over time. The daily premium adjustment aligns the valuation of the position with the relevant fair value.

The adjustment is applied on a daily basis and may result in a debit or credit to your account, depending on whether you hold a long or short position. Although the adjustment is designed to have a neutral effect on the overall economic value of your position when combined with the corresponding price movement, it may impact the displayed profit and loss and the balance of your account on a day-to-day basis.

In particular, long positions may be subject to daily debits and short positions may receive corresponding credits. As a result, you may observe reductions in your account balance or unrealised profit and loss even where market prices move in your favour or remain stable.

You should therefore be aware that daily premium adjustments may affect the short-term valuation and presentation of your position, and may influence available margin and risk of position closure, even though they do not represent a fee or trading charge.

12. Prices, margins and valuations set by Capital Com may differ from those provided elsewhere

Capital Com sets the prices used for trading, the valuation of client positions/trades, and, in the case of CFDs, the determination of margin requirements. The performance of your CFD or KO position/trade will depend on the prices quoted by us and on market movements in the underlying asset to which your CFD or KO relates.

Each underlying asset carries its own risks, which may affect the outcome of the CFD or KO position/trade. Please note that prices and valuations provided by Capital Com may differ from those available on public exchanges or other data sources.

13. You have no rights to the underlying assets

You have no rights or obligations in respect of the underlying instruments or assets relating to your CFD or KO. The client should understand that CFDs and KOs can have different underlying assets, including, stocks, cryptocurrencies, indices and commodities. For example, in case of a stock CFD or KO you will not receive any voting rights, as you do not hold the physical asset

14. Specific risks related to CFDs and KOs on Crypto-Assets

Crypto-assets are highly volatile and speculative investments that can experience sharp and unpredictable price changes due to factors such as market confidence, regulatory actions, technological issues, theft, or the emergence of superior alternatives. Their value may fluctuate dramatically, potentially rendering related products like CFDs equally unstable. As such, they are only suitable and/or appropriate for investors who fully understand the risks and can afford to lose their entire investment.

Crypto-assets are attractive targets for fraud, theft and cyber-attacks. Such cases are likely to influence the pricing and availability of CFDs and KOs on crypto-assets.

Also, there is a possibility that crypto-assets could lose all value if they fail to gain acceptance as a long-term medium of exchange. In that case, CFDs and KOs based on those crypto-assets could also become worthless.

15. Specific risks related to CFDs on Shares whose underlying asset is a Pre-IPO Share

CFDs on Shares may be offered on shares of companies that have publicly announced or filed for an initial public offering or other first

listing on a stock exchange (the "**IPO**") but whose shares are not yet admitted to trading on the stock exchange identified for the relevant instrument on the Trading Platform (the "**Pre-IPO Shares**"). Before the listing there is no exchange price. The price is derived from a pre-listing reference market, being a perpetual futures contract on the company's expected valuation that is traded on a single third-party venue. Prices are quoted in USD. This price reflects market expectations only, may be highly volatile and illiquid, and spreads are significantly wider than for CFDs on listed shares.

Where the price from the reference venue is stale, unavailable or unreliable, trading in the relevant CFD is suspended. During a suspension you cannot open or close positions, and when trading resumes the first available price may differ significantly from the last price before the suspension. If a reliable price cannot be restored, we may close your positions at the last available price.

When the company lists, your position continues as a CFD on the listed share. No adjustment is made for the difference between the last pre-listing price and the first traded price, which may result in a significant gain or loss, including the loss of the full balance of your Account. Between these two prices you cannot close your position, and non-guaranteed stop-loss orders and the margin close-out cannot limit your loss. A change by the reference venue to the basis of its contract, such as a rebase to the actual number of shares, is treated as a corporate action. If the company does not list by the expiry date of the CFD (the cut-off date), which may be extended if the IPO is delayed, or brought forward if the company publicly withdraws its IPO, your positions are closed at the market price at that time, as set out in our Order Execution Policy. If no reliable price is available at that time, your positions are closed at the last available price. We will notify you in advance of the cut-off date and any extension of it or any change to it.

We act as the counterparty to your trades. To manage our exposure, we apply position limits per client and may restrict the opening of new

positions in a Pre-IPO Share in one direction when our exposure reaches our limits. As a result, you may be unable to open or add to a position when you wish. You can still close or reduce your existing positions while trading is not suspended.

You do not acquire, and will never receive, any shares or other rights in the company. The company may object to trading in its shares before listing, and trading in the CFD may be withdrawn at short notice as a result.

16. CFDs and KOs are not suited for long term investors

CFDs and KOs are designed for short-term trading and are not appropriate for long-term investing. Holding these instruments open for extended periods may result in increased costs, such as overnight funding adjustments for CFDs or premium erosion and expiry considerations for KOs.

Additionally, market volatility over time may increase the risk of margin calls for CFD positions or knock-out events for KOs. In many cases, it may be more appropriate for clients seeking long-term exposure to consider purchasing the underlying asset directly.

17. There are risks related to the features of Capital Com's trading platform

Once the Client enters an order into Capital Com's trading platform (by clicking Buy/Sell for CFDs or 'Call/Put' for KOs), this is immediately executed and thereafter the Client will not be able to cancel or modify the order. This feature may be different from other trading platforms you have used in the past. You should utilize the demo account to become familiar with Capital Com trading platform before actually trading with the Company. By using Capital Com trading platform, even through a demo account, you agree to the one-click system and accept the risks related to the immediate execution feature.

18. Demo trading may not reflect live market conditions

Demo trading is conducted in a simulated environment using virtual funds and does not involve real market exposure. Conditions on a demo account may differ from those of a live trading environment. For example, orders may be filled instantly at the displayed price, whereas in live trading they may be executed at different price levels, partially filled, or subject to market liquidity and order book conditions.

Demo accounts are provided to help you familiarise yourself with the platform's features and functionality only and do not replicate live market execution, pricing or liquidity conditions. Performance achieved in a demo account is not indicative of the results that may be achieved when trading with real funds. Trading on a demo account does not constitute real trading experience and does not expose you to actual market, liquidity, execution or psychological conditions associated with trading with real funds.

Important Note: No CFD demo trading is available to Retail Clients residing in Spain.

VI. Risks disclosure applicable to all products (stocks, CFDs, KOs)

1. The value of your investments may rapidly and unpredictably go down as well as up

The value of financial instruments, including stocks, CFDs and KOs, may fluctuate rapidly and unpredictably due to company-specific events, broader market conditions, economic developments, interest rate changes or investor sentiment. In certain market conditions, including periods of unusual or rapid price movements or reduced liquidity, it may not be possible to execute an order at the price specified, or within a desired timeframe Trading halts, suspensions, or other market disruptions may also restrict the ability to open or close positions.

For leveraged or derivative products, market conditions or other circumstances like market prices may gap between trading sessions or

outside normal market hours may prevent the effective operation of risk controls, and positions may be closed at prices that differ significantly from those expected, which may result in losses.

2. **Concentration risk**
   Investing in a single instrument or a limited number of instruments may increase exposure to issuer-specific or sector-specific risks.

3. **Orders may not be executed at the expected price**
   Client orders may not be executed at the expected price due to market movements occurring between order submission and execution (commonly referred to as slippage). In volatile or fast-moving market conditions, prices may change rapidly, resulting in execution at a less favourable price than anticipated. In addition, if there is insufficient market liquidity at the desired price or order size, orders may be partially filled, delayed, or not filled at all.

4. **The past performance of a financial instrument is not a reliable indicator of future performance**
   Past performance of a financial instrument or an issue is not a reliable indicator of its future performance. Historical returns, dividends or price trends do not guarantee future outcomes.

5. **Currency movements may affect the value of your investment**
   Where your account currency differs from the currency in which an investment is denominated, you will be exposed to currency (foreign exchange) risk. Changes in exchange rates may adversely affect the value of your investment independently of the performance of the underlying instrument. Unfavourable currency movements may result in losses or reduced returns.

   If you deposit funds in a currency different from your account's base currency, your funds will be converted and exposed to foreign exchange risk. As a result, you may receive less than the amount

originally deposited when funds are converted, even if no trading activity has taken place. Currency conversion costs and unfavourable exchange rate movements may therefore reduce the value of your available funds.

6. **There are risks related to market liquidity**

   Liquidity risks affect your ability to trade. This is the risk that a financial instrument, including CFDs, KOs and Stocks cannot be traded at the time, price or volume you desire.

   - For ***CFDs and KOs***, market liquidity is not guaranteed and market conditions can change significantly in a very short period of time. Under certain trading conditions it may be difficult or impossible to liquidate a position / trade.
   - For ***Stocks***, insufficient market liquidity may prevent you from selling your holding at your desired price or in the volume you intend. As a result, you may be required to accept a lower price, receive smaller returns than expected, or realise losses when closing a position.

7. **Failure to monitor positions/trades entails risks**

   It is important that you monitor all of your positions/trades closely. It is *your responsibility* to monitor your positions/trades and during the period that you have any open positions/trades you should always have the ability to access your account.

8. **You may lose the full amount invested**

   You may lose part or all of the capital invested in any product offered.

   For ***CFDs***, adverse market movements may result in the loss of your entire account equity.

   For ***KOs***, adverse market movements may trigger the automatic closure of your trade, resulting in the loss of the entire Option Price invested.

   For ***Stocks***, if an issuer becomes insolvent or enters liquidation, shareholders typically rank last in priority for payment. As a result, you

may lose the entire value of your investment and any recovery is uncertain and may be delayed or unavailable.

9. Single account experience may affect your available cash

Capital Com offers a single account experience. This means that where you access more than one product (for example, stocks alongside CFDs and/or KOs), we maintain a single cash balance for your trading account.

Any available cash in your trading account (i.e., cash not invested in other products) is held as a single cash balance and is available for trading any product. Accordingly, such available cash may be used, in accordance with our Terms, to meet obligations across products (including CFD margin requirements, realised and unrealised losses, fees and other charges) and is therefore exposed to potential losses from your CFD trading.

The value of your stock assets (not cash) is not used to meet CFD margin requirements or CFD negative balance protection; however, once proceeds from stock sales, dividends or other corporate action distributions are credited to your trading account as available cash, they form part of that cash balance and may be used to meet CFD obligations, which may reduce the amount available for withdrawal.

10. Your trades may be taxable

Your trades may be or become subject to tax and/or any other duty, e.g., due to changes in the relevant laws and regulations or your personal circumstances. The Company does not offer tax advice. The client is responsible for any taxes and/or any other duty which may accrue in respect of his/her trades. You are solely responsible for understanding and complying with the tax treatment of your investments, including any applicable reporting obligations. Failure to do so may result in unexpected tax liabilities, penalties or reduced net returns.

11. We do not provide investment advice or fiduciary services

Generic market information provided by Capital Com to its clients is not intended to be and does not constitute investment advice or personal trading recommendations. Such information is not and should not be considered as an advice to buy or sell any CFD, to enter Call or Put trades in KOs, to buy or sell a Stock or Fractional Stock, nor as a solicitation to do so. Your decision to enter a trade with the Company and your decision as to whether such a transaction is appropriate for you, is your independent decision.

The Company is not acting as an advisor or serving as a fiduciary to its clients. You are responsible for managing your tax and legal affairs including making any regulatory filings and payments and complying with applicable laws and regulations. We do not provide any regulatory, tax or legal advice. If you are in any doubt as to the tax treatment or liabilities related to the instruments offered, you may wish to seek independent financial advice.

12. There is no guarantee of profit

There are no guarantees of profit nor of avoiding losses when trading stocks, CFDs or KOs. Neither the Company nor its representatives intend to provide nor can they actually provide such guarantees. The Client has been alerted by means of this Statement that risks are inherent to trading stocks, CFDs or KOs and that he/she must be financially able to bear such risks and withstand any losses incurred.

13. The protections we receive from third parties may not be extended to you

Any guarantees or legal protections that Capital Com is entitled to by means of a contract with any of our consultants, business process outsourcers, vendors or any other third party or intermediary, or that are available to us as a matter of law, may not cover or protect you in case you suffer a loss or damage as a result of such third party's failure to fulfill the obligations owed to us.

14. Market commentary

The generic market commentary provided by the Company (which does not constitute a personal recommendation or investment advice) is generic and based solely on the judgment of the Company's personnel. Client acknowledges he/she enters into transactions relying only on his/her own judgment. The generic market commentary of the Company is based on information believed to be reliable, but the Company cannot and does not guarantee the accuracy or completeness thereof.

15. Conflicts of Interest

Conflicts of interest may arise in the course of our business activities and there is a risk that they may affect certain operational or commercial aspects of the services we provide.

Capital Com maintains a formal policy for identifying and responsibly managing, controlling and, where necessary, disclosing the conflicts of interests arising in relation to our business. The Company takes all reasonable efforts to avoid conflicts of interest, and when they cannot be avoided, the Company ensures that you are treated fairly and at the highest level of integrity and that the Client's interests are protected at all times.

To achieve this, Capital Com follows specific operational procedures aligned with its Company's Order Execution Policy and Conflicts of Interest Policy, ensuring a diligent and consistent approach to managing and mitigating potential conflicts when handling client orders.

16. System failures

All trades are carried out electronically via the Internet. Platform outages, technical unavailability, system failures or disruptions may prevent you from submitting, executing or modifying orders, or from effectively monitoring your positions or account status. In fast-moving or

volatile markets, this may result in missed trading opportunities, execution delays, or unexpected financial losses.

In addition, weak, unstable or interrupted internet connectivity on your side may restrict or interrupt access to the platform, resulting in missed orders, delayed execution or reliance on outdated prices or account information.

Failures, malfunctions or disruptions of transmission, communication systems, computer facilities or trading software, whether belonging to the Company or to third-party service providers, may adversely affect the availability or performance of the platform and your ability to manage your trades.

17. Quoting errors entails risk

CFDs and KOs

Should a price quoting error occur (including responses to relevant client requests), Capital Com is not liable for any resulting errors in account balances and reserves the right to make necessary corrections or adjustments to the relevant account. Any dispute arising from such price quoting errors will be resolved on the basis of the fair market value, as determined by Capital Com in its sole discretion and acting in good faith, of the relevant market at the time such an error occurred. In cases where the prevailing market represents prices different from the prices we have posted on our platform, Capital Com will attempt, on a best efforts basis, to execute orders on or close to the prevailing market prices. This may or may not adversely affect the client's realized and unrealized gains and losses.

Stocks

Prices shown on the platform may be indicative and may be delayed or inaccurate. Stock orders are routed for execution, and the execution price is determined by the relevant market and executing broker/venue. If an order is executed, cancelled or corrected on the

basis of erroneous market data or a venue/broker correction, we may make corresponding corrections to your positions, balances and transaction records, acting reasonably and in good faith.

18. Transaction confirmations, statements and discrepancy reporting

You should carefully review transaction confirmations, statements and other account information and promptly notify us of any suspected errors or discrepancies. Delays in notifying us may affect our ability to investigate and correct issues.

19. Client Money

All funds belonging to you (the "**client money**") shall be held by us in a designated client money bank account; and are subject to a right of off-set for your liabilities towards us. The designated client money is segregated from the assets of the Company and is deemed client money for the purposes of the CySEC rules. We may place your funds in our designated client money account in a different currency to your base currency. Such client money will be at least equal in value to your base currency and will be in compliance with Cyprus regulatory requirements. No interest will be paid in respect of client money.

20. You are not automatically entitled to compensation under the Cyprus Investor Compensation Fund scheme and the compensation is not unlimited

Capital Com participates in the Investor Compensation Fund (the "**ICF**") for clients of Cyprus Investment Firms regulated by the CySEC. Retail clients may be entitled to compensation under the ICF where the Company is unable to meet its obligations towards its clients due to its financial circumstances and when there is no realistic prospect of improvement in the above circumstances in the near future, e.g. liquidation. For a retail client to receive compensation he/she will have to file a compensation claim to the ICF in a timely manner and get it approved by the Fund's Administrative Committee. In any case, the compensation shall not exceed twenty thousand Euro (EUR 20.000) per

retail client. For more details please refer to our Investor Compensation Fund Policy.

21. There are legal and regulatory risks involved

A change in laws or regulations made by the government or a regulatory body may increase the costs of operating a business, reduce the attractiveness of an investment and/or change the competitive landscape. Such changes may materially affect the value, performance, or profit potential of financial instruments, including stocks and derivative products (such as CFDs and KOs). This risk is unpredictable and may vary depending on the market, sector or underlying asset.

VII. Statement Updates

The Company reserves the right to review and/or amend this Statement and arrangements from time to time. This Statement is subject to at least annual review, and revisions will be made where necessary. In the event we materially change this Statement, active Clients will be notified as in accordance with the Company's Terms and Conditions. This Statement is available for review by clients upon request and it is uploaded to the Company's website.

By accepting the Terms & Conditions of Capital Com, you confirm that you understand the risks associated with trading our products, and that you are financially and otherwise capable of bearing these risks. You acknowledge that a total loss of your account balance would not compromise your financial well-being.

Risk Disclosure Statement - Version 2.2 - November 2026

Annex 1 - Definitions

"**ADRs**" shall mean American Depository Receipts.

"**CFDs**" shall mean Contracts for Differences.

"**CIF**" shall mean a Cyprus Investment Firm.

"**Client(s)**" or "**you**" shall mean the natural person or legal entity or the union of persons or group of assets devoid of legal personality who are clients of Capital Com.

"**Client money**" shall mean all funds belonging to you.

"**CNMV**" or "**Comisión Nacional del Mercado de Valores**" shall mean the National Securities Market Commission of Spain.

"**Company**" or "**we**" or "**Capital Com**" shall mean Capital Com Group Ltd.

"**Cyprus Securities and Exchange Commission**" or the "**Commission**" or the

"**CySEC**" shall mean the Cyprus Securities and Exchange Commission.

"**ETCs**" shall mean exchange traded commodities.

"**ETFs**" shall mean exchange traded funds.

"**ETNs**" shall mean exchange traded notes.

"**Fractional Stocks**" shall mean portions of a whole stock that represent less than one full unit of that stock, including shares, ETFs, ETNs, ETCs, ADRs etc.

"**ICF**" shall mean the Investor Compensation Fund.

"**IPO**" shall mean an initial public offering or other listing through which shares of a company are admitted to trading on a stock exchange for the first time.

"**KID**" shall mean the Key Information Document prepared pursuant to PRIIPs Regulation.

"**KOs**" shall mean Knock Out Options.

"**Law**" and/or "**Law 87(I)/2017**" shall mean the Investment Services and Activities and Regulated Markets Law 87 (I)/2017, as amended from time to time.

"MiFID II" shall mean the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

"**OTC**" shall mean over the counter.

"**Pre-IPO Shares**" shall mean shares of companies that have publicly announced or filed for an IPO but which are not yet admitted to trading on the stock exchange identified for the relevant instrument on the Trading Platform.

"**PRIIPs**" shall mean packaged retail and insurance-based investment products within the meaning of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 (the "PRIIPs Regulation").

"**Statement**" shall mean this Risk Disclosure Statement.

"**Stocks**" or "**stocks**" shall mean transferable securities as defined under Article 4(1) point (44) of MiFID II, including among others, shares, ADRs, ETFs, ETNs and ETCs. The Company markets Transferable Securities commercially under the name "Stocks".