

Funderbeam Markets AS IFR Annual Disclosure

Disclosure is made according to the article 46 of the Regulation (EC) 2019/2033 of the European Parliament and the Council of November 27, 2019 on the prudential requirements of investment firms and amending Regulations (EC) No 1093/2010, (EC) No 575/2013, (EC) No 600/2014 and (EC) No 806/2014 (“IFR”), as of December 31, 2023.

Funderbeam Markets AS (“Funderbeam”) is not a Small and non-interconnected firm since its ASA, CMH and DTF factors are all above zero (ref IFR Article 12(1)). Disclosure provides specific information on the risk profile of Funderbeam, in particular on the following:

- Risk management objectives and policies (IFR article 47)
- Governance (IFR article 48)
- Own funds (IFR article 49)
- Own funds requirements (IFR article 50)
- Remuneration policy and practices (IFR article 51)

Disclosure is provided on a yearly basis on the Funderbeam website as a separate report. The content of the disclosure is accurate as at 31st December 2023 and is the object of continuous change. Disclosure is to be read and understood together with the annual financial statements, including notes and management report, as well as other information provided by Funderbeam.

Risk management objectives and policies (IFR article 47)

Funderbeam's overall strategic aim was to provide a global solution for start-up and SME financing, connect like-minded investors, democratise investments by providing access to a global investor-base (where legally feasible), enable cross-border, transparent and frictionless investing, and the ability to provide liquidity for investors in early-stage and growth companies.

Funderbeam passported its licenced activities to all EEA countries.

Funderbeam is governed by a two-tier structure, consisting of the Management Board and the Supervisory Board.

The Management Board is responsible for the day to day management of the Company. The Management Board comprises two Management Board members. The Management Board is accountable for the implementation of the risk framework and ensures that the Funderbeam adheres to applicable regulatory, corporate and other legal requirements in respect of risk. The Management Board oversees and monitors risks applicable to the Funderbeam business environment in addition to the capital and liquidity. The approval of risk limits, recovery plans, risk frameworks, risk appetite statements and Internal Capital Adequacy Assessment Process ("ICAAP") document is also the responsibility of the Management Board.

The Supervisory Board is responsible for monitoring the activities of the Management Board in line with the applicable corporate and regulatory requirements. The Supervisory Board meets on a quarterly basis to consider reports from the Management Board and is responsible for undertaking a regular review of the performance of the Management Board. The Supervisory Board receives quarterly compliance and risk reporting regarding the overall risk environment and information relating to any existing or emerging risks. The Supervisory Board approves and periodically reviews the principles of remuneration and the strategies and policies on the risk appetite, and on managing, monitoring and mitigating potential risks, taking into account the macroeconomic environment and the

business cycle of the Funderbeam.

Risk management is central to the successful operation and development of Funderbeam. Risks are identified, assessed, managed and accepted in the context of Funderbeam's mission and strategy, acknowledging the company's risk-bearing capacity and willingness to take various risks. Risk management processes have been integrated into the operations of Funderbeam's business to ensure that risk is considered in all areas of the business, as well as managed on a group-wide basis, with day-to-day responsibility for risk management situated with the Management Board and is overseen by the Supervisory Board.

The main categories of risks that Funderbeam has identified in relation to its operations are business risk, operational risk and financial risk. The risk categories can then be divided into several sub-categories of risks. Risks are managed with the overall objectives of ensuring the sustainable provision of services and the fair treatment of clients, maintaining financial soundness, safeguarding clients' assets, and avoiding activities that could threaten the company's reputation.

Risk Statement

Funderbeam Markets AS adheres to a prudent risk profile aligned with its business strategy. The company prioritises capital preservation, operational resilience, and compliance with regulatory standards. The company's conservative approach to credit, market, and liquidity risks ensures that it operates with a sustainable risk appetite, safeguarding stakeholders' interests and ensuring long-term stability in fluctuating market conditions.

Capital Requirements

The company strictly adheres to all regulatory capital requirements. Capital adequacy is maintained through careful planning, stress testing, and the ongoing monitoring of risk-weighted assets. The company employs a risk-based approach to allocate capital to higher-risk areas, ensuring adequate buffers are in place to absorb losses during adverse market conditions. The management body regularly reviews the capital strategy, ensuring it aligns with regulatory obligations and the

company's risk appetite. It is also able to call upon the support of its parent company, Funderbeam Ltd, for additional funding, via capital increases, as needed.

Concentration Risk

To mitigate concentration risk, the company implements diversification strategies across clients, counterparties, sectors, and geographies. Management maintains close oversight to ensure there is no excessive reliance on any single asset class, counterparty, or sector and prompt action is taken as and when needed to rectify the company's position. The company's concentration risk policies are reviewed periodically to ensure alignment with evolving market and regulatory environments.

Liquidity

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company ensures it has sufficient autonomy over cash outflows to manage this risk and expects to meet its future financial obligations through operating cash flows. It is also able to call upon the support of its parent company, Funderbeam Ltd, for additional funding as needed. Liquidity risk is continuously monitored, and policies are updated to adapt to changes in the market environment or business strategy.

Governance (IFR Article 48)

a)	the number of directorships held by members of the management body;
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Funderbeam's Management Board consisted of two members, Thomas Davies and Monika Karu. They held respectively 21 and 33 other directorships, within the Funderbeam group or SPV's created for client securities management.

b)	the policy on diversity with regard to the selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved;
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Funderbeam adheres to a comprehensive diversity policy in relation to the selection of management body members, focusing on gender, age, educational background, and professional experience. The primary objective of this policy is to ensure a balanced and diverse leadership team.

c)	whether or not the investment firm has set up a separate risk committee and the number of times the risk committee has met annually.
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Funderbeam has not established a separate risk committee, as its on and off-balance sheet assets have averaged less than EUR 100 million over the four-year period immediately preceding the given financial year and therefore risk and remuneration committees are not established.

The Supervisory Board meets quarterly, and each of these meetings includes a dedicated agenda item for the discussion of risk-related matters. In addition, there are regular internal meetings between the Management Board, involving the Head of Legal and the Head of Compliance, during which risk management is a standing topic. These meetings ensure that risk is consistently addressed at a high level, with direct input from key departments responsible for risk oversight.

We believe that this structure allows for effective risk governance while ensuring

that risk management remains integrated across the company's leadership. However, we will continue to evaluate our governance framework to ensure it remains aligned with regulatory expectations and best practices.

This response reflects a balanced approach, acknowledging the company's current practices while demonstrating a commitment to ongoing risk management and governance.

Own funds (IFR Article 49)

The own funds of Funderbeam Markets AS only consisted of Tier 1 (i.e. the strongest and most liquid) funds, which are the paid-up share capital, share premium and other reserves.

No restrictions are applied in the calculation of the own funds of Funderbeam Markets AS.

		2023
0010	Own funds	535,889
0020	Tier 1 capital	535,889
0030	Common equity tier 1 capital (CET 1)	535,889
0040	Fully paid up capital instruments	277,030
0050	Share premium	3,589,970
0100	Other reserves	85,587
0060	Retained earnings	(1,066,025)
0070	Previous years retained earnings	(2,350,673)

Own funds requirements (IFR Article 50)

Capital management and requirements

In assessing the adequacy of its capital for managing current and future activities, Funderbeam considered both its liquidity and capital position, as well as its broader systems and controls for managing operational risk. Funderbeam has a risk register and Compliance Monitoring Plan, both of which are reviewed and updated by the Management Board on a regular basis. Funderbeam completes monthly management accounts, conducts daily reviews of cash resources available to it, and completes bank reconciliations at least weekly.

In addition, the Management Board is provided with a weekly report setting out the Own Funds position, together with the Capital Requirements and changes from the prior week. This provides the Management Board with the required insight into the capital position of the firm, and allows them to take any actions necessary to ensure the financial stability and ongoing operation of the firm.

Funderbeam also maintains and regularly reviews a comprehensive Professional Indemnity insurance policy to protect itself from operational risks.

Funderbeam met all the regulatory capital requirements in 2023. Own funds requirements and capital requirements are set out in the tables below:

	2023
Own funds requirement	320,665
Minimum capital requirement	150,000
Fixed overhead requirement	320,665
RtC K-factor	38,084
RtF K-factor	12
Total own funds requirement	320,665

The RtM K-factor requirement does not apply to Funderbeam Markets AS.

Remuneration policy and practices (IFR Article 51)

Remuneration includes all forms of payments or financial or non-financial benefits provided directly or indirectly by Funderbeam to the Staff in exchange for professional services rendered by staff and it includes: fixed remunerations like payments, proportionate regular pension contributions, or benefits (where such benefits are without consideration of any performance criteria), and variable remuneration like additional payments, or benefits depending on performance or, in exceptional circumstances, other contractual elements but not those which form part of routine employment packages (such as healthcare, child care facilities or proportionate regular pension contributions).

Funderbeam is of the opinion that, pursuant of the Estonian Securities Market Act § 79.3 (9), for Funderbeam § 79.3 clauses 2, 5 ja 8 are not applicable considering the proportionality principle, and it is allowed to waive the following remuneration requirements: deferral of variable remuneration; pay-out of variable remuneration in instruments; malus.

Key management benefits

	2023
Salaries and remuneration	206,248

Key management of Funderbeam are considered the members of the Supervisory Board (3 persons), the members of the Management Board (2 persons) and other employees with responsibility for key functions (1 person).

All remuneration is fixed, there is no variable remuneration.

As of December 31, 2023, key management held 34,400 share options of the parent Funderbeam Ltd, with an exercise price of EUR 0.001. During 2023, key management exercised 355,019 share options and 6,210 were forfeited.

With regards to gender-based disclosures, the Firm discloses that the ratio of male to female staff in management and senior positions is 66.7% : 33.3% and the mean average gender pay gap is 19.9%.

Funderbeam did not benefit from a derogation laid down in Article 32(4) of Directive (EU) 2019/2034.