Freetrade

MIFIDPRU 8 Disclosures – 31 December 2025

Freetrade

Contents

1. Introduction

1.1. Background

The Investment Firm Prudential Regime ("IFPR") is the prudential regime introduced by the Financial Conduct Authority ("FCA") for MIFID Investment firms and came into force on 1 January 2022.

This document sets out the public disclosures required under the IFPR.

1.2. Basis of Disclosure

Freetrade Limited ("Freetrade", "the Company" or "the Firm") is a UK Markets in Financial Instruments Directive ("MiFID") investment firm, regulated by the FCA and subject to the requirements of the IFPR.

Freetrade is classified as a non-small and non-interconnected ("non-SNI") firm as per MIFIDPRU 1.2.1R.

Freetrade Limited is the Freetrade Group's parent entity and its regulated operating entity in the UK. This disclosure is prepared in accordance with the provisions in Chapter 8 of the Prudential Sourcebook for MiFID Investment Firms ("MIFIDPRU"), as at 31 December 2025. It is made on an individual basis, in accordance with MIFIDPRU 8.1.7R.

1.3. Means of Disclosure

The MIFIDPRU 8 disclosures are made in respect of Freetrade Limited for the 12 months period from 1 January 2025 to 31 December 2025. The disclosures are publicly available on Freetrade's website https://freetrade.io.

These disclosures and the information contained herein have not been audited by the Company's external auditors. These disclosures do not constitute financial statements and should not be relied upon in making judgements about Freetrade Limited.

These disclosures have been subject to internal review and oversight as part of Freetrade Limited's governance arrangements and are proportional to the nature, complexity and scale of Freetrade's business activities.

2. Freetrade Overview

2.1. Freetrade Background

Freetrade Limited provides an app and web based execution-only (self-directed) stockbroking service to UK resident retail customers, carrying out customers' instructions and custodying their assets.

Customers are able to purchase shares, ETFs, and investment trusts listed on exchanges in the United Kingdom, United States and Europe. Freetrade also offers retail investors the ability to buy 28-day UK Treasury bills, gilts and mutual funds. Customers can choose one of Freetrade's subscription plans that is best suited to their investment needs, and hold their investments in either a General Investment Account (GIA), a stocks and shares Individual Savings Account (ISA) or a Self-Invested Personal Pension (SIPP).

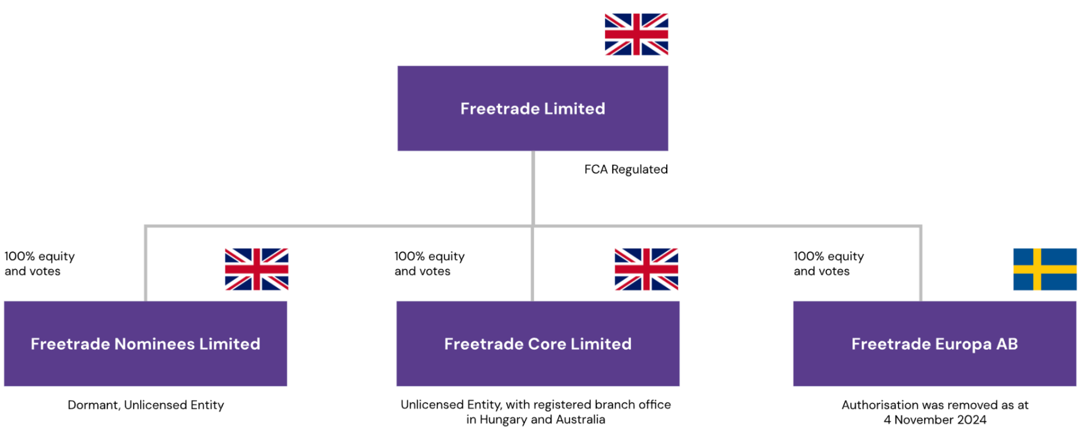
Freetrade Limited is incorporated under the laws of England and Wales, with Company Number 09797821 and with a registered office at WeWork, 145 City Rd, London EC1V 1AZ.

The Firm is authorised by the Financial Conduct Authority ("FCA") and has permission to carry out the following regulated activities:

- Arranging (bringing about) deals in investments;
- Arranging safeguarding and administration of assets;
- Dealing in investments as agent;
- Dealing in investments as principal;
- Making arrangements with a view to transactions in investments;
- Safeguarding and administration of assets (without arranging);
- Causing dematerialised instructions to be sent; and
- Sending dematerialised instructions.

2.2. Group Structure

IG Group acquired Freetrade Limited in April 2025. The diagram below illustrates the key entities in the Freetrade sub-group:



3. Risk Management Objectives and Policies

The Board and Senior Management are committed to maintaining a robust Risk Management Framework ('RMF'), ensuring the firm operates within its defined risk appetite, manages or mitigates risks across all business areas, both current and emerging.

Risk management objectives are directly aligned to business strategy and focus on mitigating the associated potential harms that may arise to customers, the firm and the wider financial system from the firm's ongoing activities.

3.1. Risk Management Framework

The RMF sets out how Freetrade manages risk throughout the organisation. It is fundamental to the long term stability and soundness of Freetrade, ensuring that current and future risks are considered in the firm's decision making.

The objective of the RMF is to ensure the firm can effectively identify, assess, respond, monitor and report risks whilst ensuring the firm remains within risk appetite, and to ensure that all current and emerging risks to Freetrade are managed appropriately and consistently.

The RMF details the principles, policies and processes used to support effective enterprise wide risk management across the end-to-end risk management lifecycle. The framework covers the risk management roles and responsibilities of the Board, senior management and staff across the 'three lines of defence'. The RMF shall remain proportionate to the scale and complexity of the firm's business activities.

3.2. Key Risks

As part of the RMF, Freetrade has defined a risk taxonomy which sets out the key financial and non-financial risks to which the firm is exposed. Key 'Level 1' Risk categories which apply to Freetrade are set out below:

Key Risk Category	Description
Strategic and Business Risk	The risk that the firm's performance is affected by a failure to adopt or implement an effective business strategy or operate its business model effectively. This includes failing to respond to competitors offering more attractive products or services or a prolonged period of adverse market conditions.
Capital and Liquidity Risk	The risk of breaching regulatory thresholds, including those which are set to enable an orderly solvent wind-down, or being unable to meet payment obligations when they become due.
Operational Risk	The risk of direct or indirect loss resulting from inadequate or failed internal processes, people, systems or from external events. Key areas of Operational Risk for Freetrade include: ● Technology and Cyber Risk ● People Risk

Key Risk Category	Description
	• Business Continuity and Third Party Risk • Financial Crime Risk (including Fraud Risk) • Regulatory and Customer Outcomes Risk • Process Execution and Change Management
Credit Risk	The risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations.
Market Risk	The risk of losses on financial investments caused by adverse price movements. For Freetrade, market risk mainly reflects the firm's exposure to foreign exchange ("FX") movements.

3.3. Own Funds Requirements - MIFIDPRU 4

The firm ensures that its capital resources remain sufficient to meet Fixed Overhead Requirements ("FOR"), K-Factor Requirements ("KFR") and the Permanent Minimum Capital Requirement ("PMR"). Freetrade maintains capital levels that exceed the minimum regulatory requirements, providing a buffer to ensure the firm's continued operation even during periods of stress.

Freetrade utilises a comprehensive risk framework for managing its capital, designed to ensure that the firm remains adequately capitalised both at a given point in time and over the future period. This approach includes regular capital calculations and reporting, supplemented by projections and stress-testing, to anticipate future needs and address potential shortfalls.

Key risk indicators ("KRIs") have been established to monitor compliance with regulatory capital obligations and to ensure that the firm remains within its defined risk tolerance. The firm operates well established processes and controls to maintain appropriate levels of capitalisation. Additionally, Freetrade utilises the Internal Capital Adequacy and Risk Assessment ("ICARA") process, which incorporates a range of severe but plausible stress scenarios to test the resilience of the firm's capital position. The outcome of the ICARA is reviewed annually and approved by the Board.

3.4. Concentration Risk - MIFIDPRU 5

For Freetrade, concentration risk refers to the risks arising from depositing client funds or from corporate exposures to any single entity or group that has the potential to produce losses large enough to threaten Freetrade's core business activities or solvency.

Corporate Concentration Risk

Freetrade's approach to managing concentration risk is detailed within the firm's standalone Credit Risk Policy. Concentration risk is managed by diversifying exposure to counterparties and ensuring no single exposure threatens or harms the firm's financial health. The firm also adheres to the concentration risk limits set within its risk appetite framework which are reviewed periodically and approved by the RCC.

Client Money Concentration Risk

Client money concentration risk is managed by adhering to the applicable client money rules outlined in the FCA's CASS 7 Client Assets Sourcebook and through compliance with the firm's CASS Client Money Diversification Policy, as governed by the CASS Committee. This policy ensures periodic reviews of the diversification of client money deposited across a panel of approved banks, along with the performance of ongoing due diligence (including governance forums) on these institutions to mitigate CASS related harms to customers.

3.5. Liquidity Risk - MIFIDPRU 6

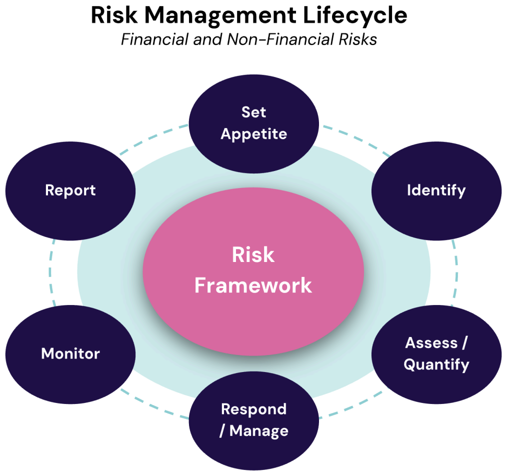
Freetrade's approach to managing liquidity risk is focused on ensuring the firm is able to meet its financial obligations as they fall due, both in business-as-usual and stressed scenarios. Freetrade's approach to managing liquidity risk is detailed within the firm's standalone Liquidity Risk Policy. The primary objective of Freetrade's Liquidity Risk Policy is to ensure that sufficient liquidity resources are available to support the firm's operational needs and regulatory obligations at all times. The firm seeks to maintain a buffer of unencumbered liquid assets that exceed regulatory requirements, ensuring resilience even under extreme market stress conditions.

Liquidity risk is actively monitored through daily assessments of the firm's cash flow and liquidity positions. The firm's liquidity risk management process involves stress testing and liquidity impact assessments designed to consider extreme but plausible scenarios, including adverse market movements and operational disruptions. Freetrade operates KRIs which trigger proactive measures if liquidity approaches predefined thresholds. These indicators ensure that the firm can respond effectively to potential liquidity risks before they escalate, reducing potential harms to the firm and its customers.

Freetrade has a low appetite for liquidity related risks and holds sufficient unencumbered liquid assets to address any potential harm that may result from the firm's ongoing activities and to enable the firm to execute an orderly wind-down without negatively impacting its customers, markets or the firm.

3.6. Risk Management Lifecycle

Freetrade's risk management approach is based on an end-to-end risk management lifecycle, which consists of the key processes that are used to identify, measure, monitor, control and report on enterprise-wide risks. Key processes involved in an effective risk management lifecycle:



These processes seek to identify, assess and manage both existing and emerging risks within the firm's risk appetite.

3.7. Risk Appetite

Freetrade's risk appetite is set by the Board and details the aggregate level and types of risk that the firm is willing to assume to achieve its strategic objectives and business plan. This is documented and defined within the Freetrade Risk Appetite Statement ("RAS").

The RAS sets the bounds within which the business must operate and guides its decision making. Any decisions, situations or outcomes outside of risk appetite must be communicated to the Board. The business uses KRIs to measure and monitor the firm's exposure to its key risks.

3.8. Risk Identification

Risk Identification seeks to identify the risks which could threaten Freetrade's ability to meet its objectives and business strategy. Complete and timely risk identification facilitates appropriate assessment, management, monitoring and reporting of risks.

The risk identification process considers Freetrade's strategic and operational objectives, business, markets, customers and structure. It includes:

- Review across Freetrade's risk taxonomy, to assess the impact of risks that could affect the firm.
- Consideration of both current and emerging risks arising from business strategy or from external factors.
- A regular review cycle integrated into the business planning and business execution processes, including the new product development process on a forward-looking or emerging risk basis.

4. Governance

4.1. Governance Model

The Freetrade Limited Board ('The Board')

The Board owns and sets Freetrade Limited's Risk Appetite Framework (which includes capital and liquidity metrics, limits and thresholds) and is responsible for ensuring that Freetrade Limited has adequate systems and controls embedded throughout the firm. As part of the approval of the risk appetite framework, the Board approves key risk indicators. The Board receives and challenges management information provided regularly on Freetrade's capital and liquidity resources and requirements, and its plans for, and risks to, future funding. The Board meets on a bi-monthly basis. The Board ultimately reports to the IG Group Board.

The Board has delegated specific responsibilities for risk oversight, including capital and liquidity risk, to the Risk and Compliance Committee.

Executive committees

Product and Customer Committee

The Product and Customer Committee ("PCC") governs the firm's processes and controls for delivering good outcomes to customers through overseeing the effective design, governance, distribution and operation of its products, services and general business arrangements.

Risk and Compliance Committee

The day-to-day oversight of risk management and controls within the Group is the responsibility of the Executive Risk and Compliance Committee ("RCC"). The RCC is chaired by the Senior Director of Risk and Compliance and provides regular risk and compliance reporting to the Board as appropriate.

The RCC oversees Freetrade Limited's capital and liquidity resources in relation to regulatory requirements and risk appetite, as well as considering projected future requirements, business performance and threats to capital and its liquidity position. The RCC reviews, challenges and approves submission of the ICARA to the Board.

The RCC also has responsibility for monitoring the firm's existing risk profile, assessing the impact of business, product and external change on the risk profile and inputting on the adequateness of capital and liquidity positions. The RCC receives input from the business on risk related matters, including impacts to the firm's stated risk appetite through monitoring key risk indicators. The RMF's effectiveness is reviewed at least annually by the RCC.

Sub-Committees of the RCC

Capital and Liquidity Committee

The RCC delegates certain matters related to the ongoing monitoring of capital and liquidity to the Capital and Liquidity Committee ("CALC"). The key role of the CALC is to provide governance over the end-to-end capital adequacy and liquidity calculations and reporting process; review and challenge of key inputs and outputs of the ICARA process; monitor, and escalate where necessary, available and forecast capital; ensure that potential changes to capital and liquidity are considered on a timely basis; and review and approve public disclosures.

Third Party Risk Management Committee

A sub-committee of the RCC focussed on third party risk management, including initial and ongoing due diligence.

CASS Oversight Committee

A sub-committee of the RCC responsible for initial review of CASS related incidents, and for compiling and reporting significant incidents and appropriate management information.

Financial Crime Oversight Committee

A sub-committee of the RCC responsible for oversight of the firm's Financial Crime arrangements, and for responding to and reporting significant incidents.

4.2. Board Composition

Freetrade recognises that its Board must possess the necessary knowledge and experience of the social, business and legal conditions prevailing in the market areas in which the Company operates. The composition of the Board will be appropriate to the company's activities, stage of development and other related circumstances.

As at 31 December 2025, Freetade Limited's Board consisted of the following individuals:

No.	Name	Role	Number of directorships (as defined in MIFIDPRU 8.3)
1	Viktor Nebehaj	CEO	5
2	Clifford Abrahams	Member	8

Promoting Inclusion and Diversity

The Freetrade Board continues to recognise the importance of diversity in its membership and appointments are based on merit, measured against objective criteria and the skills and experience the individual can bring to the Board. Freetrade's Senior Management agrees that boards perform best when they include people with a diverse range of skills, perspectives and backgrounds.

5. Own Funds

5.1. Composition of Own Funds at 31 December 2025

Own funds are calculated as the sum of common equity tier 1 ("CET1") capital, additional tier 1 ("AT1") capital and tier 2 capital. Freetrade's regulatory capital is made up entirely of CET1 capital as at 31 December 2025, with deductions made in respect to intangible assets and investments in subsidiaries.

Fully paid up capital instruments are the issued share capital of Freetrade Limited. As at 31 December 2025, there are 84,157,083 issued shares, each with a nominal price of £0.0000001. Thus, total share capital is £8.42. The premium paid on these instruments is £102,100,981 and is recognised in accounting equity as share premium.

OF1: Composition of Regulatory Own Funds as at 31 December 2025			
	Item	Amount (£'000)	Source based on reference numbers / letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**19,341**	
2	**TIER 1 CAPITAL**	**19,341**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**19,341**	
4	Fully paid up capital instruments	-	(a)
5	Share premium	102,101	(a)
6	Retained earnings	(101,212)	(b)
7	Accumulated other comprehensive income	-	
8	Other reserves	21,186	(c)
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(2,734)	(d)
19	CET1: Other capital elements, deductions and adjustments	-	
20	**ADDITIONAL TIER 1 CAPITAL**	**-**	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	**TIER 2 CAPITAL**	**-**	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

The following table illustrates the reconciliation of regulatory own funds to the audited financial statements:

OF2: Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements				
		a	b	c
		Balance sheet as in published / audited financial statements	**Under regulatory scope of consolidation**	**Cross reference to template OF1**
		31 Dec 2025	**31 Dec 2025**	
No.	**Items**	**Amount (£'000)**	**Amount (£'000)**	
Non-Current Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Investments	1,149		
2	Property, plant and equipment	1,811		
3	Intangible assets	2,734	(2,734)	(d)
4	Trade and other receivables	110		
	Total Non-Current Assets	**5,804**		
Current Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Trade and other receivables	9,319		
2	Contract assets	-		
3	Corporation tax receivables	206		
4	Other financial assets	192		
5	Cash and cash equivalents	16,812		
	Total Current Assets	**26,529**		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Trade and other payables	8,371		
2	Lease liabilities	1,887		
	Total Liabilities	**10,258**		
Shareholders' Equity				
1	Share capital and share premium	102,101	102,101	(a)
2	Other equity	18,374	18,374	(c)
3	Other reserves	2,812	2,812	(c)
4	Retained earnings	(101,212)	(101,212)	(b)
	Total Shareholders' equity	**22,075**		

Figures subject to rounding.

6. Own Funds Requirements

6.1. Own Funds Requirements at 31 December 2025

Freetrade Limited must at all times maintain own funds that are at least equal to its own funds requirement ('OFR').

As per MIFIDPRU 4.3, the firm's own funds requirement is the highest of the:

- Permanent Minimum Capital Requirement ("PMR") under MIFIDPRU 4.4;
- Fixed Overheads Requirement[1] ("FOR") under MIFIDPRU 4.5. However, Freetrade has elected to use the "alternative requirement" under MIFIDPRU TP2 (2.7-2.9), which replaces the FOR requirement. Hence, all references to FOR in this document will refer to the alternative requirement; or
- K-Factor Requirement ("KFR") under MIFIDPRU 4.6.

The Firm's own funds requirement as at 31 December 2025 is set out in the table below:

	Amount (£'000s)
Permanent Minimum Capital Requirement (PMR)	**750**
Fixed Overheads Requirements (FOR)	**7,515**
Sum of K-AUM, K-CMH & K-ASA requirements	1,804
Sum of K-COH & K-DTF requirements	32
Sum of K-NPR, K-CMG, K-TCD and K-CON requirements	304
Total K-Factor Requirements	**2,139**
Own Funds Requirements (maximum of PMR, FOR and K-Factor Requirement)	**7,515**

Figures subject to rounding.

6.2. Approach to Assessing Adequacy of Own Funds

The overall financial adequacy rule as per MIFIDPRU 7.4.7 states that a firm must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- the firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

[1] As at 31 December 2025 Freetrade is electing to use the 'alternative requirement' under MIFIDPRU TP 2 - 2.7-2.9 to replace the fixed overhead requirement.

ICARA Process

Freetrade's Internal Capital Adequacy and Risk Assessment ("ICARA"), documents how the firm conducts stress testing to assess the adequacy of financial resources of the firm (including both capital and liquidity) and how Freetrade complies with the Overall Financial Adequacy Rule ("OFAR"). The ICARA is a comprehensive process detailing the internal systems, controls and procedures operated by Freetrade to identify, monitor and reduce material potential harms that may arise from the operation of business, and to ensure that the firm's operations can be wound down in a solvent manner.

The ICARA is updated on at least an annual basis, or when there are material changes to the firm's business or operating model. In addition to a comprehensive risk assessment, the ICARA helps assess the financial resources required to support both current and future activities.

7. Remuneration Policy and Practices

Freetrade is subject to the FCA's Remuneration Code as set out in the Senior Management Arrangements, Systems and Controls Sourcebook ("SYSC") Chapter 19F and 19G.

7.1. Remuneration Policy

Freetrade's Remuneration Policy sets out the principles and requirements which Freetrade adheres to with respect to the remuneration of staff. The Policy is applicable to all permanent and contingent workers at Freetrade, collectively referred to as staff. The firm's approach to remuneration is to align staff financial incentives with staff (i) conducting their day-to-day business processes in a risk-controlled manner, (ii) delivering positive outcomes for customers, and (iii) delivering long term success and financial stability.

The Remuneration Policy details how Freetrade:

- Promotes sound and effective risk management.
- Ensures financial rewards align to staff conducting work in a risk-controlled manner.
- Ensures positive outcomes for customers.
- Supports positive behaviours and a healthy firm culture.
- Protects Freetrade's capital and liquidity position with a focus on long-term success.
- Discourage behaviours that can lead to misconduct.

The Board has overall responsibility for the adoption and periodic review of the Remuneration Policy, as well as its oversight and implementation. The Remuneration Policy is updated on at least an annual basis.

When determining remuneration for its staff, Freetrade will:

- Not discriminate on the basis of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.
- Be consistent with ensuring positive outcomes for customers.
- Be consistent with and promote sound and effective risk management and governance.
- Align remuneration with the business strategy, objectives and long term interests of the firm.

7.2. Link between Pay and Performance

Freetrade's staff remuneration consists of fixed and variable compensation. The firm ensures that ratios between fixed and variable components are appropriately balanced, where the fixed component represents a sufficiently high proportion of all staff's total remuneration.

Formal staff performance appraisals are conducted twice a year and performance is tracked against goals which are set at a company, department and individual level. Additionally, ongoing performance feedback is provided to staff during regular business and one-to-one meetings with line managers to allow for continuous, ongoing development.

Fixed Remuneration

Fixed remuneration consists of salary and non-discretionary employee benefits including a pension plan and health insurance. Fixed remuneration is set at a level which will attract and retain the best and most appropriate talent. The following factors are assessed when setting the salary bands:

- Market salaries from benchmarking exercises.
- Global, regional or local scarcity of a skillset.
- Impact or criticality of the role or skillset to the Firm.

Variable Remuneration

Variable remuneration consists of employee-issued share options and cash bonuses. The driving component of the firm's variable remuneration structure is the share options scheme which may be granted or committed to when an employee joins the company or as an additional grant, in reflecting the individual's performance or part of an adjustment process. The firm may also award a discretionary annual cash bonus, reflecting both individual, business unit and company performance. Variable remuneration mechanisms have been designed to incentivise staff to act in the interests of its customers and to incentivise staff to conduct business processes in a risk-controlled manner.

The key performance criteria for individuals include:

- Impact on the overall financial performance of the firm.
- Track record with respect to adherence to company policies, including risk and compliance, and otherwise demonstrating good standards of conduct.
- Extent to which an employee has acted in line with the Consumer Duty and has promoted good outcomes for customers in relation to Freetrade's products and services, price and value, customer understanding and customer support.
- Performance in relation to delivery and achievement to the company's strategy and plan.
- Performance with respect to company values.

Variable compensation is subject to malus or clawback, in the following circumstances:

- If an employee failed to act in accordance with appropriate standards of fitness and propriety.
- If an employee participated in or was responsible for conduct which resulted in significant losses to Freetrade.

7.3. Material Risk Takers ("MRTs")

Material Risk Takers ("MRTs") are staff whose professional activities could have a material impact on the firm's risk profile. The categories of MRTs and the staff identified as MRTs are reviewed at least annually and are proposed to the RemNomCo for review and approval. All staff identified as MRTs are informed of their MRT status and the responsibility and regulatory expectations the designation comes with.

7.4. Quantitative Remuneration Information

During the period there were fifteen material risk takers. Set out below are quantitative remuneration disclosures for the 12 months from 1 January 2025 to 31 December 2025:

£'000s	Senior Management	Other Material Risk Takers	Other Staff
Fixed remuneration	1,085	770	7,273
Variable remuneration – upfront cash	590	127	610
Variable remuneration – share linked instruments	5,837	198	413
Total remuneration	**7,512**	**1,095**	**8,296**

Figures subject to rounding.

8. Investment Policy

Freetrade meets the conditions under MIFIDPRU 7.1.4R and as such does not disclose information relating to investment policy.