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# AnaCap Financial Partners Limited

## MIFIDPRU 8 Financial Disclosures FY 2023

AnaCap Financial Partners Limited ("AnaCap" or the "Company") hereby makes the following disclosure statements with respect to the Financial Year 2023 (ending 31 December 2023, in line with financial accounting period), in accordance with the following requirements:

- MIFIDPRU 8.2 Risk management objectives and policies
- MIFIDPRU 8.3 Governance arrangements
- MIFIDPRU 8.4 Own funds
- MIFIDPRU 8.5 Own funds requirements

AnaCap is a non-SNI Firm, and who meets the conditions in MIFIDPRU 7.1.4R and therefore is not required to disclose MIFIDPRU 8.7 Investment policy.

The disclosures for AnaCap are prepared annually on a standalone entity (i.e. individual) basis. We believe the information provided is proportionate to AnaCap's size and organisation, and to the nature, scope and complexity of AnaCap's activities.

The annual audited accounts of AnaCap set out further information which complements the information in this disclosure. The audited accounts are freely available from UK Companies House.

### 1. Governance

#### Board of Directors

The Board of Directors has responsibility for apportionment and oversight of systems and controls, i.e. in relation to: (i) AnaCap's financial affairs; (ii) setting and controlling AnaCap's risk exposure; and (iii) adherence to internal systems and controls, procedures and policies rests with the Board. The Board act in a managerial and supervisory function and regularly assesses the effectiveness of the policies, arrangements and procedures put in place to comply with the firm's obligations under the applicable legal and regulatory regime and take appropriate measures to address any deficiencies.

The Board meets at least quarterly to review and manage operational issues, business development and AnaCap's strategy. Responsible for all management decisions and oversight of:

- Investment Recommendations
- Finance
- Investor Relations
- Communications
- Human Resources
- Legal & Compliance
- ESG
- DE&I

Responsibilities include:

- Preparing, obtaining approval for and achieving annual budgets;
- Publishing timely and adequate management accounts;
- Ensuring support services achieve the appropriate levels and quality of operational and professional efficiency;

- Approving budgeted capital expenditure;
- Recommending and implementing fundraising strategies;
- Oversight of the recruitment and development of staff;
- Devising a relevant PR strategy and overseeing internal and external communications; and
- Compliance.

At the time of writing, the Board of Directors is currently made up of:

Board Members	Position	Other directorships *
Joseph Giannamore	Chairman	n/a
Nassim Cherchali	Co-Managing Partner	Milleis Banque, S.A. Compagnie Financiere Holding Mixte Milleis Match Topco SAS (Supervisory Board)
Tassilo Arnhold	Co-Managing Partner	Silverstone Holdco, S.A.
Peter Cartwright	Partner	n/a
Victoria Brown	Partner, General Counsel	n/a
Graeme Chaffe	Partner, CFO	AnaCap Advisory, S.L. AnaCap Advisory FP Italy S.r.l Equipped AI Limited Equipped AI Holdings Limited Equipped AI (Guernsey) Limited

\* All board members are also directors of AnaCap’s holding company (AnaCap Financial Partners Holdings Limited) as well as Partners in its holding partnership, AnaCap Members LLP.

The members of the Board of Directors are all FCA approved Senior Managers. Their suitability, experience, knowledge and skills are assessed at least annually where they are reconsidered as fit, proper and competent to fulfil their roles.

Promotion of diversity

AnaCap provides equal employment opportunity to all employees and applicants for employment. No employee will be discriminated against in hiring or employment because of their race, gender, national origin, background, sexual orientation, disability, religion, age or beliefs. AnaCap categorically rejects racism and all other forms of discrimination. AnaCap ESG commitments are published on its website for all staff and external stakeholders.

The AnaCap Directors through the AnaCap governance structures collectively are responsible for diversity and inclusion standards, oversight and implementation. To help us realise our goals, AnaCap has created a D&I Working Group, comprised of a broad spectrum of staff at various levels across the Firm and actively supported at the most senior level. The D&I Working Group is responsible for the coordination of initiatives to advocate and promote diversity and inclusion at AnaCap. The D&I Working Group reports directly to our Board of Directors on diversity and inclusion topics and acts as a bridge between employees and senior management. The Board requires regular reporting on diversity and inclusion initiatives.

Over the last few years AnaCap has been building on its diversity, equality and inclusion strategy to increase gender balance across the organisation and to increase the number of female partners. At the time of writing, Anacap has determined that due to the private partner ownership structure of AnaCap Members LLP, the small size and stability of the Board of Directors means that it does not seem appropriate or necessary to set diversity targets for the Board of Directors; rather, AnaCap continues to set higher level aspirations at a Firm and Partner level.

## Other governance structures

The other formalised committees are:

a. The Investment Recommendation Committee (“IRC”)

The IRC is responsible for the making investment/divestment recommendations to the presented to the GP / Investment manager of the Funds, as well as the quarterly valuations of the Funds. The purpose of the IRC is to mitigate the risk of poor investment recommendation / performance by:

- Challenging the investment thesis and assumptions of new recommendations.
- Assessing the macro-economic and industry specific factors
- Ensuring that any investment recommendation falls within the limits of the LPA
- Review the evaluation of management team of new portfolios companies

b. The Remuneration & Nomination Committee (“RemNom”)

The mandate of the RemNom Committee includes:

- Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the employees of AnaCap and make recommendations to the Board with regard to any changes.
- Give full consideration to succession planning for employees of AnaCap, taking into account the challenges and opportunities facing AnaCap, and the skills and expertise needed to manage AnaCap in the future.
- Formulate plans for succession for all employees of AnaCap and in particular for (a) “key persons” specified in the constitutive documents of any investment vehicles, and (b) senior managers of AnaCap.
- Keep up to date and fully informed about strategic issues and commercial changes affecting AnaCap and the market in which it operates.
- Setting the remuneration policy for all executives and senior managers of AnaCap, including pension rights and any compensation payments
- Regularly, review and determine the basis of employee remuneration, which shall be determined pursuant to the terms of employment
- Review the design of all applicable carried interest and/or co-investment plans in respect of each AnaCap Fund
- Hiring, Promotion, Termination and Demotion of Employees

c. The Risk & Conflicts committee

The Risk & Conflicts committee (“R&C”) mandate covers: (i) oversight and challenge of AnaCap’s systems as investment adviser for monitoring the risks and conflicts in the portfolio companies in which the AnaCap funds have invested and (ii) oversight and challenge of the risk management systems in the portfolio companies themselves.

The mandate of the R&C is too:

- monitor, and when necessary challenge, the effectiveness of AnaCap’s risk management systems in identifying and managing actual and potential risks to portfolio companies and the funds;
- monitor, and when necessary challenge, the effectiveness of each portfolio company’s risk management systems in identifying and managing risks;
- monitor, and when necessary challenge, the effectiveness of AnaCap’s conflict management systems in identifying and managing actual and potential conflicts of interest;
- review, approve and recommend the Conflicts of Interest Policy on an annual basis;
- where applicable, review and implement recommendations from external advisors to ensure best practice in managing risks and conflicts of interest.

In order to carry out its mandate, the responsibilities of the R&C are too:

- review the risk appetites and risk management frameworks in place in each portfolio company on a quarterly basis;
- assess the scope and effectiveness of the systems established by portfolio companies to manage, mitigate and monitor the risks and conflicts of interest they identify and report to AnaCap on a quarterly basis;
- taking into account the portfolio company reporting and the R&C's quarterly review of such reporting, consider and monitor these risks and trends as they may breach AnaCap's risk appetite or otherwise impact AnaCap holistically, on a whole fund or whole franchise basis;
- communicate with the AnaCap's investment team members responsible for value creation at each portfolio company with regard to any risk or conflicts matters and make any recommendations it considers appropriate regarding steps, actions etc. to mitigate or manage risks and/or conflicts of interests identified;
- review, and challenge where necessary, the actions of AnaCap in relation to identifying risks and/or actual and potential conflicts of interest;
- review, and challenge where necessary, the actions of AnaCap in relation to compliance with legal, regulatory (e.g. FCA) and contractual (e.g. limited partnership agreement) requirements relating to risks and conflicts of interest; and
- check that AnaCap senior management takes necessary corrective actions in a timely manner to address risks and conflicts of interest brought to their attention.

d. The FX Committee

The FX committee is responsible for reviewing and making recommendations to help manage the FX risk for AnaCap and the Funds. AnaCap commonly manages non-Euro currencies in the Funds and the FX committee draws on market reports and forecasts to review each position. On the back of this review, the committee may advise the Funds to enter into forward contracts or alternative hedging options such as Options.

## 2. Risk management objectives and policies

### Own funds requirements - MIFIDPRU 4

When assessing the adequacy of the Own Funds Requirement, the Company has considered the key risks to the Company's operating model. Due to our prudential classification as a Non-SNI, the Company's own funds requirement is based on the higher of the Permanent Minimum Requirement ('PMR'), the Fixed Overheads Requirement ('FOR') or the K-Factor Requirement ('KFR'). The Company's FOR as at the Firm's year-end 31 December 2023 is £781,000.

### Concentration risk - MIFIDPRU 5

The Company does not conduct trading on own account and does not have regulatory permissions for dealing as principal. The Company therefore does not have any concentration risks on or off-balance sheet and does not operate a trading book.

### Liquidity risk - MIFIDPRU 6

The Company maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement, being at least 1/3rd of its FOR.

The Company does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the Internal Capital Adequacy and Risk Assessment ('ICARA'), the Company also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

### Harms associated with business strategy

The Company has conducted a comprehensive risk identification exercise of potential harms in line with MIFIDPRU 7 Annex 1 across all business lines to ensure that all significant risks are identified. The Firm has developed a comprehensive Risk Register containing all relevant details for each risk that has been identified. All business areas of the Firm have input into the development of the risk register to ensure all areas of potential harm are identified. All risks recorded in the register are categorised in terms of potential harms to clients, the firm itself or markets.

### Risk management and assessment

The Board of Directors, as described in section 1, is responsible for setting the risk appetite and framework for the Company, as well as reviewing those risks on a regular basis.

## 3. Own funds

Table 1 shows a break-down of AnaCap's regulatory Own Funds, as at December 2023 once including the audited profits (audit signed off in April 2024).

Our Own Funds is made up entirely of members' capital contributions and audited reserves.

<b>Table 1: Composition of regulatory Own Funds</b>			
	<b>Item</b>	<b>Amount (GBP thousands)</b>	<b>Source based on reference numbers/letters of the balance sheet in the audited financial statements</b>
1	<b>OWN FUNDS</b>	<b>4,803</b>	
2	<b>TIER 1 CAPITAL</b>	<b>4,803</b>	
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>4,803</b>	
4	Fully paid capital instruments		
5	Share premium	16,510	Audited financial statements
6	Retained earnings	(1,685)	Audited financial statements
7	Accumulated other comprehensive income		
8	Other reserves	(10,008)	Audited financial statements
9	Adjustments to CET1 due to prudential filters		
10	Other Funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(14)	Investment in subsidiaries which provide investment advice
19	CET1: Other capital elements, deductions and adjustments		
20	<b>ADDITIONAL TIER 1 CAPITAL</b>	<b>0</b>	
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	<b>TIER 2 CAPITAL</b>	<b>0</b>	
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		

Table 2 shows a reconciliation of AnaCap's regulatory Own Funds with its balance sheet from the audited financial statements.

<b>Table 2: Own Funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements</b>		
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		Balance sheet as in published/audited financial statements
		As at period end
		(in GBP thousands)
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>		
1	Non-current assets	2,288
2	Debtors	5,354
3	Cash	1,648
4		
5		
xxx	<b>Total assets</b>	<b>9,290</b>
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>		
1	Lease liabilities	1,359
2	Creditors	3,114
3		
4		
5		
xxx	<b>Total Liabilities</b>	<b>4,474</b>
<b>Shareholders' Equity</b>		
1	Share premium	16,510
2	Other reserves	(10,009)
3	Retained Earnings	(1,685)
4		
5		
xxx	<b>Total Shareholders' equity</b>	<b>4,816</b>

## 4. Own funds requirements

AnaCap's Own Fund Requirements are determined as the highest of the following three requirements under MIFIDPRU 4.3.2 R:

1. Permanent Minimum Capital Requirement (PMR) - £75,000;
2. Fixed Overheads Requirement (FOR) - £781,000, which is based on 25% of AnaCap's Fixed Overheads of £12,502,000 in relation to the 2023 financial year, with a transitional factor of 25% being applied;
3. K-factor requirements (k-AUM) - £367,000, which is based on 0.02% of AnaCap's average AUM over the last 12 months.

AnaCap's Own Fund Requirement is therefore determined by the FOR, i.e.: £781,000

AnaCap utilises several approaches to ensure that it remains compliant with the overall financial adequacy rule under MIFIDPRU 7.4.7R, both in terms of own funds and liquidity resources.

Foremost is the annual assessment of own funds and liquidity adequacy conducted during the Internal Capital Adequacy and Risk Assessment ("ICARA") process, which considers the Company's resource requirements under 'business as usual' and a variety of severe yet plausible stress tests.

AnaCap forecasts a range of scenarios to assess the capital position, considering both short term as well as 5 years forecast. These scenarios consider both the expected case ("base case") as well as downside cases, where fund raising for new funds is reduced/delayed.

Included within the ICARA is also an assessment of the capital required to effect an orderly wind down of the business. This figure is compared to the Firm's Own Funds requirement as detailed above. As at the time of writing, AnaCap's Own Fund Requirement is greater than its wind-down capital requirement.

The orderly wind-down plan is based on AnaCap finding a new advisory firm to take over the investment advice provided to the manager of the Funds, and facilitating the transition to that new firm. Once completed, AnaCap would then start a formal liquidation process, including removal of FCA registration. We would not expect the Funds to enter liquidation.