

STRATEGIC REPORT

Section 172(1) Statement

Section 172(1) of the Companies Act 2006 (the "Act") states that Directors of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The Board collectively, and each Director individually, have acted, and will continue to act, in the way that they consider, in good faith, most likely to promote the success of the Company as a whole for the benefit of its sole shareholder, TSI, while having appropriate regard to the Company's various stakeholders and the other matters set out in the Act.

Oversight & Engagement

As part of their duty pursuant to the Act, the Directors have implemented an effective system of internal controls and management of the Company's affairs, which protects both the interest of TSI and has regard to the interests of the other stakeholders. While the Directors are involved in running the Company through their role as senior managers of the Company and/or TSI, it is impractical for them to opine on or approve each and every decision. Accordingly, in order to ensure good governance, the Directors have delegated certain responsibilities to senior managers within the Company.

The Directors engage with the Company's various stakeholders by ensuring they receive periodic reporting from, and regularly meeting with, a variety of groups, including the Company's senior managers responsible for its primary business activities (Investor Relations, Trading, Modeling and Engineering), Corporate Accounting, Legal & Regulatory ("L&R") (including TSI's Chief Compliance Officer), Human Resources, Marketing, Technology and other business teams. Additionally, the Directors strive to ensure their engagement with the Company's stakeholders remains substantial and meaningful by ensuring the composition of the Board reflects those stakeholders' interests. The Directors have identified the stakeholders listed below.

The Sole Shareholder and the Group

The Company is a wholly-owned subsidiary of TSI, a closely-held non-public partnership that is registered as investment adviser with the U.S. Securities and Exchange Commission. The Company was established to support a range of business activities of TSI and its affiliates (collectively, the "Two Sigma Group"), including marketing funds and investment products of the Two Sigma Group, engaging with investors in the EMEA region, undertaking engineering activities that underpin the activities of the Two Sigma Group, selected trading and trade-support activities, and supporting other non-regulated activities (e.g., data acquisition) from within the EMEA region. The Directors have implemented a system of oversight over the operations and activities of the Company to ensure, among other things, that TSI is treated fairly and its interests, as well as those of the broader Two Sigma Group, remain appropriately prioritised, including by ensuring its activities are in compliance with applicable laws and regulations, capital is deployed efficiently, and the business interests of TSI and the Two Sigma Group are facilitated, in each case, giving due consideration to the other stakeholders.



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Employees

The Directors recognise that employees are fundamental to the Company's long-term success. Consistent with this recognition, the Directors strive to foster a work environment that promotes professional development, meaningful professional opportunities and safety. The Directors ensure they are apprised of significant developments in each of these areas, on at least a quarterly basis, by requiring Board reports on various aspects of the Company's activities over the prior quarter, including receiving a general office update, employee-oriented initiatives (including developments in respect of recruiting), and material human resources developments. The health, safety and well-being of the Company's employees is one of the primary considerations in the way the Company conducts its business, including ensuring that the Company's business continuity and disaster recovery plan remain current.

Financial Conduct Authority

The Directors recognise they have a duty to ensure that the Company maintains the highest standards of conduct in its regulated (and non-regulated) activities, with particular emphasis on its compliance obligations in connection with its FCA permissions. The Directors ensure they are apprised of significant developments in relation to its regulatory obligations, on a regular basis, by requiring updates from the senior manager of its Investor Relations and Trading teams and the L&R professionals responsible for oversight of the Company's activities to ensure that the Company's activities are compliant with applicable FCA requirements and the legal regimes where its activities constitute regulated activities, and are apprised of significant legal and regulatory developments.

Key Decisions

The Directors have identified the following key decisions.

In determining not to take a dividend distribution during the year in respect to the Company's results for FY2022 and the Company's default dividend policy, the Directors considered a range of factors. These include the current financial position of the Company and TSI, the projected financial condition of the Company and TSI, the need for the Company's capital improvement projects, as well as its current and future regulatory capital requirements including the transitional Fixed Overhead Requirement guidance through the end of 2024.

As part of broadening the services that the Company provides to TSI, the Directors determined that additional permissions in its license would be needed. Therefore, the Company obtained permission from the FCA to commence management of investments and dealing in investments as agent.

Going Concern

Whilst the Company remains dependent on revenue from the Parent the Directors are not aware of any reason that this agreement will be terminated within twelve months from the date of the approval of the financial statements. The nature of the Agreement with the Parent provides a high degree of certainty that the Company will continue to be profitable and, historically, the Company has received income in a timely manner in order to manage its obligations (which are relatively predictable in nature).

TSI, the Company's sole parent, has committed to continue to provide financial support in accordance with the Agreement. The Directors, having reviewed the financial plan of the Parent, have no reason to believe that TSI will not be able to provide financial support to the Company.

After making enquires and considering external factors such as geopolitical uncertainty and market volatility, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for twelve months from the date of the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.



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Signed on behalf of the Board by:

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Malcolm Carruthers
Director
Date: 22 April 2024

