CAYMAN ISLANDS STOCK EXCHANGE LTD.

REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2025 AUDIT

AUGUST 2026

To help the public service spend wisely

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REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2025 financial statements of the Cayman Islands Stock Exchange Ltd. (the Company). In rendering my audit opinion on the financial statements, I relied on the work carried out on my behalf by a public accounting firm who performed their work in accordance with International Standards on Auditing (ISAs). ISAs require that we communicate certain matters to those charged with governance of the Company in sufficient time to enable them to take appropriate action. The matters we are required to communicate under ISAs include:

   - Auditor's responsibilities in relation to the audit
   - The overall scope and approach to the audit, including any expected limitations, or additional requirements
   - Relationships that may bear on our independence, and the integrity and objectivity of our staff
   - Expected modifications to the audit report
   - Significant findings from our audit.

2. This report sets out for the consideration of those charged with governance, those matters arising from the audit of the 2025 financial statements that we consider worthy of drawing to your attention.

3. This report has been prepared for the sole use of those charged with governance, and we accept no responsibility for its use by a third party. Under the *Freedom of Information Act* (*2021 Revision*), it is the policy of the Office of the Auditor General to proactively release all final reports through our website: www.auditorgeneral.gov.ky.

AUDITOR'S RESPONSIBILITIES IN RELATION TO THE AUDIT

AUDITOR'S RESPONSIBILITY UNDER INTERNATIONAL STANDARDS ON AUDITING (ISAs)

4. ISAs require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters, and this report includes only those matters of interest that came to our attention during the performance of our audit.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

5. Management's responsibilities are detailed in the engagement letter to which this engagement was subject. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

6. While we have no responsibility to perform any audit work on other information, including forward-looking statements containing the audited financial statements, we have read the other information contained in the Company's annual report and noted that it is materially consistent with information appearing in the financial statements and our knowledge of the operations of the Company. We have not reviewed other documents containing the Company's audited financial statements.

CONDUCT, APPROACH AND OVERALL SCOPE OF THE AUDIT

7. The accounting firm applied a top-down, risk-based approach to planning and conducting the audit, through the application of well-reasoned professional judgment. They obtained an understanding of the Company's operations and the related risks, which drove our assessment of materiality and identification of audit risks, including significant risks. Significant risks are audit risks that require special audit considerations. They also obtained an understanding of how management controls these risks, by considering management's approach to internal controls, and determined how they will test significant account balances and classes of transactions.

8. The accounting firm's overall audit strategy was to test the design and implementation of controls for significant risks identified and then to take a fully substantive approach.

9. Information on the integrity and objectivity of the Office of the Auditor General and the accounting firm's staff and the nature and scope of the audit were outlined in the engagement letter presented to the Chief Executive Officer dated 25 September 2025 and follow the requirements of the ISAs. We are not aware of any impairment to our independence as auditors.

AUDIT REPORT, MISSTATEMENTS AND MANAGEMENT REPRESENTATIONS

10. We issued an unmodified auditor's report on the financial statements.

11. A summary of corrected misstatements that arose during the audit is attached in Appendix 1. A summary of uncorrected misstatements that arose is attached in Appendix 2.

12. As part of the completion of our audit, we sought written representations from management on aspects of the accounts, judgments, and estimates made. Management provided us with written representations in respect of our financial statement audit in a letter dated 30 April 2026.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

13. We are responsible for providing our views about qualitative aspects of the Company's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

14. Generally accepted accounting principles provide for the Company to make accounting estimates and judgments about accounting policies and financial statement disclosures. We are not aware of any new or controversial accounting practices reflected in the Company's financial statements.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

15. Areas that required management to make significant judgments are detailed in the footnotes to the financial statements, including but not limited to expected credit losses for trade receivables and deferred revenue from initial listing fees.

GOING CONCERN

16. As a result of our audit, we did not become aware of any material uncertainties related to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

17. We identified two significant matters relating to internal controls as part of our audit. Details are included in Appendix 3 along with management's response.

18. In addition, we identified six deficiencies in internal control that we deemed not to be significant. These have been reported separately to management.

FRAUD OR ILLEGAL ACTS

19. Applicable auditing standards recognise that the primary responsibility for the prevention and detection of fraud and compliance with applicable acts and regulations rests with both those charged with governance of the entity and with management. It is important that management, under the

oversight of those charged with governance, places a strong emphasis on fraud prevention and deterrence.

20. They are also responsible for establishing and maintaining controls pertaining to the Company's objective of preparing financial statements that are presented fairly, in all material respects, in accordance with the applicable financial reporting framework and managing risks that may give rise to material misstatements in those financial statements. When exercising oversight responsibility, those charged with governance should consider the potential for management to override controls or exert other inappropriate influences over the financial reporting process.

21. As auditors, in planning and performing the audit, we are required to reduce audit risk to an acceptably low level, including the risk of undetected misstatements in the financial statements due to fraud.

22. However, we cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

23. No fraud or illegal acts came to our attention during the 2025 audit.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

24. No difficulties were encountered in the performance of our audit.

DISAGREEMENTS WITH MANAGEMENT

25. We have had no disagreements with management resulting from our audit.

ANY OTHER SIGNIFICANT MATTERS

26. There were no other significant matters noted during the audit.

ACKNOWLEDGEMENTS

27. We would like to express our thanks to the Company's staff for their help and assistance during the audit of this year's financial statements.

Yours sincerely,

Patrick O. Smith CPA, CFE
Auditor General

APPENDIX 1 – SUMMARY OF CORRECTED MISSTATEMENTS

#	Journal	Dr/(Cr) $			
		Balance Sheet			Income
		Assets	Liabilities	Equity	Statement
1	Right of Use Asset	90,301			
	Lease Liability		(116,383)		
	Depreciation: Depreciation of right of use asset				10,235
	Lease finance charges				10,217
	Rent of office: Lease of premises		5,630		
	(Factual) Management adjustment to correctly account for annual rent increments and lease incentive on the right of use asset.				
2	Payable to Government		13,041		
	Dividends			(13,041)	
	(Factual) Management adjustment to correctly account for dividend payable				
3	Deferred annual fees		(140,238)		
	Deferred Listing Fees		140,238		
	(Factual) To correct the split between current and non-current portions of contract liabilities				
4	Personnel: Salaries				138,195
	Accrued Expenses		(138,195)		
	Being accrual of the 2025 employee performance reward amount				
5	Payable to Government		69,099		
	Dividends			(69,099)	
	To correctly account for dividend payable after audit adjustments				
		90,301	**(110,753)**	**-**	**20,452**

APPENDIX 2 – SUMMARY OF UNCORRECTED MISSTATEMENTS

#	Journal	Dr/(Cr) $			
		Balance Sheet			Income Statement
		Assets	Liabilities	Equity	
1	Retained earnings			77,531	
	Debt securities listing fees				(11,105)
	Deferred listing fees		(66,426)		
	Deferred portion of revenue based on 'one-off' listing fees that were billed in the period from 2018 to 2020				
2	Leasehold improvements	42,023			
	Accounts Payable: Accrued Expenses		(42,023)		
	Increase in cost of leasehold improvement by amount expected to be received from Orchard Developers				
3	Depreciation of office furniture				(22,380)
	Loss on Asset Disposal				22,380
	Reclassification of loss on disposal of asset from Depreciation				
4	Impairment allowances (expense)				(67,180)
	Retained earnings			67,180	
	(Judgemental) Impact of prior year reversing unadjusted difference. Overstatement of impairment allowance provision due to model not factoring at least 90 days of subsequent collections data, which impacted the determination of loss rates used.				
5	Debt securities listing fees				2,700
	Retained earnings			(2,700)	
	Impact of prior year reversing unadjusted difference. (To recognize revenue for 1 issuer that was not invoiced for the year ended 31 December 2024 but was listed on the exchange).				
		42,023	**(108,449)**	**142,011**	**(75,585)**

APPENDIX 3 – INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Recommendation accepted by Management (Y/N)	Management Response	Implementation Date
1. There is no evidence of review of the Company's calculation for expected credit losses The Operations and Finance Manager uses an excel spreadsheet to prepare the estimate of the impairment allowance. The source data is taken from QuickBooks and then formulas are used to lookup between different data sources and calculate the required amounts. The results of this analysis are then posted into QuickBooks by the Operations and Finance Manager. Our walk through procedures identified a control where the Chief	***Risk:*** Due to the infrequent nature of the control (annual) without adequate documentation of what should be reviewed as part of the performance of the control there may be inconsistency in performance resulting in undetected errors. Errors in the data, formulas or inputting of the journal may result in a misstated impairment allowance balance in the financial statements. ***Recommendation:***	Yes	Yes	Recommendation Accepted	31 December 2026

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Recommendation accepted by Management (Y/N)	Management Response	Implementation Date
Executive Officer (CEO) reviews the excel spreadsheet containing the model and approves via email that his review is complete and the resulting journal may be posted. The email communication of the review of the spreadsheet containing the model did not have sufficient detail to evidence what the reviewer had checked as part of this review. As such we found the design of the control to be deficient.	Management should implement an annual review checklist of the model to include at a minimum: • checking that data has been completely extracted from source systems by reference to QuickBooks. • checking the accuracy of the data included on a sample basis back to QuickBooks or other source documents. • review of any adjustments to revenue for the period used to ensure items that are not the issuance of invoices are removed e.g. manual deferral entries, interest income. • a retrospective review of the prior year expected credit loss rates and				

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Recommendation accepted by Management (Y/N)	Management Response	Implementation Date
	provision against current year developments. • review of all formulas in the model. • review of the journal entry made to QuickBooks against the reviewed workings. This checklist should be signed and retained as evidence of performance of the review.				
2. There is no evidence of the review of the calculation of deferred initial listing fees The Operations and Finance Manager prepares the Initial Listing Fees Analysis and records the	***Risk:*** Due to the infrequent nature of the control (annual) without adequate documentation of what should be reviewed as part of the performance of the control there may be	Yes	Yes	Recommendation Accepted	31 December 2026

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Recommendation accepted by Management (Y/N)	Management Response	Implementation Date
contract liability in QuickBooks. The CEO reviews the calculation and approves via email that the review is complete and the resulting entry is deemed reasonable. The email communication of the review of the spreadsheet containing the model did not have sufficient detail to evidence what the reviewer had checked as part of this review. As such we found the design of the control to be deficient.	inconsistency in performance resulting in undetected errors. Errors in the data, formulas or inputting of the journal may result in a over or understatement of the balance in the financial statements. ***Recommendation:*** Management should implement an annual review checklist of the model to include at a minimum: • checking that data has been completely extracted from source systems by reference to QuickBooks or Previse. • checking the accuracy of the data included on a sample basis back to				

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Recommendation accepted by Management (Y/N)	Management Response	Implementation Date
	QuickBooks, Previse or other source documents. • a retrospective review of the prior year estimate of the deferral period/amount and the amount released to revenue (including cancellations in the current year). • review of all formulas in the model. • review of the journal entry made to QuickBooks against the reviewed workings. This checklist should be signed and retained as evidence of performance of the review.				