**Note to James, CFO of Optimal Group Ltd.**

Subject: Recommendations for Currency Hedging Strategy

Dear James,

In light of Optimal Group Ltd.’s increasing international exposure, particularly with upcoming euro-denominated receivables and overseas supplier contracts, I recommend implementing a **currency hedging strategy** using **vanilla forward contracts** and **currency swaps**. These instruments will protect the firm from exchange rate volatility, ensuring predictable cash flows and improved financial planning.

Vanilla forward contracts will allow the company to lock in today's exchange rate for future currency transactions. For example, if we expect to receive €500,000 in three months, a forward contract will guarantee our INR return regardless of market fluctuations. This eliminates the risk of the euro weakening during that period.

Additionally, for longer-term obligations, **currency swaps** may offer a more flexible and cost-effective approach. Through a currency swap, we can convert euro-based loans or revenues into INR equivalents with another party, reducing exposure over multi-year horizons. This would be especially beneficial for our financing and procurement operations related to European markets.

By using these well-established instruments, Optimal Group can effectively manage currency risk without engaging in speculative trading. I believe this approach balances risk control with operational simplicity and supports our financial stability.

Best regards,  
Prashant Kale  
Investment Analyst