

admirals

2023 Annual Report

Admiral Markets AS

(Translation of the Estonian original)



Admiral Markets AS

Annual Report 2023

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Main area of activity	Investment services
Activity license no	4.1-1/46
Beginning and end date of financial year	01. January - 31. December
Chairman of the Management Board	Sergei Bogatenkov
Members of the Management Board	Andrey Koks
Chairman of the Supervisory Board	Alexander Tsikhilov
Members of the Supervisory Board	Anton Tikhomirov Anatolii Mikhalchenko Dmitri Lauš
Auditor	PricewaterhouseCoopers AS

Translation of the company's annual report in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange and digitally signed.

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Highlights 2023

- Company net trading income was EUR 9.1 million (2022: EUR 44.3 million, 2021: EUR 20.5 million and 2020: EUR 47.1 million)
- EBITDA* was EUR -6.9 million (2022: EUR 25.9 million, 2021: EUR 2.5 million and 2020: EUR 21.6 million)
- EBITDA margin was -76% (2022: 59%, 2021: 12% and 2020: 46%)
- Net profit (loss) was EUR -8.2 million (2022: EUR 24.8 million, 2021: EUR 0.9 million and 2020: EUR 20.3 million)
- Net profit margin was -90% (2022: 56%, 2021: 4% and 2020: 43%)
- Cost to income ratio was 203% (2022: 48%, 2021: 109% and 2020: 56%)
- Number of active clients** in the Admirals Group (hereinafter "the Group") went up by 62% to 89,764 clients compared to 2022 and is up by 83% compared to 2021 (2022: 55,242, 2021: 49,080 and 2020: 48,341 active clients).
- Number of active accounts*** in the Group went up by 57% to 110,471 clients compared to 2022 and is up by 75% compared to 2021 (2022: 70,436, 2021: 63,231 and 2020: 62,854 active accounts).
- Number of new applications in the Group went up by 77% to 266,779 applications compared to 2022 and is up by 116% compared to 2021 (2022: 151,116, 2021: 123,714 and 2020: 93,703 new applications).
- Number of new clients in the Group went up by 43% to 23,064 clients compared to 2022 and is up by 21% compared to 2021 (2022: 16,113, 2021: 19,128 and 2020: 28,475 new clients).

New applications **increased by**

77%

Active clients **increased by**

62%

New clients **increased by**

43%

Active accounts **increased by**

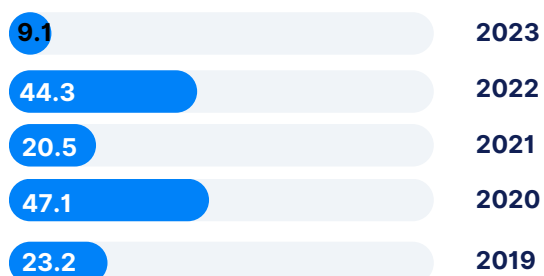
57%

*Earnings before interest, taxes, depreciation and amortization.

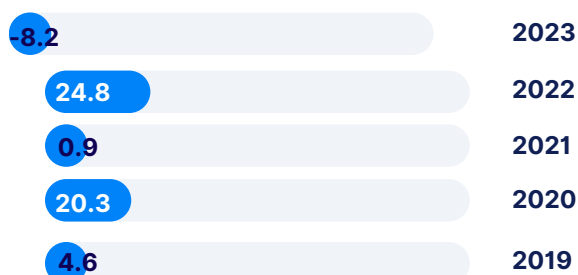
**Active clients represent clients who traded at least once in the respective of year.

***Active accounts represent accounts via which at least one trade has been concluded in the respective of year.

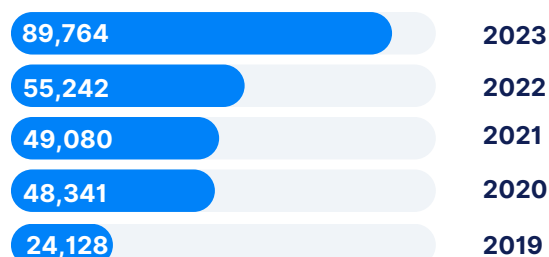
Net trading income 9.1 EUR million



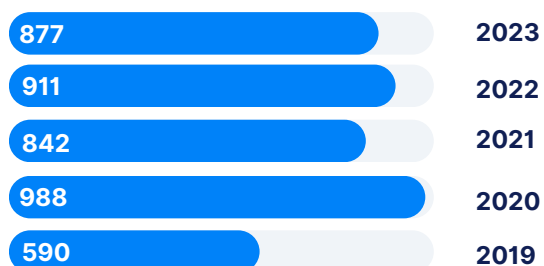
Net profit (loss) -8.2 EUR million



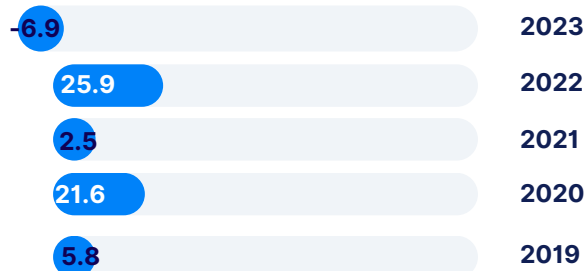
Active clients** 89,764 in the Group



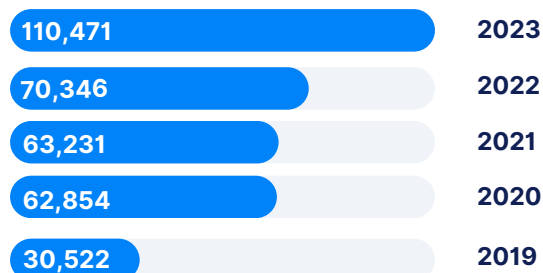
Value of trades EUR 877 billion in the Group



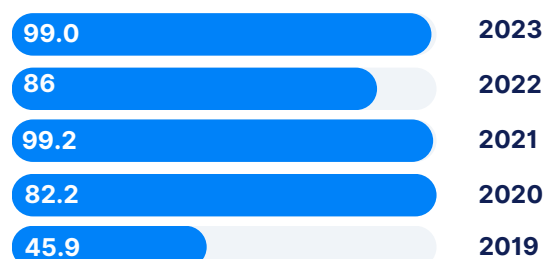
EBITDA* EUR -6.9 EUR million



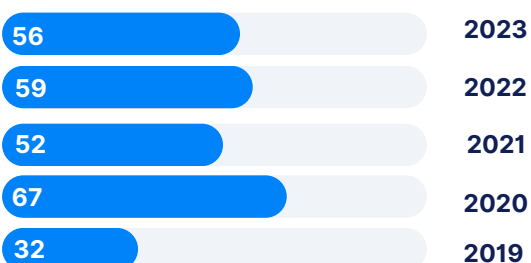
Active accounts*** 110,471 in the Group



Client assets EUR 99.0 million in the Group



Number of trades 56 million in the Group



**Our aim is to provide
financial freedom to
10 million people
by 2030.**

Management report

The following chapter outlines the founding and licensing history and growth of Admiral Markets AS and all of its constituent companies.



Our company

Admiral Markets AS was founded in 2003. In 2009, the Estonian Financial Supervisory Authority granted Admiral Markets AS activity license no. 4.1-1/46 for the provision of investment services. The Company is part of an international group (hereinafter "Group") that operates under a joint trademark – Admirals.

Admirals Group AS, the parent company of Admiral Markets AS, owns 100% of the shares of Admiral Markets AS. The main activity of Admiral Markets AS is for the provision of trading and investment services (mainly leveraged and derivative products) to retail, professional and institutional clients. Customers are offered leveraged Contracts for Difference (CFD) products in the over-the-counter market, including Forex, Indices, Commodities, Digital currencies, Stocks, and ETFs, as well as listed instruments.

The Company's activities consist mostly of targeted, experienced traders, however, from this year, we have also strengthened our position within the beginner's segment. Therefore, the Company is focusing on improving the general trading skills of experienced traders and the training of new enthusiasts.

Admiral Markets AS' role in the Group is to perform as a significant intra-group service provider. In line with the Group's strategy, subsidiaries of Admirals Group AS hedge the risks arising from their clients' transactions in their sister company – Admiral Markets AS, which is also their main liquidity provider.

The licensed investment companies constituting the consolidation group include Admiral Markets AS, Admiral Markets UK Ltd, Admirals AU Pty Ltd, Admirals Europe Ltd (previous business name Admiral Markets Cyprus Ltd), Admiral Markets AS/ Jordan LLC, Admirals SA (PTY) LTD, Admiral Markets Canada Ltd., Admirals KE Limited, Admirals SC Ltd, and Admirals MENA Ltd.

Companies belonging to the Group have ten licenses from the Estonian Financial Supervisory Authority (EFSA) for Estonia, the Financial Conduct Authority (FCA) for the UK, the Australian Securities and Investments Commission (ASIC) for Australia, the Cyprus Securities and Exchange Commission (CySEC) for Cyprus, Jordan Securities Commission (JSC) for Jordan, Financial Sector Conduct Authority (FSCA) for South Africa, Investment Industry Regulatory Organization of Canada (IIROC), Capital Markets Authority for Kenya, the Financial Services Authority (FSA) for the Seychelles, and Securities and Financial Services Regulatory Authority (FSRA) for Abu Dhabi (United Arab Emirates, UAE). No business activities have been conducted yet in Kenya and UAE.

Other companies within the consolidation group at the time of publishing include Runa Systems LLC, AMTS Solution OÜ, AM Asia Operations Sdn. Bhd., PT Admirals Invest Indonesia LLC, Admirals Nordic OÜ (previous business name Gateway2am OÜ), Admiral Markets Europe GmbH (Germany), Admiral Markets France (Société par actions simplifiée), Admiral Markets Espana SL (Spain), Runa Ukraine LLC, Admirals Digital Limited, Admirals Liquidity Limited (Ireland), Admirals Financial Services India Private Limited (India), Moneyzen OÜ and its subsidiary Moneyzen Collateral Agent OÜ.

Runa Systems LLC, AMTS Solution OÜ, AM Asia Operations Sdn. Bhd and Admiral Markets Europe GmbH offer IT and other intra-group services. Admirals Nordic OÜ, PT Admirals Invest Indonesia LLC, Admiral Markets France SAS, Admiral Markets Espana SL, Runa Ukraine LLC, Admirals Digital Limited, Admirals KE Limited, Admirals Liquidity Limited, Admirals Financial Services India Private Limited and Admirals MENA Ltd. are inactive at the moment.

Admirals Group AS Structure

The structure of Admirals Group AS, the parent company of Admiral Markets AS as per 31.12.2023



Awards

Over the 20 years of operation, Admirals has always been known for its quality market leadership. 2023 has brought awards and recognition, proving the continuous ambitions to lead the market, in terms of quality, outstanding customer service and best technological tools.

Germany



Focus Money
"Recommended by investors: Highly recommended"



Deutsches Kundeninstitut "BEST CFD Broker" 2023

Spain



Best broker by Capital Radio
Best broker in education by Capital Radio

- **Most competitive service company in Estonia 2023**

We are happy to announce that Admirals was awarded as the most competitive service company in Estonia within the annual competition „Estonia’s best companies of the year“.

- **TOP 3 most successful company in Estonia 2023**

Estonia’s most trusted and established news outlet Äripäev hosted the 30th anniversary of “Estonian successful companies”.

Admirals competed among more than 1000 qualified participants and received the second place. This accolade is a testament to our unwavering commitment to our global strategy, adaptability, and operational excellence in these ever-changing times.



admirals

**Togetherness is one
of our corporate
values and it is the
key to our success.**

Trading platforms and access to financial markets

Our trading infrastructure enables optimised low-latency access to the world's largest multi-asset class electronic trading ecosystem. Trading servers are located in one of the most prominent data centres and internet exchange points for international financial services providers – Equinix London LD4. The proximity to trading servers of many major liquidity providers and institutional trading counterparties in combination with our proprietary order routing and execution engine consistently ensures the best possible order execution outcomes for our clients across all financial products.

The service to our clients relies on two trading platforms: MetaTrader 4 and MetaTrader 5. The latter is the latest generation of the famous MetaTrader trading application, developed by the MetaQuotes Software corporation, which has been trusted and used by millions of traders and hundreds of trading service providers across the world for more than a decade.

The MetaTrader 5 platform inherited the intuitive, easy-to-use interface and trading functions of MetaTrader 4 but, unlike its predecessor, it is no longer prone to tradable product range scalability limitations. The newest platform now also supports trading in exchange-traded products like stocks, exchange-traded funds, futures, bonds, and options. This inherent multi-asset support created an opportunity for Admirals to engage with new market segments, reach an even broader group of traders, and expand the global footprint of Admirals by enabling trading in stocks and exchange-traded funds.

In partnership with third-party developers, we have created MetaTrader Supreme Edition – a trading platform add-on for desktop versions of MetaTrader 4 or MetaTrader 5 applications. MetaTrader Supreme Edition includes a set of market analysis and trading tools for our clients and helps us to gain a competitive edge over other investment services providers who also rely on MetaTrader platforms.

We are always looking for ways to enhance the user experience for our clients. We now offer our clients the ability to trade from anywhere using either our Metatrader Webtrader or Mobile App. However, for the more sophisticated and experienced active trader, we now offer StereoTrader, a Metatrader trading panel that has several advanced features including One-click trading, History trading, and Advanced order types.

Products

We offer Forex and leverage Contract for Difference (CFD) products in the over-the-counter market in addition to listed instruments. Our clients can choose between a wide range of trading instruments.

We offer around 3,700 products including Forex and CFDs on stocks, bonds, indices, cryptocurrencies, agricultural products, precious metals, and energies. Additionally, there are over 4,400 listed instruments, 4,000 stocks and over 400 exchange-traded funds on Invest.MT5 accounts.

Previously, the focus of our product-based offerings had been to provide useful options for active (short-term) trading. This remains at our core and at the root of our DNA. However, in addition to this, the classic investment opportunities, such as long-term stock or ETF investing have been, and continue to be subject to further developments. Ultimately, the key differentiators in this context are being able to provide a multitude of trading and investment products, as well as access to premium educational resources.

Our Products and Services

Our vision is to empower financial inclusion by providing easy-to-use, affordable, and secure access to financial products through the Admirals' ecosystem.

Our dedication to providing access to the wide range of global financial markets through our own highly functional software and quality assurance means that our clients receive a secure and premium trading experience with complete transparency.

As a global player within our industry, we develop our IT solutions in-house, by combining the components that form the IT and financial industries. Admirals places a great deal of importance and value on making financial education accessible, and over the past 20 years, we have supported countless amounts of people, by offering them the opportunity to improve their knowledge of financial literacy.

Our Clients

As a global FinTech hub with a local approach, Admirals sets a visionary target of granting financial freedom to 10 million individuals by 2030, a benchmark that guides our strategic endeavors. To reach this ambitious goal, we are strategically expanding our client base and actively pursuing new segments.

One of the pillars of our commitment and approach is to further strengthen our position in the well-developed markets where we have established ourselves as an industry technical leader.

Education stands as a fundamental pillar of our identity, and our focus lies in streamlining the investing and trading processes. Through user-friendly digital tools, we offer access to financial education and entry into financial markets, empowering users to engage anytime, anywhere, ensuring a seamless and on-the-go trading experience.

At Admirals, we understand that the quality of our products and services profoundly impacts client satisfaction. Consequently, we prioritize the excellence of our customer service. Our commitment extends beyond servicing existing clients, as we actively seek to enhance the trading skills of our current users while providing training opportunities for newcomers.

For the majority of our clients, Admirals remains the sole trading provider, offering a comprehensive suite of trading-related services tailored to diverse needs.

In 2023 Admirals announced the launch of our custom-developed proprietary trading and investing platform to supplement our existing suite of platforms and solutions. The development of this native platform supports the Group's strategic expansion into the beginner trading and investing market.

Our ultimate objective is to dismantle the barriers that have traditionally hindered people from entering the financial markets and enhancing their financial literacy.

Our People

Moving forward, we remain dedicated to maintaining a supportive, inclusive, and empowering work environment, propelling us towards continued success. Togetherness is one of our corporate values and it is the key to our success.

As we reflect upon 2023, it becomes evident that our commitment to supporting and empowering our employees has been pivotal in overcoming the challenges we faced. We delve into the initiatives undertaken to attract and retain top talent, adapt to the demands of remote work, prioritize employee well-being, and ensure compliance with evolving regulations.

Attracting and retaining top talent remains a significant challenge in today's competitive job market. Nevertheless, through the dedication of our professional team and the strength of our employer branding, we have successfully overcome this hurdle. Our robust recruitment strategies, coupled with an efficient hiring process, have enabled us to identify and onboard talented individuals who align with our company values and culture.

The significance of employee well-being and mental health has gained heightened recognition in recent years. At Admirals, we understand the importance of proactive measures in promoting the holistic well-being of our workforce. We have implemented a range of initiatives, emphasizing the importance of mental health, work-life balance, and adaptability. By cultivating a proactive mindset, our employees are better equipped to navigate challenges, anticipate obstacles, and find creative solutions, ensuring our company remains agile and resilient.

Staying compliant with ever-changing employment laws and regulations is an ongoing challenge for the Talent Management Team. To mitigate legal risks, we remain vigilant in monitoring and updating our internal policies related to data protection, privacy, and workplace safety. By proactively aligning with these regulations, we maintain a compliant and ethical work environment, equally safeguarding the interests of our employees and the interests of the organisation.

Development & Recognition of Our People

Being recognized by the leadership and other team members is meaningful for employees and is one of the biggest motivators. This is why Admirals promotes a culture of offering constructive feedback and encouragement to their talents. Admirals promotes a healthy and sporty lifestyle, which attributes to the mental wellbeing of our employees. For example, in 2023 the following projects were introduced to the team.

Admirals celebrated a week of wellness in June 2023, dedicated to promoting health and wellbeing among our team members. Nourishing meals and snacks were served throughout the week, an expert nutritionist presented compelling insights on healthy habits, and daily yoga and massage sessions were made available.

Admirals enthusiastically participated in the 7km LHV Marathon on the 20th of May 2023 fielding a team of 13 female participants, showcasing not only athletic prowess, but also the indomitable team spirit and dedication.

Key Events in 2023

Our Initiatives

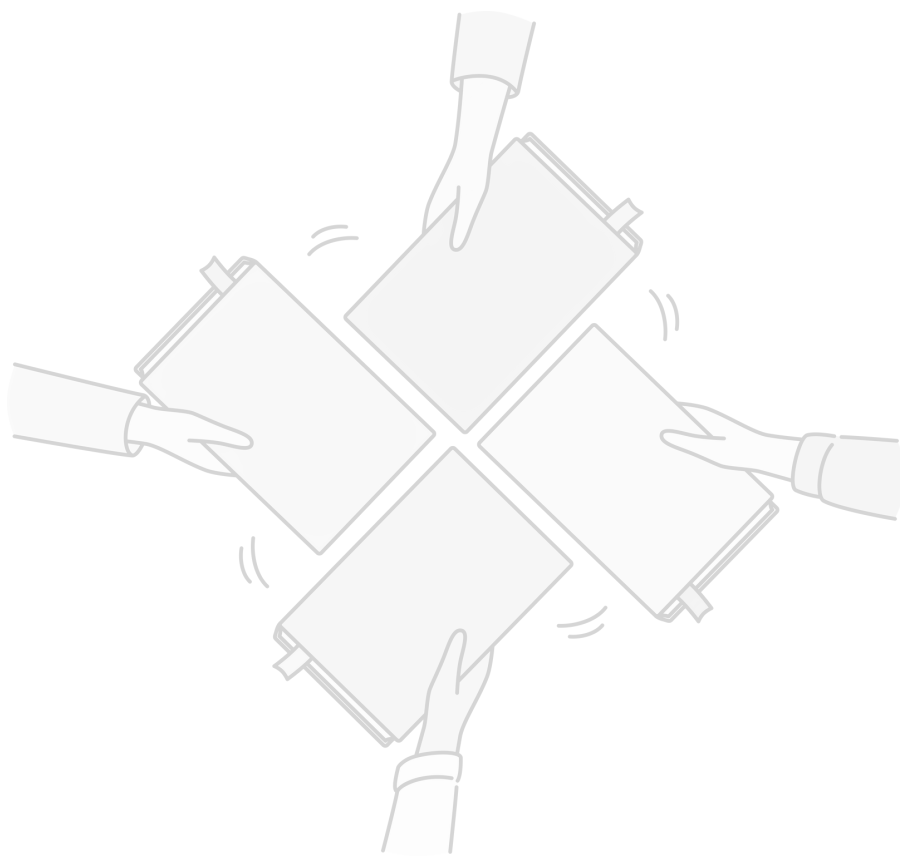
The Company places a high priority on fostering a sense of unity, a commitment that finds expression in our CSR (Corporate Social Responsibility) initiatives and diverse collaborative projects with sponsorships.

Gestures of Goodwill & Corporate Social Responsibility

Recent years have yielded remarkable achievements. To attain such results, we've had to adapt our business environment, working conditions, and policies concerning the overall health and welfare of our employees. Our understanding of safety and compassion has matured, prompting the discovery and implementation of novel approaches to support our customers and partners swiftly, given the dynamic landscape of the FinTech industry. Admirals has exhibited operational agility and flexibility, demonstrating resilience as a cohesive team, proving that, guided by a shared spirit of unity, anything is achievable.

In the contemporary landscape, various health-related issues have taken centre stage. Mental health, in particular, has emerged as a pressing concern that demands our immediate attention. This has compelled us to reassess not only our personal well-being but also that of our loved ones.

Admirals has consistently stood in solidarity with organizations, individuals, and initiatives championing the loftier ideals of humanity. We firmly believe that successful companies have a responsibility to champion such causes. It is with great pride that we share some of the partnerships we forged in 2023.



FCI Levadia

Collaboration with football club FCI Levadia marks an inspiring synergy between two entities dedicated to excellence, both on and off the field. As FCI Levadia continues to captivate fans with their remarkable performances, Admirals is proud to stand alongside them, united by a shared commitment to fostering community spirit, promoting athleticism, and creating memorable experiences for supporters. This sponsorship embodies our belief in the power of teamwork and determination, and we look forward to a mutually rewarding journey ahead.



Student Exchange

A talented cohort of MBA students from the School of Management & Marketing at the University of Westminster visited us at Admirals' headquarters in Tallinn, where we had the opportunity to delve into their research and discuss their findings, enriching our perspectives but also strengthening our commitment to academic-industry collaborations.



Eesti Kontsert

By supporting culture, Admirals is creating meaningful engagement in the society. Admirals continued its cooperation with Eesti Kontsert, the most well-established cultural organisation and promoter of Estonian music and culture. Eesti Kontsert organizes 1,000 concerts and various musical events annually in Estonia and abroad. Admirals is proud to be a part of this vibrant cultural initiative.



The Money Wisdom Board Game

Last year, Admirals introduced Estonia's first children's money wisdom board game "Compass of Money Wisdom" which was created in cooperation between the Ministry of Finance, Admirals and ALPA Kids. The game was then donated to 32 schools across Estonia as a pilot project. The great success of the board game was a solid proof of the desire of children and their parents to focus on promoting money wisdom during the elementary stages. Hence, the creators of the game decided to release a new and improved version of "Compass of Money Wisdom". In the second stage of the project, in the spring of 2023, 181 board games reached 33 schools.



Collaborative Success with Students

Admirals was privileged to be a part of Emili School's Literacy Month celebrations, which saw the creative participation of students designing their own board games. We were delighted to have our spokesperson invited to discuss our educational board game with the children, adding to the enriching exchange of ideas.

In sync with the Financial Literacy Month in Estonia, Admirals organized a competition in March 2023, encouraging children to express financial literacy themes through visual artwork. The competition concluded with 3 winners.

Additionally, we had the pleasure of welcoming Executive MBAs from the esteemed @emlyon business school in France to the Admirals HQ in Tallinn. Our CEO, Sergei Bogatenkov, engaged in a fruitful discussion, sharing valuable insights about Admirals and discussing a range of stimulating topics.

Visit from Saare Arenduskeskus

Admirals in Estonia welcomed teachers from Saare Arenduskeskus, based in Saaremaa, for an enlightening conversation around the importance of supporting education. Together, we explored the possibility of backing TalTech, one of the leading educational institutions, as a continuation of our commitment to fostering education. We also discussed our educational board game designed to promote learning in an interactive and entertaining manner.



Fourth year of supporting National Contest of Young Inventors

The aim of the National Contest of Young Inventors is to encourage children to think about things that do not exist yet, to notice and find solutions to problems that surround them, introduce the young to the exciting world of inventions and innovation and to acknowledge young people with outstanding ideas as well as their supervisors and schools. The contest is open for all students from year 1 to 12 and they are judged in three age groups.

2023 Overview

In 2023, Admirals continued strategic work towards its vision to empower financial inclusion by providing easy-to-use, affordable, and secure access to financial products through the Admirals' ecosystem.

Admirals achieved notable progress by making substantial strides in product and IT development, channeling significant investments into technology and infrastructure. A recent objective entails expanding the array of product and service offerings, aiming to provide a broader range of opportunities for both new and existing clients.

Launch of Admirals Platform

In 2023 Admirals announced the launch of its own, custom-developed proprietary trading and investing platform to supplement its existing suite of platforms and solutions. The development of this native platform supports the Group's strategic expansion into the beginner trading and investing market. At the same time the addition of this platform offers a fresh alternative and streamlined experience to Admirals' client-base. With simplicity as the key differentiator, the new platform features a user-friendly design and intuitive interface that provides instant and easy access to Admirals' vast selection of instruments and tools.

Being a web-based platform, the Admirals platform does not require clients to download or install any software. After completing the registration process, users can immediately start their trading and investing journey. Users can trade and invest on the go, as the platform has a mobile view as well, keeping in mind easy accessibility. Once on the platform, you can expect easy navigation and smooth access to research and analytic tools, place trades, and monitoring your investments.

Acting as single point of entry for traders and investors, the Admirals platform provides a seamless experience whether you prefer investing on a long-term basis or trading short-term price movements.

Apart from its tailored features and simplified processes, its seamless integration with other services, unique instruments and in-house client support, the Admirals platform was developed within strict regulatory compliance parameters. This adds an important element of security and trust especially to beginner traders, knowing that Admirals platform represents a secure and reliable trading environment.

The Admirals trading platform allows access to Admirals' complete and diverse range of trading and investment products to ensure that clients can experience various options to build diversified portfolios. The platform users will have access over 8,600 financial instruments. - including stocks, ETFs, Forex pairs and a variety of CFDs on commodities and indices. Furthermore, and in line with Admirals' commitment to knowledge-sharing and financial education, and to support a client's trading and investing journey Admirals hosts a vast range of free educational resources on our website. Traders have instant access to a wealth of educational materials, including webinars, articles, and tutorials, to help clients gain a deeper understanding of the financial markets.

Admirals' Card

Admirals was pleased to announce the unveiling of the new face of the Admirals Card, a completely new design introduced through its renewed collaboration with Solaris, a licensed e-money institution.

With the commitment of always striving for the development of leading clients' needs, Admirals offers clients a wide range of funds, invest in 3000+ products that accommodate card was launched to offer possibilities to manage their financial instruments and to make secure payments.

Fractional shares

Admirals introduced Fractional Shares for its Invest account type. The new product offering now allow clients to invest in fractions for all entitled the United States (US) stocks as they can now own a smaller piece of a share, making investing more accessible and affordable.

The introduction of Fractional Shares for US stocks provides more flexibility to investors, in particular to beginner investors who might not afford to buy a full share but would still like to invest in the stock.

Admirals' clients can start investing with any amount of money in a portion of a stock, which enables them to build a diversified portfolio over a range of different investments and a robust investment strategy tailored to their individual goals.

Research Terminal

In 2023, Admirals announced with long-term cooperation partner Acuity Trading a newly supercharged Research Terminal, our latest breakthrough in financial research and blended generative AI technology. Designed to transform complexity into clarity, the Research Terminal is an all-encompassing research tool highlighting top trading opportunities by synthesising numerous datasets. This comprehensive platform aims to give investors the forward-looking analysis they need in today's volatile markets.

Auto-Invest feature

Admirals launched its new, Auto-Invest feature. This cutting-edge feature is available through the Admirals Mobile App, and it is designed to transform the way investors engage with the financial markets. Auto-Invest was developed to offer automated investing capabilities that empower clients with enhanced convenience, and efficiency.

Using Admirals' Auto-Invest feature, users can experience utmost convenience by setting pre-defined automatic contributions to their account via their wallet or directly from their Invest.MT5 account. They can choose how much and how often they want to invest and how to modify their Auto-Invest plans with ease. This sophisticated technology allows investors to capitalise on market opportunities even when they are unable to actively monitor their portfolios and interact.



IT Developments

Boasting the most updated, state-of-the-art IT infrastructure, together with IT operations of the highest quality, have always been top priorities at Admirals.

We continually invest to ensure that we maintain our technological capabilities to deliver the finest service to our clients.

Over the past few years, we have been diligently working behind the scenes to improve the uptime of our trading systems. Put simply, we have been striving to guarantee our platform's availability whenever it might be needed by our clients.

We are pleased to report that we have successfully minimized instances of our system being unavailable or slow to respond. Our platform is now even more reliable and dependable, allowing clients to place trades, check market updates, and manage their portfolios without the concern of technical interruptions or delays.

We are motivated by the fact that in the world of trading, every second counts, and Admirals is committed to providing the most seamless and uninterrupted service in the industry.



New Services

For Admirals to play a meaningful part as a reputable, global fintech player, we need to help consumers make sense of the often complex FinTech world. By equipping people with the right financial knowledge, tools, and skills, they are empowered to make sound decisions to help ensure their sustainable financial wellbeing.

Admirals Esports

In the dynamic world of Esports, where adrenaline- fuelled battles and intense rivalries captivate millions, a formidable player has emerged on the scene. In 2023, as a pilot, Admirals ventured into the thrilling realm of e-sports, offering an immersive and exhilarating gaming experience captivating gamers of different skill levels. With an unwavering commitment to innovation and excellence, Admirals Esports is gaining recognition and captivating gamers of different skill levels with a view to contributing to the development of the growing esports landscape.

Admirals Esports is not merely another addition to the competitive gaming scene; it represents a new era of interactive entertainment. As we embark on this thrilling journey, we are excited to provide a platform where gamers can showcase their skills, forge new connections, and experience the adrenaline rush that only esports can deliver.

Admirals Esports recognises the importance of nurturing young talent and providing opportunities for growth, it actively engages with aspiring gamers, offering educational initiatives. These initiatives include educational streams that aim to enhance players' understanding of the game's crucial aspects, resulting in a more enjoyable gaming experience.

With plans for larger tournaments, innovative technology integrations, and partnerships with influential gaming brands, Admirals Esports is poised to redefine the esports landscape. By combining our expertise in financial services with our passion for gaming, Admirals is set to pave the way for a future where esports becomes a mainstream phenomenon, uniting players from all walks of life in the pursuit of digital glory.

Opening an office in Nigeria

Admirals was pleased to announce in 2023 the establishment of its the physical presence in Nigeria, aiming to further position itself as a major financial services provider in the African continent.

With this launch Admirals offers a wide range of financial products and services to the Nigerian traders, such as trading with Stocks, Forex and CFDs on indices, metals, energies, stocks, bonds and digital currencies, as well as boosting financial literacy in the region with the help of its educational materials such as courses, webinars, seminars, e-books to name a few.



Marketing

Marketing is an important aspect of any business. It is essential for identifying and meeting customer needs, promoting products and services, building brand identity, generating leads, and creating a competitive advantage, which ultimately helps Admirals to grow and succeed.

The current market trends require the businesses to adapt to new technologies and channels, to remain competitive. We hereby focus on the most important keywords of 2023.

Search Engine Optimisation (SEO)

Throughout 2023, our global SEO team successfully boosted the tally of ranked keywords by 22.2k, achieving a cumulative total of 215k. The diligent efforts of the SEO team also translated into a notable increase of 46k new clients.

As we set our sights on the upcoming year, our primary initiative remains focused on advancing our technical SEO initiatives to harmonize with Google's evolving requirements, thereby sustaining the positive outcomes we've garnered so far.

Social

This year 2023 witnessed a staggering 92,249,704 impressions across our social networks. The audience growth was noteworthy, with a 50% increase, bringing the total audience to 748,000. This figure represents a significant 450% net growth compared to the previous year, highlighting the department's successful expansion efforts. Furthermore, organic lead conversion saw an impressive upsurge of 280%. The department's content, particularly video, resonated well with the audience, culminating in over 10 million video views across various social networks. A key factor in these achievements was the implementation of AI-driven content, which enhanced user engagement and friendliness, marking a significant stride in leveraging technology for social media outreach.

Education

Education is a crucial part of company strategy which is aimed to provide traders and investors with necessary amount of knowledge and support. In 2023, we expanded our cooperations with market experts and organized events with top names in trading and investing, such as John Bollinger, Steve Nisson, Richard Freisen and others for global audience and for local cooperations.

In 2023, we held more than 3,700 events ranging from 10 people power courses to online conferences with more than 1000 attendees across 23 regions with more than 50,000 unique users in total.

We witnessed a 93 % satisfaction rate after educational programs offered by Admirals Academy.

93%

Satisfaction rate due to Educational programs offered

3,700 events

Performance Marketing

In 2023, our paid marketing became more efficient as with 41% less budget compared to 2022, we decreased cost per lead by 28% and got slightly more Active Leads (+1.63%). The conversion rate from Lead to Active Lead increased by 25% and cost per Active Lead lowered by 41%.

Marketing Automations

This year, we conducted numerous A/B tests to improve communication with leads and clients. The introduction of test planning has allowed us to approach the process more systematically, test more hypotheses, and apply the knowledge gained in practice. As one of the results, the number of deposits as the first action after clicking a link in an email increased from 9,315 in 2022 to 18,525 in 2023. Additionally, we conducted a large series of tests on webinar emails to improve communication in this area.

Looking ahead to 2024, we are working on implementing a full-fledged Customer Data Platform, which will integrate data from all sources to form a 360-degree user profile. This will enable us to improve conversion rates through personalised communication, use AI to predict churn and changes in user behaviour patterns, and efficiently utilise omnichannel communication.

Regional Marketing

This year, the efforts of regional marketing resulted in 32,000 leads, with a conversion rate from registration to customer of 3.2%. Deposits were just under 1.5 million, with a DW of 804,708. Measurable ROI stands at 1.07. Our focused influencer collaborations, especially in Spain and Bulgaria, have helped refine our marketing strategies, with YouTube emerging as our most effective channel. Next year, we hope to expand these campaigns to key markets like Germany and the UK.

The partnership team has been working hard to onboard new affiliates, and regional marketing has been supporting them with onboarding. Expect to see Admirals listed as a top broker on many more high-ranking websites in 2024.

As we step into next year, we remain committed to enhancing our performance in several strategic areas. Key among these will be improving data and reporting, refining our approach to partnership support and campaign management, navigating diverse regulatory environments such as in Spain, optimizing go-to-market strategies for regions like Canada, and capitalizing on growth opportunities in markets such as the UK. These will be some of our focus areas in 2024.

Public Relations

2023 saw the inception of a PR department at Admirals focusing on strategically building positive brand image in the media in regions such as Europe, Africa, Asia, and South America. The brand engaged in various PR tactics such as press releases, spokesperson interviews, podcasts, byline articles, analyst profiling, speakership opportunities, and supporting launch events.

Through our organic PR efforts, we garnered 575 pieces of coverage in the international media which witnessed approximately 1.26B impressions and \$26.74M AVE (Ad Value Equivalent).



Environmental, Social and Governance

Our commitment towards humanity & environment

We continue to position ourselves as leaders when fulfilling our commitment to Environmental, Social, and corporate Governance principles as stated in our overall business model.

Environmental, Social, and Governance (ESG) criteria are a set of **standards** for a company's operations that socially conscious investors use to screen potential investments.

- **Environmental criteria consider** how a company performs as a steward of nature.
- **Social criteria examine** how it manages relationships with employees, suppliers, customers, and the communities where it operates.
- **Governance** deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

As a global player and a Group with presence all over the world, we are witnessing the social, economic, and environmental changes around us every day. We believe that we can change the world – but only together. This is the mantra we follow when we consider our sustainability and ESG efforts.



CO2 emission

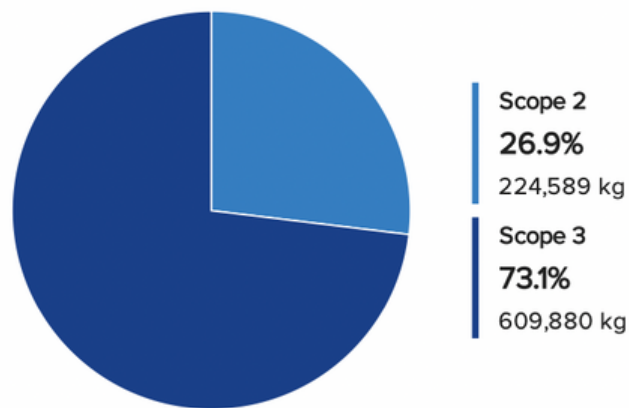
This is the result of the calculation for the Group's business activities.

Overall results: 834,468.44 kg CO₂

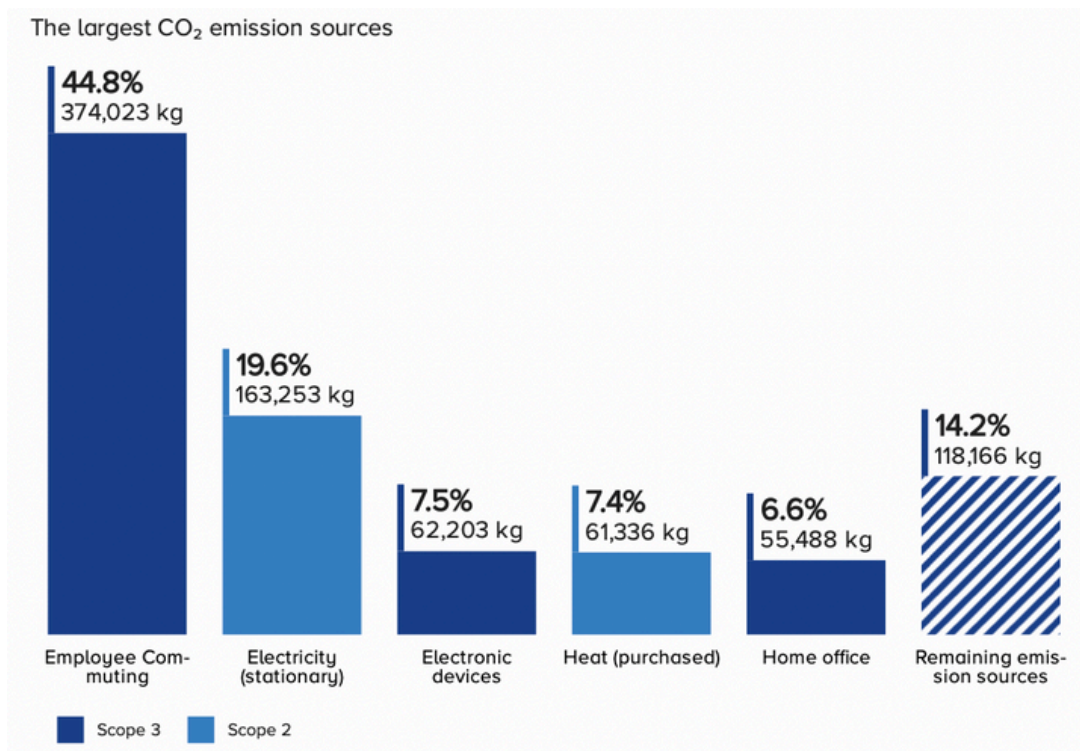
The emissions correspond to the carbon footprint of 96 Europeans. One person in Europe emits an average of 8.7 t of CO₂ per year.

CO₂ emissions were calculated using the company's consumption data and emission factors researched by ClimatePartner. Wherever possible, primary data were used. If no primary data were available, secondary data from highly credible sources were used. Emission factors were taken from scientifically recognized databases such as ecoinvent and DEFRA.

CO₂ emissions categorised by scope 1, 2, and 3



The largest CO₂ emission sources



CCF Results Table: Admirals Group AS
Total results for the group Corporate
Carbon Footprint 2023

Emission sources	kg CO2	%
Scope 1	0.00	0.0
Direct emissions from company facilities	0.00	0.0
Heat (self-generated)	0,00	0,0
Scope 2	224,588.58	26.9
Purchase electricity for own use*	163,252.74	19.6
Electricity (stationary)	163,252.74	19.6
Purchase heating, steam, and cooling for own use	61,335.84	7.4
Heat (purchased)	61,335.84	7.4
Scope 3	609,879.86	73.1
Employee commuting	429,510.87	51.5
Employee commuting	374,023.03	44.8
Home Office	55,487.84	6.6
Fuel- and energy-related activities	62,670.53	7.5
Upstream emissions electricity	48,725.19	5.8
Upstream emission heat	13,945.34	1.7
Business travel	53,958.61	6.5
Flights	48,563.15	5.8
Rental and private vehicles	286.82	0.0
Rail	27.09	0.0
Hotel Nights	5,081.54	0.6
Purchased goods and services	63,739.86	7.6
Electronic devices	62,203.39	7.5
Office paper	253.80	0.0
Water	1,205.54	0.1
Print product	77.13	0.0
Overall results	834,468.44	100.00

Our initiatives

Environmental

“The truth is the natural world is changing, it is the most precious thing we have and we need to defend it”

Sir David Attenborough

While the primary concern in discussions about climate change is human-induced global warming, it's essential to note that natural climate variability can still lead to extreme weather events. In the past year, various regions experienced natural extremes such as intense heatwaves, severe storms, and wildfires. These events, influenced by complex climate systems, highlight the inherent variability in Earth's climate, which is further exacerbated by anthropogenic factors. It underscores the importance of understanding both natural and human-induced elements in the broader context of climate dynamics.

Admirals became a carbon-neutral company in 2020 and have been working closely with ClimatePartner since then. The following projects have been undertaken by us in partnership with ClimatePartner.



Improved cookstoves, Zambia

[Improved cookstoves - better for health and the environment](#)

In Zambia, household air pollution is one of the biggest health risks. The reason for the pollution is often cooking over open fires. Only 17 percent of the population uses cookstoves, which is more efficient and better for human health and the climate. Therefore, this climate project distributes improved cookstoves in Zambia to households that use open wood fires as their energy source. In the process, local jobs will be created and approximately 45,000 households per year will have access to an improved cookstove.

The improved cookstoves burn biomass fuels more efficiently, reducing greenhouse gas and particulate matter emissions. This saves approximately 429,490 tonnes of CO2 per year and significantly improves indoor air quality.

[Powering access to green energy in Africa](#)

The African continent faces many social, economic, health, and environmental challenges. Transitioning to an energy system centered on renewable energy such as wind, solar or hydro is key for sustainable development, especially regarding mitigating the effects of climate change and providing access to clean and affordable energy for all.

Africa could double its energy demand during the next decade and the current grid relies mostly on non-renewable, emission-intensive sources such as coal. We must end the “addiction to fossil fuels”, as UN Secretary-General Guterres puts it, to reduce CO2 emissions significantly, especially in the energy sector. Thus, it is crucial to promote the expansion of sustainable energy.



Green energy in Africa, continent wide

Half of the African continent's population lacks access to electricity. This unique combination of climate projects benefits communities in Africa by contributing to a sustainable, secure energy supply. With this high-quality project portfolio, we support wind and solar projects that unlock Africa's huge potential for sustainable energy generation:

- Solar energy, Ambatolampy, Madagascar
- Solar energy, Omaheke, Namibia
- Solar energy, Aswan, Egypt
- Wind energy, Northern Cape, South Africa
- Wind energy, Ombepo, Namibia

In total, the portfolio avoids about 446,770 tonnes of CO2 emissions per year

Expansion of renewable energy generation in Asia

Interest and demand for renewable energies are growing on the Asian continent as well. Climate projects generate necessary resources to drive the expansion of sustainable technologies. This renewable energy portfolio supports projects in several countries across Asia. It consists of the following climate projects, certified by the Gold Standard or the Verified Carbon Standard:

- Wind energy projects in India, China, Indonesia and Turkey
- Solar energy projects in India and China
- Hydropower projects in Turkey and Sri Lanka
- Biogas- and biomass projects in India, China and Thailand



Renewable energy generation, Asia

Worldwide carbon offset & Ocean protection

This combined project contributes to the financing of a certified climate project and additionally supports international ocean protection. For every tonne of CO2 saved through the contribution via a certified climate project, 10 kg of plastic is collected in coastal regions. This intercepts plastic before it enters the sea and protects sensitive marine ecosystems.



Ocean protection, worldwide

Currently, ocean protection is combined with a certified cookstove project in India (climatepartner.com/1499). By using more efficient cookstoves, less firewood is needed, thus minimising deforestation. Combined climate projects to date: Forest protection, Lábrea, Brazil (climatepartner.com/1475), solar energy, UP, Karnataka and Maharashtra, India (climatepartner.com/1429), solar energy, Jaloya, India (climatepartner.com/1390), wind energy, Luzon, Philippines (climatepartner.com/1091) and wind energy, Vader Piet, Aruba (climatepartner.com/1040).

Social

Admirals has consistently championed values that foster both personal and societal advancement, embracing principles that inspire, motivate, and unify us both as a community and as individuals.

Our corporate social responsibility program is focused on various social initiatives, such as education and financial literacy, culture and sports.

For years, we have been issuing scholarships to outstanding students looking to focus on IT and/or economics.

We are dedicated to expanding the financial literacy of children and youth; hence we created the first children's board game "Compass of Money Wisdom" in Estonia and launched an improved version of it 2023.

Admirals remains the main sponsor of Eesti Kontsert, a high-level music and event organiser.

We also sponsor better living conditions for a family of Polar bears in the Tallinn Zoo. Finally, our team is truly diverse in terms of ethnicity, gender, talent, and personality – which we continue to encourage.

Admirals partnered with Latitude59 to bring live their Kenya Edition

The year ended with an outstanding social partnership for Admirals. Latitude59, Europe's premier startup and tech event hosted its first ever high-level event on African soil with the Latitude59 Kenya Edition, partnering with Admirals.

This annual one-day event, which has been running for 11 years since its inception in Estonia in 2011, brings together players from across the entire digital and startup ecosystem to engage in knowledge-sharing and best practice conversations, and to unpack and explore solutions to those challenges facing the digital startup community, especially on the African continent.

Internationally, Latitude59 has been widely hailed as a catalyst for digital innovation across the European startup space that has catapulted a number of startups onto a global stage.

The Kenyan startup scene is considered one of the fastest growing and most evolved ecosystems on the African continent. Kenya is seen as a mobile-first society, with a young, connected and digitally savvy population that is eager to help drive economic prosperity and societal change within their communities, and across the nation.

Admirals was honoured to be Latitude59's project partner.



Governance

The role and makeup of our board of directors, our shareholder rights, and how corporate performance is measured are crucial to our success and overall impact on corporate governance. The rights and responsibilities within our organization are clearly defined. We strongly believe in and act towards maintaining a balance between profiting and stakeholder support. This is the core of true governance within a corporation.

Strategic objectives

Admirals is investing in the future of the company, team, and its partners and in providing millions of people with the ability to invest with confidence so they might gain the freedom to manage their finances. We share the understanding of millions worldwide that financial freedom and inclusion for everyone will be one of the great objectives of humankind. Today, Admirals has already connected enthusiasts who are invested in their financial future on all continents.

The transformation from a CFD and Forex brokerage targeting sophisticated experts in the industry to an international financial services hub providing effortless solutions to beginners and retail clients through the Admirals platform, has paved the way for our long-term success and progress.

We are constantly expanding and diversifying our product offerings. We have been known as the quality market leader throughout the years. Today, Admirals consists of a team of approximately 300 professionals in 6 worldwide hubs, making it a truly global organisation.

As a global firm with a local focus, the Group is present on all continents, with offices in 18 countries. This means the ability and willingness to provide clients with local support and customer service.

Admirals stands for a united experience in the financial world, for reliability everywhere and constantly. Connecting the world with our expertise and offer is dedicated to our global presence via the most regulated authorities of the world.

Our licenses from leading regulatory bodies worldwide, and our physical presence in the most important markets, enable us to get to know our clients personally, understand their needs, and offer them a higher level of service.

Admirals has always stressed the importance of a long-term strategy. In the following years, the Group will focus on revenue growth, active users' growth, developing the technology and financial ecosystem to deliver Platform as a Service, and finding synergy with new partners to promote rapid growth further. These are the next great objectives that will determine the future success of the Group.

Admirals has always stood for financial literacy, offering smart financial answers via educational programs and materials. By providing people with tools to educate themselves in the financial world, they can make smart decisions and take the first steps in their investment activities. Admirals is determined to keep empowering the idea of financial inclusion and freedom everywhere.

Admirals - Your trustful financial partner all the way.

Trends and the Impact on our Future

Admirals consistently considers potential events, factors, and trends that could impact the business, using this understanding to effectively handle operational risks. Recognized for its excellence and leadership in the market, the Company strives to uphold the utmost standards in premium services, IT infrastructure, and access to financial markets.

Rising inflation rates

Rising inflation rates influence the economy by eroding the purchasing power of consumers, leading to reduced spending and slower economic growth. Businesses face uncertainty and may delay investments, affecting overall economic activity. Central banks may raise interest rates to control inflation, in turn impacting borrowing costs and potentially constraining economic expansion.

Geo-political factors

Such factors may create uncertainty and instability, leading to reduced investment, trade disruptions, and fluctuations in commodity prices. Conflicts, sanctions, trade tensions, and political instability can disrupt global supply chains and impact market confidence, affecting economic growth and financial markets. Additionally, geo-political events may prompt changes in government policies and regulations, further shaping economic conditions.

Technical development

Technology is revolutionizing the FinTech industry by making it more data-driven, accessible, automated, and diverse, while also introducing new challenges and considerations related to risk, ethics, and regulatory frameworks.

AI is transforming the investing world by enabling more accurate and data-driven decision-making through advanced analysis of market trends and patterns. Machine learning algorithms are automating trading strategies, executing trades at high speeds and reacting to market fluctuations faster than human traders. AI-driven robo-advisors are providing personalized investment advice and portfolio management, making investing even more accessible and cost-effective for a broader range of investors.

Competitor actions

The FinTech industry remains dynamic and highly competitive, with companies vying for market share, customer loyalty, and a position at the forefront of financial innovation.

The actions of competitors have an all-time effect on the business and on all the players in the industry. This competition arises from both established financial institutions that are investing in the adoption of new technologies, as well as from numerous startups and tech companies entering the financial space.



Our aim is to provide financial freedom to 10 million people by 2030.

Economic environment

Significant Events

- Russo-Ukraine War approaches third year.
- Israel invades Gaza following attacks by Hamas in October.
- Yemen's Houthi militia attack vessels in the Red Sea, disrupting global shipping.
- Global interest rates continue to rise.
- Global headline inflation decreases throughout the year from peaks of 2022.



There also remain significant risks to the downside. Not only does the war in Ukraine enter its third year in February, but conflict has also broken out in the Middle East. As well as being disastrous from a humanitarian point of view, an escalation in either of these conflicts has the potential to force up energy prices which, in turn, could undo much of the work done by central banks over the last two years.

Furthermore, sticky inflation and high borrowing costs will keep household budgets restricted, and potentially lead to an increase in defaults in 2024.

Against this complicated backdrop, 2024 is set to be the biggest election year in history. More than 50 countries - including the US, the UK and India - with a combined population of 4.2 billion will send their electorate to the polls for national and regional elections.

Global Economy

After racing to multi-decade highs in 2022, inflation spent much of 2023 in decline, as central banks around the world continued to tighten monetary policy.

Although inflation is significantly lower heading into 2024, it remains above target levels in many advanced economies. This combination of high inflation and high borrowing costs is showing signs of weighing on the global economy.

After growing by 3.0% in 2022, global growth slowed to an estimated 2.6% in 2023. In 2024, growth is expected to slow again, for the third consecutive year, to 2.4%.

This slowdown is particularly evident in the world's advanced economies. Following growth of 2.5% in 2022, advanced economies are expected to have grown by 1.5% in 2023. Although the tightening cycle appears to have ended, and interest rates are widely expected to drop in 2024, monetary policy is likely to remain restrictive throughout the year, with growth forecast to drop to 1.2%.

Conversely, growth in Emerging Markets and Developing Economies (EMDEs) is anticipated to have risen to 4.0% in 2023, up from 3.7% the previous year. However, this figure is forecast to dip slightly to 3.9% in 2024.

United States

Economic growth in US is estimated to have risen to 2.5% in 2023, up from 1.9% the previous year, as the world's largest economy performed significantly better than had been expected. However, growth is forecast to slow to 1.6% in 2024.

After aggressively tightening monetary policy over the last two years, the Federal Reserve appears to have reached the end of its rate hiking cycle. At the Federal Open Market Committee's (FOMC) last meeting of 2023, it decided to hold its policy rate in a range of 5.25% - 5.50%.

In the 12 months leading to December 2023, the Consumer Price Index (CPI) was reported at 3.4%, up from 3.1% the previous month. For comparison, the annual CPI gain in December 2022 was 6.5%. Core CPI, which strips out volatile food and energy prices, was reported at 3.9% in the 12 months leading to December 2023, down from 4.0% the previous month and its lowest level since May 2021.

Whilst inflation has fallen considerably over the last year, it remains above target levels, with core CPI falling more slowly. Nevertheless, in December, the Fed indicated that three rate cuts may be on the way in 2024, although this was before December's rise in CPI was revealed.

US voters will head to the polls in November to choose their next president, in a contest which is looking increasingly certain to be a near re-rerun of the one four years ago, between the incumbent President Joe Biden and former President Donald Trump. The result of such an election would be too close to call at this stage, and could come down to voters in just a handful of states.



United Kingdom

After growing by 4.3% in 2022, the UK economy slowed to a crawl in 2023, with growth estimated at just 0.5%, the second worst amongst G7 members. In 2024, growth is expected to remain subdued, with the economy forecast to grow 0.6%.

In their final meeting of 2023, the Bank of England's (BoE) Monetary Policy Committee (MPC) voted to hold interest rates steady at 5.25%, although three of the nine MPC members thought a further hike was necessary in the battle to bring down inflation.

In the 12 months ending December 2023, CPI rose 4.0%, which was more than had been expected and an increase from 3.9% the previous month. For comparison, the annual CPI gain in December 2022 was 10.5%. Sticky core inflation has been more problematic for the UK, December's annual reading was flat at 5.1%, down from 6.3% in December 2022.

Nevertheless, several leading forecasters have recently announced they expect the UK's inflation to return to 2% by April, which would allow the BoE to start cutting rates in order to help combat sluggish growth.

In politics, Prime Minister Rishi Sunak has promised a general election will take place in 2024, in which it is expected that Sir Keir Starmer's labour party will wrest power from the conservatives after 14 years of tory rule.



China

The Chinese economy is forecast to have grown 5.2% in 2023, which is less than had been previously expected but a significant increase from its 3.0% growth in 2022.

Whilst many economies battled high inflation in 2023, China has had the opposite problem. In the last three months of 2023, CPI in the world's second largest economy dropped below zero on an annual basis, having also entered negative territory in July.

China's deflationary pressure has largely been borne of sluggish consumer spending and weak exports, and there are concerns that if the government is not able to arrest declining prices, the country could face a debt-deflation loop.

Either way, low consumer spending is likely to weigh on the Chinese economy in 2024, with growth forecast to slow to 4.5%.

A further headwind to Chinese growth is the ongoing crisis in the property sector, which accounts for around 25% of the country's Gross Domestic Product (GDP). So far, Beijing has struggled to revive the beleaguered industry, and China's economic story in 2024 is likely to be largely influenced by how successful it is in turning the sector around.

The Euro Area

After growth of 3.4% in 2022, growth in the euro area is estimated to have dropped to just 0.4% in 2023. This figure is forecast to rise slightly to 0.7% in 2024.

The region's largest economy, Germany, is forecast to have shrunk in 2023 by 0.3% as high energy costs, rising interest rates and weak industrial demand weighed on economic activity.

Although the latest forecast from the Deutsche Bundesbank predicts that the economy will grow 0.4% in 2024, many other experts are not as optimistic. Some analysts are forecasting that economic growth will remain flat in 2024, with the risk of a second consecutive year of contraction possible.

In contrast, the region's second and third largest economies, France and Italy, grew by an estimated 1.0% and 0.7% respectively. Both economies are forecast to grow again in 2024 by 0.9% and 0.7% respectively.

Annual inflation in the euro area rose in December 2023 from 2.4% the previous month to 2.9%. For comparison, a year earlier, in December 2022, annual inflation was reported at 9.2%. As in other regions, core inflation has been slower at falling, dropping to 3.4% in December 2023, down from 3.6% the previous month.

As other central banks, it is expected that the European Central Bank (ECB) has now finished its rate hiking cycle, and that, as inflation nears target levels, interest rates will start to be cut in 2024. Although the ECB has made no such promise, many analysts are expecting the first cut to come in the second quarter of the year.

As well as European Parliament elections in June, eight euro area countries will head to the polls throughout 2024 for presidential and parliamentary elections.

Estonia

According to the latest forecast from Eesti Pank (the Bank of Estonia), the Estonian economy is estimated to have shrunk in 2023 by 3.5%; this marks the second consecutive year of decline, following a drop of 0.5% in 2022. In 2024, the bank forecast that the economy will shrink for a third year running, this time by a shallower 0.4%.

Considering the country has battled with one of the worst inflation rates in the European Union over the last couple of years, Estonia's contracting economy is not such a great surprise. However, whilst economic growth may remain an issue in 2024, the progress made on taming rising prices is a little more encouraging.

In August 2022, Estonia's CPI hit an all-time high of 24.8%. However, since this peak, inflation has fallen steadily and, in December 2023, the annual CPI was flat at 4.0%, significantly lower than the 17.6% reported a year before.



The Outlook for 2024

In the context of 2024, the economic landscape indicates a propensity for modest growth. Despite concerted efforts to address previous challenges, the pace of expansion remains deliberate and measured. Various factors, including cautious fiscal policies and global uncertainties, contribute to this moderate trajectory. While stability is maintained, the prevailing theme for the year suggests that economic growth will unfold gradually, requiring adaptability and resilience from businesses and governments alike.



Financial review

Main financial Indicators of Admiral Markets AS

Income statement (in millions of euros)	2023	2022	Change 2023 vs 2022	2021	2020	2019
Net trading income	9.1	44.3	-79%	20.5	47.1	23.2
Operating expenses	18.5	21.3	-13%	22.3	26.2	19.2
EBITDA	-6.9	25.9	-127%	2.5	21.6	5.8
EBIT	-8.7	24.2	-136%	1.3	20.5	4.9
Net profit (loss)	-8.2	24.8	-133%	0.9	20.3	4.6
EBITDA margin, %	-76%	59%	-135	12%	46%	25%
EBIT margin, %	-95%	55%	-150	-1%	44%	21%
Net profit margin, %	-90%	56%	-146	4%	43%	20%
Cost to income ratio, %	203%	48%	155	109%	56%	83%

Business volumes (in millions of euros)	2023	2022	Change 2023 vs 2022	2021	2020	2019
Due from credit institutions and investment companies	19.2	33.4	-43%	23.0	40.3	26.5
Debt securities	3.4	5.5	-38%	7.6	8.7	9.3
Shareholders' equity	69.9	80.7	-13%	55.9	57.7	38.8
Total assets	74.9	90.0	-17%	63.1	71.4	47.2
Off-balance sheet assets (client assets)	0.3	0.5	-40%	0.7	3.0	2.7
Number of employees	76	92	-17%	105	141	147

Equations used for the calculation of ratios:

EBITDA margin, % = EBITDA / Net trading income

EBIT margin, % = EBIT / Net trading income

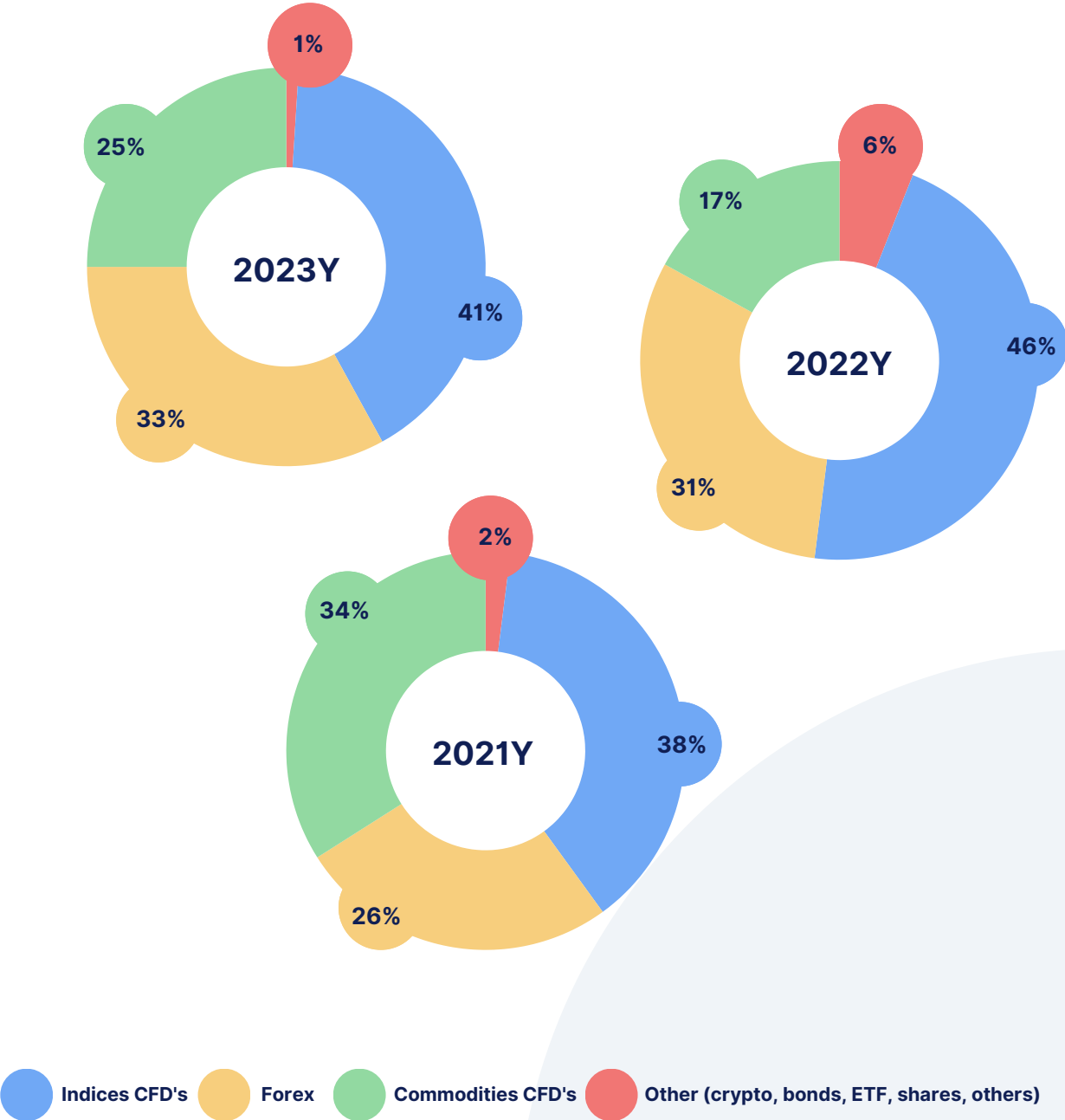
Net profit margin, % = Net profit / Net trading income

Cost to income ratio, % = Operating expenses / Net trading income

Statement of Comprehensive Income

Net Trading Income

The Company earned 9.1 million in revenue during 2023, 79% less compared to 2022. In 2023 Group's Commodity CFDs products accounted for 25% of total gross trading income, an increase of 8% year-on-year. Indices CFDs accounted for 41% of total gross trading income, a decrease of 5% year-on-year. Forex accounted for 33% of total gross trading income, an increase of 2% year-on-year. Forex, Indices CFDs, and other shares decreased mainly due to an increase in commodities CFDs. The share of other products, such as stocks, ETFs, etc. made 1% of total gross income in 2023.



The Group's business is generally managed on a geographical basis with 4 main geographical segments, based on the location of Admirals offices: EU, UK and Australia & Other.

Gross revenue per geographical region:

	2023	2022	Change 2023 vs 2022	2021
EU	82%	87%	-5	85%
UK	4%	3%	1	8%
Australia	1%	1%	0	2%
Others	13%	9%	4	5%

Admirals has clients from 185 countries. Most EU clients are from Germany, followed by France, Spain, Lithuania, Romania, Bulgaria, Poland, Italy, the Czech Republic and Estonia. German clients generate 21% of total revenue for the Group, clients from France generate 10%, Spanish clients 10%, Lithuanian 6%, Romanian and Bulgarian clients 5%, United Kingdom 4%, and clients from Estonia, Poland, Czech Republic, Italy all generate 3% each of total revenue for the Group. Most clients from Other geographical region are from Switzerland, Chile, Brazil, Mexico. Switzerland clients generate 2% of total revenue for the Group, and clients from Chile, Brazil, Mexico all generate 1% each of total revenue for the Group.

Expenses

The Company's operating expenses decreased by 13% in 2023.

The largest share of total operating expenses (which includes payroll and depreciation expenses) for the Company in 2023 comes from marketing expenses. Marketing expenses decreased by 28% year-on-year and reached EUR 6.3 million by the end of 2023. Marketing expenses account for 34% of total operating expenses.

In 2023 personnel expenses were EUR 4.6 million which is a 4% decrease year-on-year and accounts for 25% of total operating expenses.

IT expenses account for approximately 16% of total operating expenses and reached EUR 2.9 million by the end of 2023. Other larger expense types for the Company are legal and audit services, other outsourced services, VAT, and intra-group expenses.

Operating expenses by largest expense types:

Operating expenses by type (in millions of euros)	2023	2022	Change 2023 vs 2022
Personnel expenses	4.6	4.8	-0.2
Marketing expenses	6.3	8.8	-2.5
IT expenses	2.9	2.6	0.3
Legal and audit expenses	0.7	0.6	0.1
VAT expenses	0.3	0.3	0
Amortization and depreciation	1.7	1.7	0
Regulative reporting services	0.3	0.2	0.1
Rent of low-value leases and utility expenses	0.1	0.2	-0.1
Other outsourced services	0.1	1.4	-1.3
Other inc. intragroup expenses	1.5	0.7	0.8
Total	18.5	21.3	-2.8

The cost-to-income ratio increased to 203% by the end of 2023 as a result of an decrease in company revenue.

Net Profit (Loss)

EBITDA and net profit (loss) of the Company were EUR -6.9 million and EUR -8.2 million, respectively, by the end of 2023.

The return on equity of the Company was -10.9% at the end of 2023 (2022: 36.4%).

Net profit (loss) per share of the Company was -20.3 at the end of 2023 (2022: 61.5).

Statement of Financial Position

(in millions of euros)	2023	2022	Change 2023 vs 2022	2021
Due from credit institutions and investment companies	19.2	33.4	-43%	23.0
Debt securities	3.4	5.5	-38%	7.6
Total liabilities	5.0	9.3	-46%	7.2
Shareholders' equity	69.9	80.7	-13%	55.9
Total assets	74.9	90.0	-17%	63.1
Off-balance sheet assets (client assets)	0.3	0.5	-40%	0.7

Admiral Markets AS has a strong balance sheet, with EUR 69.9 million of shareholders' equity. The Company's balance sheet is liquid as 31% of its total assets consists of liquid assets.

As of 31 December 2023, the assets of the Company totalled EUR 74.9 million. Ca 26% of assets are balances due from credit institutions and investment companies. Balances due from credit institutions and investment companies have decreased 43% in 2023. The debt securities portfolio only consists of high-quality liquid assets and accounts for 4% of total assets.

The Company's non-current assets totalled EUR 12.4 million. Intangible assets consist mainly of the development costs of Trader's Room 3 and another license. Also, since 2021, the Company has started to capitalise developments of Mobile App, Cards, Asset management, Copy Trading, Native Trading, Moneyzen.

Admiral Markets AS's long-term debt consists of subordinated debt securities and finance lease EUR 3.4 million and makes up 4% of the balance sheet total. All other liabilities are short-term and are mainly liabilities to trade creditors and related parties, taxes payable and payables to employees.

The off-balance sheet assets (client assets) of the Company decreased by 40% to EUR 0.3 million in 2023 due to clients migrations to other operating companies of the Group (2022: EUR 0.5 million).

Key Financial Ratios

	2023	2022	Change 2023 vs 2022	2021
Net profit per share, EUR	-20.3	61.5	-81.8	2.3
Return on equity, %	-10.9%	36.4%	-47.3	1.6%
Equity ratio	1.1	1.1	0	1.2
Return on assets, %	-9.9%	32.4%	-42.3	1.4%
Short-term liabilities current ratio	37.0	11.9	25.1	18.0

Equations used for the calculation of ratios:

Net profit per share, in EUR = net profit / average number of shares

Return on equity (ROE), % = net profit / average equity * 100

Equity ratio = average assets / average equity

Return on assets (ROA), % = net profit / average assets * 100

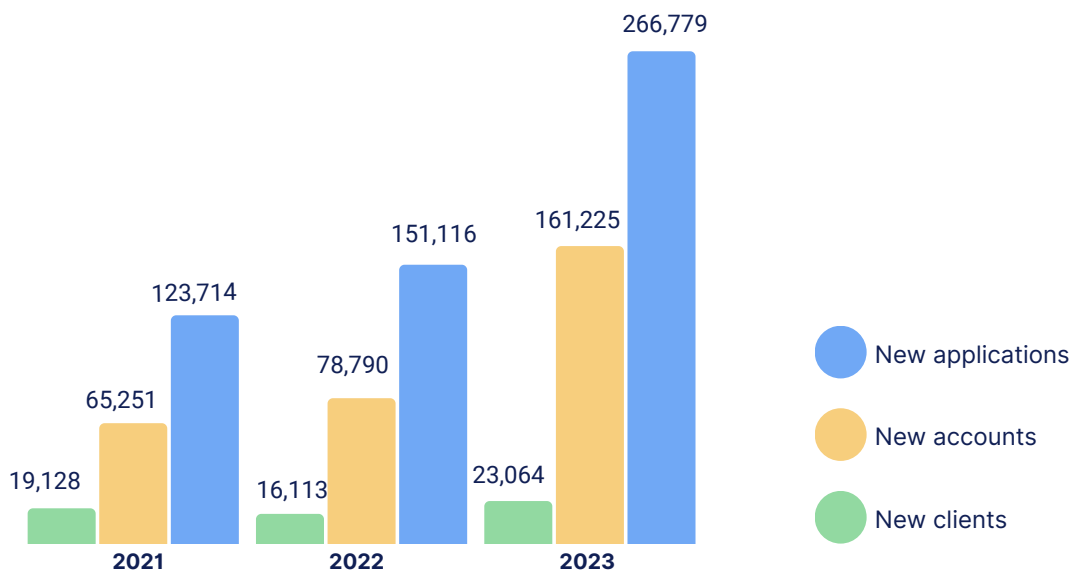
Short-term liabilities current ratio = current assets / current liabilities

The ratios are calculated as an arithmetic average of closing balance sheet figures from the previous and current reporting period, and the indicators of the income statement are shown as at the end of the reporting period.

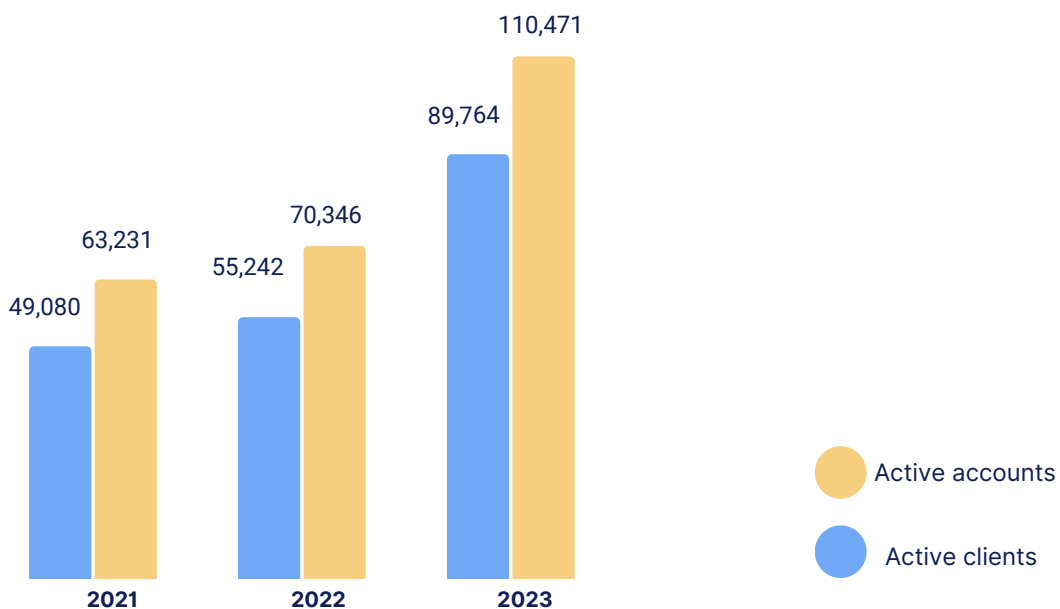


Client Trends

The number of new accounts and new applications increased by the end of 2023.



Admirals had a positive tendency of client's activeness. Below are active clients and active accounts who have made at least one trade in the respective year.



	2023	2022	Change 2023 vs 2022	2021
New clients	23,064	16,113	43%	19,128
Active clients	89,764	55,242	62%	49,080
New accounts	161,225	78,790	105%	65,251
Active accounts	110,471	70,346	57%	63,231
New applications	266,779	151,116	77%	123,714
Average net trading income per client	456	1,249	-63%	728
Average number of trades per client	624	1,068	-42%	1,062

The number of active clients in the Group was up by 62% to 89,764 clients compared to period 2022 and up by 83% compared to same period in 2021. The number of new applications in the Group went up by 77% to 266,779 applications compared to the same period of 2022 and up by 116% compared to the same period in 2021. The Group's client assets increased by 15% year-on-year to 99.0 million EUR in 2023.

When new ESMA regulations were established in August 2018, the client categorisation into retail and professional clients came into the foreground. Before this, there was no real benefit for a client to request professional status – the trading offer, conditions and leverage were the same. Since 2018, Admiral Markets eligible clients could apply to be categorised as professional customers if the client meets the requirements of this amendment. This gives clients access to reduced margin requirements (increased leverage) and full access to all existing and prospective bonus programs. With the new EU regulation, professional clients exclusively get access to higher leverage, up to 1:500, while retail clients have access to leverage of up to 1:30 for Forex majors, 1:20 for index CFDs and lower for other instruments.

The Group received 266,779 applications in 2023, out of which circa 63% of applications were accepted. At the end of 2023, the Group had in total 96% of clients categorised as retail generating ca 76% of total gross trading revenue. And 4% of clients categorised as professional generating ca 24% of total gross trading revenue.

Main consolidated financial indicators of the parent company of Admiral Markets AS, Admirals Group AS

	2023	2022	Change 2023 vs 2022	2021	2020	2019
Income statement						
Net trading income, mln EUR	40.9	69.0	-41%	35.7	62.2	33.5
Operating expenses, mln EUR	50.3	44.7	13%	37.8	40.6	28.1
EBITDA, mln EUR	-6.5	27.4	-124%	2.6	23.4	6.9
EBIT, mln EUR	-9.7	24.5	-140%	0.5	21.7	5.6
Net profit (-loss), mln EUR	-9.7	24.3	-140%	0.1	20.7	5.2
Business volumes						
EBITDA margin, %	-16%	40%	-56	7%	38%	20%
EBIT margin, %	-24%	36%	-60	1%	35%	17%
Net profit (-loss) margin, %	-24%	35%	-59	0.4%	33%	16%
Cost to income ratio, %	123%	65%	58	106%	65%	84%
Business volumes						
Due from credit institutions and investment companies, mln EUR	60.0	72.0	-17%	45.7	53.2	33.7
Debt securities, mln EUR	3.4	5.5	-38%	7.6	8.7	9.3
Shareholders' equity, mln EUR	70.4	82.9	-15%	59.3	61.1	42.4
Total assets, mln EUR	82.0	98.2	-16%	71.9	75.2	52.0
Off-balance sheet assets (client assets), mln EUR	99.0	86.0	15%	99.2	82.2	45.9
Number of active clients*	89,764	55,242	62%	49,080	48,341	24,128
Number of active client accounts**	110,471	70,346	57%	63,231	62,854	30,523
Number of employees	290	294	-1%	300	340	284

*Active clients represent clients who have made at least one trade in the last 12 months

**Active accounts represent accounts where at least one trade was made in the last 12 months

Equations used for the calculation of ratios:

EBITDA margin, % = EBITDA / Net trading income

EBIT margin, % = EBIT / Net trading income

Net profit margin, % = Net profit / Net trading income

Cost to income ratio, % = Operating expenses / Net trading income

Risk management

Risk management is part of the internal control system of the Admiral Markets AS, and its objective is to identify, assess and monitor all risks associated with Admirals to ensure the credibility, stability and profitability of Admirals.

The Supervisory Board has established risk identification, measurement, reporting and control policies in the risk management policies. Risk control is responsible for daily risk management and is based on three lines of defence. The first line of defence is the business units that are responsible for risk-taking and risk management. The second includes risk control and compliance functions, which are independent of business operations. The third line of defence is the internal audit function.

Because we are exposed to credit and market risk as a result of our retail trading activities, the development and maintenance of robust risk management is a high priority.

We allow our customers to trade notional amounts greater than the funds they have deposited with us through the use of leverage, so credit risk management is a key focus for us. The maximum leverage available to retail traders is typically set by the regulator in each jurisdiction. We manage customer credit risk through a combination of access to trading tools that allow our customers to avoid taking on excessive risk combined with automated processes which close customer positions in accordance with our policies in the event that the funds in customers' accounts are not sufficient to continue to hold those positions. For example, our customer trading platforms provide a real-time margin monitoring tool to enable customers to know when they are approaching their margin limits. If a customer's equity falls below the amount required to support one or more positions, we will automatically liquidate positions to bring the customer's account into margin compliance.

In addition, we also actively monitor and assess various market factors. This includes volatility and liquidity, and we take steps to address identified risks, such as proactively adjusting required customer margin.

The Company's key market risk management objective is to mitigate the impact of risk on the profitability of its operations. The Company's practice in this area is consistent with the following principles. As part of its internal procedures, the Company applies limits to mitigate market risk connected with the maintenance of open positions on financial instruments. These are, in particular: a maximum open position on a given instrument, currency exposure limits, and the maximum value of a single transaction. The Trading Department monitors open positions subject to limits on a regular basis, and in case of excesses, enters into appropriate hedging transactions. The Risk Control Function reviews the limit usage on a regular basis and controls the hedges that have been entered into.

For calculating capital requirements for credit and market risk, Admirals uses the standardised approach, and a basic indicator approach is used for calculating the capital requirement for the operational risk.

An internal capital adequacy assessment process (ICAAP), aimed at identifying the possible need for capital in addition to the regulatory capital requirements, is carried out once a year. A detailed overview of risks taken by Admirals is provided in Note 5 of the annual report.

As of 31.12.2023, the own funds of Admiral Markets AS amounted to 68.0 million EUR (31.12.2022: 54.5 million EUR).

At the end of the reporting period, Admiral Markets AS was well capitalised, the capital adequacy level was 341% (31.12.2022: 363%), and met all regulatory capital requirements in both 2023 and 2022.

Own Funds

(in thousands of euros)	31.12.2023	31.12.2022
Paid-in share capital	2,586	2,586
Other reserves	259	259
Retained earnings of previous periods	75,227	53,011
Intangible assets	-2,943	-3,095
Losses for the current financial year	-8,186	0
Total Tier 1 capital	66,943	52,761
Subordinated debt securities	1,080	1,824
Own instruments	-5	0
Total Tier 2 capital	1,075	1,824
Net own funds for capital adequacy	68,018	54,585

Capital Requirements

(in thousands of euros)	31.12.2023	31.12.2022
Fixed overheads requirement	5,089	5,482
Risk to client	9	5
Risk to market	12,224	8,825
Risk to firm	7,736	6,196
Total K-Factor requirement	19,969	15,026

Capital Adequacy

	31.12.2023	31.12.2022
Capital adequacy	341%	363%
Tier 1 capital ratio	335%	351%

Admiral Markets AS is well capitalized at the end of the reporting periods and has complied with all regulatory capital requirements.

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Governance of Admiral Markets AS

Admiral Markets AS pursues its business activities on the basis of and in compliance with the Company's articles of association, national and European legislation, the instructions and recommendations of the Financial Supervision Authority, Nasdaq Tallinn Rules and Regulations and the rules of good governance practices adopted through the internal rules of Admiral Markets AS.

To manage its activities, Admiral Markets AS mainly uses specialists and experts employed under employment contracts, but it also purchases services from professionals in compliance with the terms and procedures laid down in the legislation, relevant guidelines and established internal procedures on the basis of the decisions made by the Supervisory Board and the Management Board.

Management of Admiral Markets AS takes into account the interests of the whole group of companies united under the Admiral Markets brand and provides an adequate opportunity to customers, investors and other interested parties to obtain an overview of it. Disclosure and governance requirements of Admiral Markets AS must ensure equal treatment of shareholders and investors. Admiral Markets AS adheres to good corporate governance practices, with the exception of the cases outlined in this report.

**A trusted past,
an innovative future.**

Management of Admiral Markets AS

Currently Admiral Markets AS' sole shareholder is Admirals Group AS, registry code 11838516.

At the time of the preparation of this report the main shareholders of Admirals Group AS (holding over 5% of the voting rights represented by their shares) are:

- DVF Group OÜ (1,225,000 shares, representing 49.0% of the total number of shares), the sole shareholder of which is Alexander Tsikhilov;
- Alexander Tsikhilov (684,375 shares, representing 27.375% of the total number of shares);
- Laush OÜ (440,000 shares, representing 17.6% of the total number of shares), the sole shareholder of which is Dmitri Lauš.

Supervisory Board of Admiral Markets AS

At the time of publication of the annual report, Admiral Markets AS' Supervisory Board is composed of four members:



Alexander Tsikhilov
Chairman of the Supervisory Board

Alexander has been involved in several commercial projects, including the provision of Internet services. He founded Admirals in 2001. His educational background consists of a Master's Degree, obtained in 2006, and a doctorate in Business Administration from the Swiss Business School in 2015.



Anatolii Mikhalchenko
Member of the Supervisory Board

Anatolii joined Admirals in 2004 as IB (introducing broker) Manager. He obtained a degree from ITMO University in Saint Petersburg. He has been working as a Chairman of the Supervisory Board for Admirals Group AS since 2011.



Anton Tikhomirov
Member of the Supervisory Board

Anton Tikhomirov has been working in the industry since 1999 and has managerial experience in a financial brokerage. Joined Admirals during the company's merging with the local Russian broker. Has been developing Admirals' business activity in Spain and Latin America. Currently responsible for the supervision of the regional structure as well as research and development of the Group's KPIs and other critical business metrics. Anton holds no directorships outside Admirals group.



Dmitri Lauš
Member of the Supervisory Board

Dmitri Lauš obtained a Master's degree in business administration from IE University (Madrid, Spain). Together with Alexander Tsikhilov, founded the headquarters of Admirals in Estonia. With a background in financial technology, played an integral part in the Group's technological development. Dmitri holds 9 directorships outside Admirals group (2 of these in non-commercial entities).

Management Board of Admiral Markets AS

At the time of publication of the annual report, Admiral Markets AS is being managed by a two-member Management Board:



Sergei Bogatenkov
Chairman of the Management Board

Sergei Bogatenkov joined Admirals in 2014. Sergei obtained a Bachelor's Degree in Economics and a Master's Degree in Corporate Finance from the Tallinn University of Technology. He has a background of 10 years of experience in consulting, banking and asset management. He previously held various positions in Swedbank, Ernst&Young, and Bank of Estonia.



Andrey Koks
Member of the Management Board

Andrey Koks joined Admirals in 2020. Andrey obtained a Bachelor's Degree in Information Communication Technology from the Estonian Entrepreneurship University of Applied Sciences. He has a background of over 19 years of experience working in IT, including 6 years on IT managerial positions. Before joining Admirals, held various positions in Symantec, and Kuehne+Nagel and joined the Management Board in 2021.

Corporate Governance Report

Admiral Markets AS pursues its business activities by complying with the Company's articles of association, national legislation, and the rules of good corporate governance practices. The bonds of Admiral Markets AS are traded on the Nasdaq Tallinn Stock Exchange. In accordance with § 31² (1) and (2) of the Accounting Act it is required to include a corporate governance report in the management report, which complies with the requirements of § 24² (2) of the same Act. Managing Admiral Markets AS must, in particular, adhere to the interests of Admirals Group AS and provide an adequate opportunity to an expert and interested party to obtain an overview of the management principles.

Sole Shareholder (General Meeting of Shareholders)

Admiral Markets AS' highest governing body is the sole shareholder that carries out its rights according to the procedure and to the extent laid down in the legislation and articles of association of the Company. Within the scope of competence of the sole shareholder are amendment and approval of new articles of association, changing of the amount of share capital, recalling of members of the supervisory board and deciding on merger or restructuring of the company and other matters vested in it by virtue of legislation.

For as long as Admiral Markets AS has only one shareholder, the rules established in good corporate governance for convening the general meeting, information published for shareholders, participation in the general meeting of shareholders, and its conduct shall not be applied.

The Company has "Members of the Management Body Nomination Policy" in place for the process of selection of members of the supervisory and management boards. In addition to position-related professional criteria, when possible and reasonable, the candidates' age group, gender, qualification area and the area of geographical/ethnic origin are also considered in the process of filling a vacancy (e.g. if the board already has member(s) with qualification in the area of economics and management, a candidate with qualification in the area of law is given preference). As the Company's primary goal is the success of the business no specific targets or objectives regarding diversity have been set, the members of the boards are chosen from the best professionals available.

Supervisory Board

The Supervisory Board exercises strategic management and performs the supervisory function. The members of the Supervisory Board are elected by the sole shareholder of Admiral Markets AS. Persons who have sufficient knowledge and experience for participating in the work of the Supervisory Board are elected as members of the Supervisory Board. In electing a member of the Supervisory Board, characteristics of the activities of the Supervisory Board and Admiral Markets AS, potential risk of conflict of interests, and, if necessary and possible, the person's age group, gender and ethnic origin are taken into account, with the goal to enrich and improve the general pool of knowledge and experience among the board members. Not more than two (2) former members of the Management Board who were members of the Management Board of Admiral Markets AS or an entity controlled by Admiral Markets AS less than three (3) years ago shall simultaneously be members of the Supervisory Board.

Supervisory Board of Admiral Markets AS:

- Plans the operations of Admiral Markets AS in collaboration with the Management Board;
- Organises the management of Admiral Markets AS (including participation in making important decisions concerning the operations of Admiral Markets AS);
- Supervises the activities of the Management Board in accordance with the procedures and to the extent established by the legislation, inter alia regularly assesses the Management Board's actions in implementing Admiral Markets AS' strategy, financial condition, risk management system, legality of the activities of the Management Board and whether essential information about Admiral Markets AS is disclosed to the Supervisory Board and to the public as required;
- Determines and regularly reviews Admiral Markets AS' strategy, its general action plan, risk management policies and annual budget.

In addition to the activities prescribed by the law and internal rules of Admiral Markets AS, the Supervisory Board gives its consent to the Management Board in issues that are outside the daily business operations and in issues described in law that require the consent of the Supervisory Board.

In the framework of regular meetings, the Supervisory Board received regular reviews of operational and financial results of Admiral Markets AS.

The Supervisory Board may set up committees. When setting up committees by the Supervisory Board, Admiral Markets AS publishes on its website information about the existence, functions, composition and location of committees in the Admiral Markets AS structure. In case of a change in circumstances related to committees, Admiral Markets AS shall publish the content and time of implementation of the amendment in the same procedure. The Supervisory Board has set up three committees, whose responsibilities and structure are presented below.

As a result of the decisions of Admiral Markets AS sole shareholder the Supervisory Board members of Admiral Markets AS in 2023 were, and at the time of publication of the report, are:

- Alexander Tsikhilov, term of office 10.06.2024;
- Anatolii Mikhalchenko, term of office 21.05.2026;
- Anton Tikhomirov, term of office 13.05.2027.
- Dmitri Lauš, term of office 01.07.2026

Remuneration Committee

- Evaluates the implementation of the remuneration principles (including the reward system) in Admiral Markets AS and companies that belong to the same consolidation group;
- Evaluates the impact of the remuneration-related resolutions on compliance with the requirements laid down about risk management and prudential requirements;
- Exercises supervision of the remuneration (including rewarding) of members of the Management Board and employees of Admiral Markets AS and of companies that belong to the same consolidation group as Admiral Markets AS, and evaluates, at least once a year, the implementation of the remuneration principles and, where necessary, makes a proposal updating the remuneration principles and prepares draft remuneration resolutions for the Supervisory Board (concerning the remuneration of members of the Management Board) and the chairperson of the Management Board (concerning the remuneration of employees), respectively.

The members of the Remuneration Committee are Anatolii Mikhalchenko and Anton Tikhomirov, who are members of the Supervisory Board of Admiral Markets AS. The Members of the Committee receive no fee for membership in the committee. The committee has meetings at least quarterly. In 2023 the Committee submitted reviews to the Supervisory Board on the functioning of the principles of remuneration and made proposals regarding the remuneration of employees.

The Company has “Remuneration Policy” in place. A fixed monthly salary is set on an individual basis regarding the level of market salary applicable to the relevant position. Relevant professional experience, organizational responsibilities, as set out in the relevant job description, and individual performance are taken into consideration. Fixed monthly salary forms a sufficiently fair amount (based on the market salary) to allow to not pay out bonuses or any performance payment. The proportion of the fixed monthly salary and performance payment is in reasonable correspondence to the duties of the employee and the performance payment (if such is set) may not exceed the fixed monthly salary. The Company has the general rule that performance payment (if it is paid) may never exceed the fixed monthly salary.

Risk and Audit Committee:

- Evaluates the implementation of the risk management principles in Admiral Markets AS and in companies that belong to the same consolidation group, following the risk management principles of Admiral Markets AS and applicable legislation;
- Upon occurrence of unexpected events that may have a significant impact on Admiral Markets AS and/or on a company that belongs to the same consolidation group, ensures the implementation of the procedure that guarantees the continuity of activities and, where necessary, develops without delay, a more detailed or additional action plan in order to prevent or at least minimise an adverse impact on Admiral Markets AS and on companies that belong to the same consolidation group;
- Evaluates, at least once a year, the implementation of the risk management principles and the principles of ensuring the continuity of activities and makes proposals, where necessary, for updating these principles and prepares, where necessary, proposals for amendment;
- Advises the Supervisory Board on exercising supervision of accounting, auditing and internal control, establishment of the budget as well as lawfulness of activities;
- Monitors and analyses processing financial information to the extent that is necessary for preparing interim and annual reports, efficiency of risk management and internal control, the process of auditing annual accounts or a consolidated report and independence of an audit firm and a sworn auditor that represents it on the basis of law as well as the compliance of their activities with the requirements of the Auditors Activities Act;
- Presents proposals and recommendations to the Supervisory Board for appointing or recalling an audit firm, appointing or recalling an internal auditor, preventing or removing problems and inefficiency in the organisation and for compliance with legislation and good professional practice.

The members of the Risk and Audit Committee are Anatolii Mikhalchenko and Anton Tikhomirov, who are members of the Supervisory Board of Admiral Markets AS, and Olga Senjuškina, who was appointed to the committee in 2020 with a decision of the Supervisory Board of Admiral Markets AS. Members of the Risk and Audit Committee receive no fee for membership in the committee. The committee has meetings at least quarterly. In 2023 the Committee has approved the internal audit work plans and the results of the conducted internal audits.

Nomination Committee:

- Approves the results of the annual suitability assessment of the Management and Supervisory Board members;
- Makes proposals for the appointment of the member(s) of the respective managing body after assessment of their suitability according to the legislation and the internal procedures of Admiral Markets AS;
- Reviews annually the internal regulation “Members of the Management Body Nomination Policy” and submits its updated versions to the Supervisory Board for adoption.

The members of the Nomination Committee are Anatolii Mikhalchenko and Anton Tikhomirov, who are both members of the Supervisory Board of Admiral Markets AS. The members of the Nomination Committee receive no fee for membership in the committee. The committee has meetings at least quarterly. In 2023 the Committee has approved the results of the annual suitability assessment of the Management and Supervisory Board members, also the updated version of the internal regulation “Members of the Management Body Nomination Policy” and submitted it for adoption to the Supervisory Board.

Management Board

The Management Board coordinates day-to day operations of the company according to the legislation, articles of association and decisions of the Supervisory Board, acting in the most economical manner to adhere to Admiral Markets AS’ and its clients’ best interests.

Members of the Management Board are elected by the Supervisory Board. The Management Board of Admiral Markets AS must have at least two members. Members of the Management Board of Admiral Markets AS must meet, inter alia, the following requirements:

- Must have a university degree or equivalent education and experience necessary for managing an investment company;
- May not be at the same time a member of the Management Board of more than two (2) entities whose securities are listed on the stock exchange (the issuer), or Chairman of the Supervisory Board of another issuer. A Member of the Management Board may be Chairman of the Supervisory Board of the issuer that belongs to the same group as Admiral Markets AS.

The members of the Management Board of Admiral Markets AS in 2023 were, and at the time of preparation of the report, are:

- Sergei Bogatenkov, term of office 18.12.2024
- Andrey Koks, term of office 02.08.2024

Remuneration of the Management Board and the Supervisory Board

Remuneration of the members of the Management Board and the Supervisory Board, including the reward system, must be such that it motivates the person to act in the best interests of Admiral Markets AS and refrain from acting in his or her own or another person’s interest.

Admiral Markets AS does not disclose remuneration of individual members of the Management Board and Supervisory Board, since according to the contract concluded with them, it is confidential information.

The total management remuneration is disclosed as an aggregate amount and set out in the annual report.

Financial Reporting and Auditing

Admiral Markets AS prepares and publishes the annual report of the financial year on its website each year. The annual report is subject to an audit.

Considering the proposals of the Management Board and the auditor's consent, under the resolution of the sole shareholder of Admiral Markets AS of 14.09.2023, Admiral Markets AS' auditor for the 2023 annual report is company AS PricewaterhouseCoopers, registry code 10142876. The fee paid to the auditor is disclosed under operating expenses (note 25).

During 2023, the Company's auditor has provided other assurance and advisory services permitted in accordance with the Auditors Activities Act in force in the Republic of Estonia.

Appointment of an Auditor

In choosing the auditing company, Admirals Markets AS asked four biggest and quality markets leader auditing companies to submit their offers.

AS PricewaterhouseCoopers was chosen because they have a long and profound knowledge and expertise in the area. They are service partners to more than 500 clients in Estonia, including leading domestic and multinational companies and public services institutions. While they have acquired good experience from all industries represented in Estonia, they have built particularly strong expertise in areas such as banking, insurance, wholesale trade, consumer goods, forestry, real estate, energy, telecommunications and infrastructure. These were the main arguments to choose them as our auditing company.

During 2023, the Company's auditor has provided other assurance services, the provision of which is the obligation arising from the Securities Market Act.

Dividend policy

- Dividend distribution to the shareholders of the company is recognised as a liability in the financial statements from the moment the dividend payout is confirmed by the shareholders of the company.
- Principles of payment of dividends:
 - The most important prerequisite for payment of a dividend is the capital-related external and internal regulatory standards, which must be sustainably met.
 - In the case of growth and investment plans, the Company may withhold from payment of dividends.
 - The Company will pay up to 30% of pre-tax profits as dividends when preconditions are met (based on the Dividend Policy of Admirals Group AS). This dividend tax includes income tax paid on dividends.

Disclosure of Information

Admiral Markets AS has a website which includes a specially developed subsite for investors <https://www.admirals.group/>. This website is available in both Estonian and English languages. This website contains annual reports (including Corporate Governance Report), interim reports, articles of association, composition of the Management Board and Supervisory Board and the information about the auditor. Since 2016, the annual reports are also available in English.

Admiral Markets AS neither discloses information disclosed to financial analysts or other persons, nor times and locations for meeting analysts, investors and the press, as these are not necessary considering the current activities of Admiral Markets AS and high awareness of its parent company, the sole shareholder Admirals Group AS. Admiral Markets AS has published a financial calendar and it can be seen also on the Company's web page.

Financial Statements

This chapter outlines the assets, liabilities, equity, income and cash flow of the Company for the 2023 fiscal year, in comparison to 2022.



Statement of Financial Position

(in thousands of euros)	Note	31.12.2023	31.12.2022
Assets			
Due from credit institutions	7	10,175	20,111
Due from investment companies	7	9,014	13,266
Financial assets at fair value through profit or loss	8	6,353	7,933
Loans and receivables	9	37,274	34,634
Inventories		311	48
Other assets	10	970	2,230
Investment into subsidiaries	28	4,180	4,180
Tangible fixed assets	11	1,494	1,850
Right-of-use asset	11	2,221	2,684
Intangible assets	12	2,943	3,095
Total assets		74,935	90,031
Liabilities			
Financial liabilities at fair value through profit or loss	8	217	214
Liabilities and accruals	13	980	4,350
Subordinated debt securities	16	1,353	1,827
Lease liabilities	15	2,499	2,949
Total liabilities		5,049	9,340
Equity			
Share capital	19	2,586	2,586
Statutory reserve capital		259	259
Retained earnings		67,041	77,846
Total equity		69,886	80,691
Total liabilities and equity		74,935	90,031

Notes on pages 64 to 123 are an integral part of the Financial Statements.

Statement of Comprehensive Income

(in thousands of euros)	Note	2023	2022
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers		41,777	70,462
Brokerage and commission fee revenue		1,668	1,880
Brokerage and commission fee expense		-34,656	-28,832
Other trading activity related income		339	753
Net income from trading	21	9,128	44,263
Other income similar to interest		172	137
Interest income calculated using the effective interest method		1,044	698
Interest expense		-184	-210
Other income	22	877	528
Other expense	23	10	-10
Net gains on exchange rate changes		-214	1,130
Net profit / (loss) from financial assets at fair value through profit or loss		61	-362
Personnel expenses	24	-4,634	-4,828
Operating expenses	25	-12,168	-14,826
Depreciation of tangible and intangible assets	11,12	-1,259	-1,202
Depreciation of right-of-use assets	11	-484	-483
(Loss) / Profit before income tax		-7,651	24,835
Income tax	17	-535	0
(Loss) / Profit for the reporting period		-8,186	24,835
Comprehensive (loss) / income for the reporting period		-8,186	24,835
Basic and diluted earnings per share	19	-20.26	61.47

Notes on pages 64 to 123 are an integral part of the Financial Statements.

Statement of Cash Flows

(in thousands of euros)	Note	2023	2022*
Cash flow from operating activities			
Net (loss) / profit for the reporting period		-8,186	24,835
Adjustments for non-cash income or expenses:			
Depreciation of tangible, intangible and right of use assets	11,12	1,744	1,686
Gains on the sale of tangible assets	11	25	10
Interest and similar income		-1,216	-836
Interest expense		184	210
Corporate income tax expenses		535	0
Net profit (-loss) from foreign exchange rate changes		92	-1,588
Other financial income and expenses		-106	821
Operating cash flows before changes in operating assets and liabilities		-6,928	25,138
Changes in operating assets and liabilities:			
Change in amounts due from investment companies	7	4,252	5,026
Change in trade receivables	9	-2,400	5,227
Change in other assets	10	1,259	-327
Change in derivative assets	8	-84	-93
Change in payables and accruals	13	-3,370	2,970
Change in the derivative liabilities	8	3	-424
Changes in inventories		-263	0
Operating cash flows before interest and tax		-7,531	37,517
Interest received		1,039	570
Interest paid		-129	-146
Corporate income tax paid	17	-535	0
Net cash from/used in operating activities		-7,156	37,941

continued on next page →

(in thousands of euros)	Note	2023	2022*
Cash flow from investing activities			
Purchase of tangible and intangible assets	11,12	-776	-1,443
Loans granted		-7,126	-25,283
Repayments of loans granted		7,052	1,413
Acquisition of financial assets at fair value through profit or loss (investment portfolio)		-7,279	-4,418
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)		8,966	6,804
Payments from subordinated debt securities issued	16	-473	0
Investment in to associates		0	-484
Net cash used in investing activities		364	-23,411
Cash flow from financing activities			
Dividends paid	19	-2,619	0
Repayment of principal element of lease liabilities	15	-526	-510
Net cash used in financing activities		-3,145	-510
TOTAL CASH FLOWS		-9,937	14,020
Cash and cash equivalents at the beginning of the period	7	20,111	4,696
Change in cash and equivalents		-9,937	14,020
Effect of exchange rate changes on cash and cash equivalents		1	1,395
Cash and cash equivalents at the end of the period	7	10,175	20,111

*Comparative figures have been changed due to the changes in presentation. For more information see Note 2.

Notes on pages 64 to 123 are an integral part of the Financial Statements.

Statement of Changes in Equity

(in thousands of euros)	Share capital	Statutory reserve capital	Retained earnings	Total
Balance as at 01.01.2021	2,586	259	54,832	57,677
Dividends paid	0	0	-2,741	-2,741
Profit for the reporting period	0	0	920	920
Total comprehensive income for the reporting period	0	0	920	920
Balance as at 31.12.2021	2,586	259	53,011	55,856
Dividends paid	0	0	0	0
Profit for the reporting period	0	0	24,835	24,835
Total comprehensive income for the reporting period	0	0	24,835	24,835
Balance as at 31.12.2022	2,586	259	77,846	80,691
Dividends paid	0	0	-2,619	-2,619
Loss for the reporting period	0	0	-8,186	-8,186
Total comprehensive loss for the reporting period	0	0	-8,186	-8,186
Balance as at 31.12.2023	2,586	259	67,041	69,886

For more information of share capital refer to Note 19.

Notes on pages 64 to 123 are an integral part of the Financial Statements.

Notes to the Financial Statements

This chapter presents more detailed information of the Financial Statements.



Note 1.

General information

ADMIRAL MARKETS AS (hereinafter “Admiral Markets” and “the Company”) is an investment company since 05.06.2009. The Company’s head office is located at Maakri 19/1, Tallinn, Estonia. The annual report for the year ending 31 December 2023 was approved for publication on 30.04.2024 in accordance with the management’s decision. The annual report approved by the Management shall be authorized for approval by Supervisory Board and shareholders. Shareholders have the right to approve or disapprove the financial statements and require management to compile new ones. The Supervisory Board does not have that right.

Note 2.

Material accounting policy information and estimates used in preparing the financial statements

The financial statements of Admiral Markets AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and include among other things information on risk management, own funds and capital adequacy.

Admiral Markets AS has subsidiaries in Canada and Jordan. These financial statements are not consolidated, as for Estonian Accounting Act exemption §29 (4). No business activities have been conducted yet in Canada. Pursuant to § 110² of Securities Market Act information concerning investment firm's branches and subsidiaries that are financial institutions is subject to disclosure.

Subsidiary name	Geographical location, nature of activities	Net income (in thousand of euros)	Number of employees on a full-time basis	Loss before tax (in thousands of euros)	Income tax on loss (in thousands of euros)	Amount of public subsidies received
Admiral Markets AS/Jordan LLC	Jordan, investment services	0	18	-6	0	0
Admiral Markets Canada Ltd.	Canada, investment services	0	1	-253	0	0

Changes in the presentation in the Statement of Cash Flows

The Statement of Cash Flows includes presentation changes related to line Other financial income and expenses. In the 2022 Annual Report, Other financial income and expenses included Net profit from foreign exchange rate changes in the amount of -1,588 thousand euros, that has been disclosed on a separate line in the 2023 Annual Report.

The material accounting policies used in the financial statements are outlined below. These policies have been used consistently in all of the years presented, unless otherwise stated. These financial statements have been prepared under the historical cost convention, except for the assets and liabilities measured at fair value through profit or loss, including derivatives, as disclosed in the accounting policies below.

An overview of new standards and amendments to certain standards and interpretations that have been published by the time of preparation of these financial statements, as well as the assessment of the Company's management on the effect of adoption of new standards and interpretations is disclosed in Note 3.

The preparation of the financial statements requires making estimates. Estimates are based on the information about the Company's status, intentions and risks at the date of preparing the financial statements. The result of economic transactions recognised in the financial year or in previous periods may differ from the current period estimates.

The financial year started on 1 January 2023 and ended on 31 December 2023. The Company's functional currency is the euro. The annual financial statements are presented in thousands of euros, unless otherwise stated.

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the unconsolidated financial statements, the investments in subsidiaries are accounted for using the cost method (less any impairment recognised).

Recognition of foreign currency transactions and financial assets and liabilities denominated in foreign currencies:

- Functional currency

The Company's functional and presentation currency is Euro.

- Transactions and balances in a foreign currency

Foreign currency transactions are recorded at the official currency exchange rates quoted by the European Central Bank on the transaction day. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the official foreign currency exchange rates quoted by the European Central Bank prevailing at the balance sheet date. The fair value of derivatives is measured by the exchange rate quoted by the European Central Bank prevailing at the balance sheet date. Gains and losses on translation from assets and liabilities are recognised in the statement of profit or loss under "Net gains/(losses) on exchange rate changes." Non-monetary financial assets and liabilities not measured at fair value denominated in foreign currencies (e.g., prepayments, tangible and intangible fixed assets) are not translated at the balance sheet date but are measured based on the foreign currency exchange rates of the European Central Bank prevailing at the transaction date.

Financial assets

Classification

The Company classifies its financial assets into the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments (loans and debt securities)

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

The Company's debt instruments have been classified into the following measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses). Foreign exchange gains and losses and impairment losses are presented as separate line items in the statement of profit or loss.

Financial assets of the Company are classified into the following classes that are measured at amortised cost:

- Cash and cash equivalents;
- Trade receivables;
- Loans;
- Other receivables.

FVPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at FVPL. This is the case if the business model is held for trading; where financial assets are considered held for trading if they are held with the intention to be sold in the short-term and for the purpose of generating profits. Debt instruments are mandatorily measured at fair value through profit or loss if the assets are managed and evaluated on a fair value basis or the assets are held with an intention to sell, or alternatively, if the cash flows do not consist of solely payments of principal and interest. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented in the period in which it arises. The contractual interest earned is recognized in the statement of profit and loss line Other income similar to interest.

The following financial assets of the Company are measured FVPL:

- Equity instruments;
- Derivative financial instruments;
- Bonds.

Equity instruments

The Company subsequently measures all equity investments at fair value through profit and loss. Changes in the fair value are recognised in other income/(expenses) in the statement of profit or loss as applicable.

Derivative financial instruments

Derivative financial instruments, including futures, forward contracts, options contracts and other instruments that are related to the change in underlying assets are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Company does not apply hedge accounting.

Impairment

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions. The Company uses expert based individual assessments for calculating ECLs.

The ECL model has a three-stage approach based on changes in the credit risk. A 12-month ECL (Stage 1) applies to all items, unless there is a significant increase in credit risk since initial recognition. For items where there is a significant increase in credit risk (Stage 2) or in default (Stage 3), lifetime ECL applies. The financial assets are in default (Stage 3) in case there is a delay in payment more than 90 days on in case adverse changes in the customers financial situation.

At the end of each reporting period the Company performs an assessment of whether credit risk has increased significantly since initial recognition.

The assessment of whether there has been a significant change in credit risk is based on quantitative and qualitative indicators. Indicators include payments that are past due >30 days and <90 days and financial assets whose contractual terms have been revised due to the customer's financial difficulties. In case there has been a significant increase in credit risk since initial recognition, an allowance for lifetime ECL shall be recognised and the financial instrument is transferred to Stage 2. The change can be vice versa, meaning that in subsequent reporting periods, if the credit quality of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the financial asset moves back to Stage 1.

For trade receivables without a significant financing component the Company applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. The Company uses a provision matrix in which allowance for impairment losses is calculated for trade receivables falling into different ageing or overdue periods.

Assessment of fair value

The Company assesses financial instruments such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on the assumption that the asset is sold, or liability is settled:

- Under the conditions of the primary market of the asset or liability, or;
- In case of absence of such primary market in the most favourable market condition for the asset or liability.

The Company must have access to the primary or the most favourable market. In assessing the fair value of the asset or liability, it is expected that market participants are pricing the asset or liability based on the determination of their economic interests.

The Company uses fair value valuation techniques that are appropriate in the circumstances and for which there is sufficient data to estimate the fair value, maximizing the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities that are valued at fair value or disclosed in the financial statements, are classified in accordance with the fair value hierarchy, which is described below and are based on the lowest level input that is essential to the fair value measurement:

Level 1 — Quoted prices (unadjusted) for identical assets and liabilities on an active market;

Level 2 — Valuation techniques for which the lowest level of significant inputs are directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level of significant inputs are not observable directly or indirectly.

The Company assesses at the end of each reporting period whether the assets and liabilities, which are recorded in the financial statements throughout different periods require reclassification between levels (based on the lowest input, which is important for estimating the fair value).

Cash and cash equivalents

Due from credit institutions and investment firms include short-term (with maturity of less than three months) demand deposits, which have no material market value change risk, and balances on trading accounts.

For the purposes of cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits with Credit institutions.

Recognition of off-balance assets and liabilities

Admiral Markets AS acts as an intermediary of investment services and is responsible for keeping their clients' deposited funds under their control.

As a result of the pass-through arrangement, the assets are considered as off-balance sheet assets, see Note 18.

Tangible fixed assets

Property, plant and equipment are recorded in the statement of financial position at cost less any accumulated depreciation and impairment losses.

The Company depreciates items of property, plant and equipment under the straight-line method. The following useful lives are generally assigned to items of property, plant and equipment:

Group of property, plant and equipment	Useful life
Vehicles	3-5 years
Other equipment	3 years

The depreciation methods, useful life and residual value of items of property, plant and equipment are reviewed at least once at the end of each financial year and if estimates differ from previous estimates, the changes are recorded as changes in accounting estimates, i.e., prospectively.

If costs incurred for an item of property, plant and equipment are such that meet the definition of property, plant and equipment, these costs are added to the acquisition cost of the item of property, plant and equipment. Ongoing maintenance and repair costs are expensed as incurred.

Intangible fixed assets

Intangible fixed assets are initially recognised and subsequently measured in the statement of financial position on the basis of the same principles as applied to items of property, plant and equipment.

Intangible fixed assets are amortised using the straight-line method. The following useful lives are generally assigned to intangible fixed assets:

Group of property, plant and equipment	Useful life
Licenses, software	5 years

If any indication exists that intangible assets may be impaired, an impairment test will be carried out on the same basis as for property, plant and equipment.

Development costs are capitalised if there exist technical and financial resources and a positive intention to implement the project, the Company can use or sell the asset and the amount of development costs and future economic benefits generated by the intangible asset can be determined reliably.

Impairment of tangible and intangible fixed assets

At each balance sheet date, the Company's management assesses whether there are signs that may indicate that the asset may be impaired. If there is an indication that an asset may be impaired, an impairment test is carried out. The recoverable amount is equal to the higher of the asset's fair value (less costs to sell) or value in use based on the discounted cash flows. If the test reveals that the recoverable amount is lower than its carrying amount, the non-current asset is written down to its recoverable amount. If an impairment test cannot be carried out in respect of an individual asset, then the recoverable amount is determined for the smallest group of assets (cash-generating unit) to which the asset belongs. Asset impairments are recognised as loss in the accounting period.

If as a result of the impairment test of a previously impaired asset, the asset's recoverable value exceeds its carrying amount, the earlier impairment expense is reversed and the carrying amount of the asset is increased. The maximum limit is the carrying amount of the asset that would have been recognised using regular depreciation over the years.

Accounting for financial liabilities

The Company classifies financial liabilities either:

- As financial liabilities measured at fair value through profit or loss, or
- As financial liabilities measured at amortised cost.

Recognition of a financial liability (derivative) at fair value through profit or loss is disclosed under accounting policy financial assets - Derivative financial instruments. All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Transaction costs are included in the calculation of the effective interest rate. The difference between the proceeds (less transaction costs) and redemption value are recognised in the statement of profit or loss during the term of the instrument, using the effective interest rate. Interest costs are included in the statement of profit or loss line "Interest expenses".

Debt securities issued and similar subordinated debts are initially recognised at fair value, less transaction costs (cash received less transaction costs). The subordinated debts are those liabilities, which in case of a liquidation of an investment company or declaration of bankruptcy, are settled after the satisfaction of the justifiable claims of other creditors. Other financial liabilities (trade payables and accrued expenses) are initially recognised at fair value less transaction costs and are subsequently carried at amortised cost.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

Payables to employees

Payables to employees include the calculated but unpaid salaries and vacation pay liabilities as at the balance sheet date. Vacation pay liabilities are recognised together with social and unemployment insurance taxes in the statement of financial position under liabilities and accruals and in the statement of profit or loss under personnel expenses.

Leases

The Company as a lessee

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Lessees are required to recognise:

- (a) Assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- b) Depreciation of lease assets separately from interest on lease liabilities in the income statement.

The Company leases office space. At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company determines the lease term as the noncancellable period of a lease, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonable certain not to exercise that option. A lessee reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee; and affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term. The Company revises the lease term if there is a change in the noncancellable period of a lease.

Initial measurement

At the commencement date, a lessee recognises a right-of-use asset and a lease liability. At the commencement date, a lessee measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the lessee;
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined.

If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Subsequent measurement

After the commencement date, the Company recognises leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use applying a cost model. To apply a cost model, a lessee measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

After the commencement date, the Company measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. After the commencement date, a lessee recognises in profit or loss interest on the lease liability.

If there are changes in lease payments, there may be a need to remeasure the lease liability. A lessee shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss.

A lessee shall account for a lease modification as a separate lease if both: (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Each lease payment is allocated between finance cost (interest expense) and the principal repayments of the lease liability, that is, to reduce the carrying amount of the liability. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability at any given time.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

More information about the right-of-use asset and lease liability is disclosed in Notes 11 and 15.

Provisions and contingent liabilities

Liabilities arising from an obligating event before the end of the reporting period that have either a legal basis or that have arisen from the Company current operating practice (legal or constructive obligation) that require probable outflow of resources, the realisation of which is probable (it is more likely than not that an outflow of resources will be required to settle the obligation) and the amount of which can reliably be estimated but for which the timing or amount are not definitely known are recognised as provisions in the statement of financial position.

The provisions are recognised based on the management's estimates regarding the amount and timing of the expected outflows. A provision is recognised in the statement of financial position in the amount which according to the management is necessary as at the end of the reporting period for the meeting of the obligation arising from the provision or transfer to the third party. The provision expense and an expense from the change in the carrying number of provisions are included within expenses in the reporting period. Provisions are not set up to cover future operating losses.

When it is probable that a provision will be realised later than 12 months after the end of the reporting period it is recorded at discounted value (present value of expected outflows), unless the discounting effect is immaterial.

Contingent liabilities are liabilities whose probability of settlement is less than 50% or whose amount cannot be reliably estimated. Contingent liabilities are recognised off- balance sheet.

Distinction between short- and long-term assets and liabilities

Assets from which resources are expected to flow to the Company within 12 months are recognised as current assets. The portion of assets with expected inflows later than 12 months after the end of the reporting period is recognised as non-current assets (see Note 5).

Liabilities are classified as current when they are due within twelve months after the end of the reporting period or if the Company does not have an unconditional right to defer the payment for later than 12 months after the end of the reporting period. Loans received with due date within 12 months after the end of the reporting period which are refinanced as non-current after the end of the reporting period but before the financial statements are authorised for issue, are recognised as current.

For all long-term assets and liabilities, the long-term portion is separately disclosed in respective disclosure to these financial statements (see Note 5).

Corporate income tax

According to the current Income Tax Act, the profits distributed as dividends are taxed at the rate of 20/80 from the net dividend paid. Corporate income tax on dividends is recognised as an income tax expense in the statement of comprehensive income in the period when the dividend is declared, regardless of the period for which they are announced or when the dividends are paid out. The income tax liability and expense accounted from unpaid dividends as at the balance sheet date are adjusted according to the income tax rate in force in the new accounting period.

From 2019, tax rate of 14/86 can be applied to dividend payments. The more beneficial tax rate can be used for dividend payments in the amount of up to the average dividend payment during the three preceding years that were taxed with the tax rate of 20/80. When calculating the average dividend payment of three preceding years, 2018 will be the first year to be taken into account.

The maximum income tax liability that could arise on a dividend distribution is provided in Note 17.

Revenue and expenses

Commission revenue is recognised point in time when the Company satisfies its performance obligation, usually upon execution of the underlying transaction. Such revenue includes introducing brokers' (an introducing broker (IB) is a broker in the futures markets, who has a direct relationship with a client, but delegates the work of the floor operation and trade execution to another futures merchant) commissions and payment system fees. Variable fees are recognised only to the extent that management determines that it is highly probable that a significant reversal will not occur.

Other brokerage and commission fee revenue is recognised at a point in time when the Company satisfies its performance obligation, usually upon execution of the underlying transaction. The income received or receivable from other trading activities represents the transaction price for distinct performance obligations identified as services. Such income includes inactivity fees (a sum charged to trading accounts that have not met minimum buying or selling activity in the previous 24 months and are not used for holding open positions) and service commissions from payment systems.

Interest income and expense are recognised in the statement of comprehensive income for all financial instruments that are recognised at amortized cost, using the effective interest rate method. The effective interest rate is the interest rate which when used for discounting the cash flows arising from financial asset or liability will result in the current carrying amount of the financial asset or liability. The calculation of the effective interest rate includes all payable or receivable transaction costs, premiums or discounts related to the financial asset or liability.

Trading income includes:

- spreads (the differences between the “offer” price and the “bid” price);
- swap points charged (being the amounts resulting from the difference between the notional forward rate and the spot rate of a given financial instrument);
- net results (gains offset by losses) from Company’s market making activities.

Statutory reserve capital

According to the Commercial Code of the Republic of Estonia, the Company transfers at least 5% of the net profit of the current year to the statutory reserve until the reserve is at least 10% of the share capital. The statutory reserve cannot be distributed as dividends, but it can be used to cover losses if the losses cannot be covered from unrestricted equity. The statutory reserve can also be used to increase the company’s share capital.

Cash flow statement

The cash flow statement has been prepared using the indirect method - cash flows from operating activities are calculated by adjusting net profit by eliminating the impact of non-monetary transactions and changes in business related current assets and current liabilities.

Cash flows from investing and financing activities are recognised using the direct method.

Events after the balance sheet date

The financial statements reflect all significant facts affecting the assessment of assets and liabilities which occurred between the balance sheet date, 31 December 2023, and the date of preparing the report but are linked to transactions that occurred during the reporting period or transactions of previous periods.

Note 3.

Use and application of new amended standards and new accounting principles

Certain new or revised standards or interpretations came into effect for accounting periods beginning on or after 1 January 2023. The Company estimates that the impact of applying these changes is not material except amendment to IAS 1 regarding accounting policies that requires disclosure of material accounting policy information, rather than significant accounting policies. In 2023, the Company has changed presentation of Note 2 by disclosing only material accounting policy information.

Other changes in accounting standards which have been adopted in 2023 did not have a material impact on the Company.

Certain new or revised standards and interpretations that are effective for the financial year beginning on or after 1 January 2024 include: IAS 1, IAS 7, IAS 21, IFRS 7 and IFRS 16. The Company estimates that the potential or actual impact of applying these changes is not material.

Note 4.

Use of estimates, assumptions and judgements

Preparation of financial statements in accordance with the IFRS as adopted by the EU requires management to make decisions, assumptions and estimates that affect the total amount of income and expenses, assets and liabilities and contingent liabilities recognised during the accounting period. Uncertainty in these estimates and assumptions could lead to a situation where in the future periods it may be necessary to adjust the carrying amounts of assets or liabilities to a significant extent.

Estimates and assumptions subject to day-to-day evaluation by the Company's management are based on experience and other factors, including expectations as to future events that seem justified in the given situation. The results are a basis for estimates of carrying amounts of assets and liabilities. Although the estimates are based on best knowledge regarding the current conditions and actions taken by the Company, actual results may differ from the estimates. Adjustments to estimates are recognised during the reporting period in which the adjustment was made provided that such adjustment refers only to the given period or in subsequent periods if the adjustment affects both the current period and subsequent periods. The most important areas for which the Company makes estimates are presented below.

Impairment of assets

At each balance sheet date, the Company assesses whether there are objective indications of impairment of other assets, including intangible assets. Impairment is recognised when it is probable that all or a significant part of the respective assets will not bring about the expected economic benefits, e.g. as a result of expiry of licenses or decommissioning. The amounts of impairments are presented in note 23.

Fair value of financial instruments

The fair value of financial instruments for which no active market exists is assessed by means of appropriate valuation methods. In selecting the appropriate methods and assumptions, the Company applies professional judgment. The methods used for measuring the fair value of financial instruments are presented in Note 8.

Note 5.

Risk management, principles of calculating capital requirements and capital adequacy

Admirals offers provision of trading and investment services to retail, professional and institutional clients. According to the risk management policies of Admirals, risks arising from derivatives are partly economically hedged through counterparties (liquidity providers).

Risk is defined as a potential negative deviation from the expected financial result. The objective of the risk management of Admirals is to identify, accurately measure and manage risks. Risks are measured according to their nature as follows: qualitatively (scale of impact and the probability of occurrence) or quantitatively (monetary or percentage impact). Ultimately, the objective of risk management is to increase the income of Admirals through minimizing damages and reducing the volatility of results.

Risk management is part of the internal control system of Admirals. Risk management procedures and basis of assessment are set out in the Company's internal rules and internal risk management policy. In accordance with the established principles Admirals must have enough capital to cover risks.

Specifically, risk management is built on the principle of the three lines of defence. The first line of defence, i.e., business units is responsible for risk taking and risk management. The second line of defence, i.e., risk management, performed by the Risk Management Unit, is responsible for the development of risk methodologies and risk reporting. The third line of defence, i.e., internal audit, carries out independent supervision of Admirals.

Quantitatively measurable

- Market risk, including foreign exchange, commodity and equity price risk;
- Credit risk, including counterparty risk, concentration risk, country risk;
- Liquidity risk;
- Operational risk, including control and management risk, legal risk, personnel risk, IT risk and model risk.

Qualitatively measurable

- Reputational risk;
- Business risk;
- Strategic risk;
- ESG risk.

The Management Board of Admiral Markets AS estimates that the main risks are related to credit, market, liquidity and operational risks. The exposure of Admirals to these risks, management and mitigation of these risks is described in detail below.

The general principles of effective risk management are based on the differentiation of the customer base and instruments by risk categories and the determination of the operating rules of hedging for every individual group. In the framework of client-based risk management the client base is divided into groups according to the client profile (e.g., trading volumes and activity, etc.). In accordance with risk hedging principles the total net position of a certain client profile is economically hedged 100% through the counterparties (liquidity providers).

However, for other client profiles, the total net position is generally not economically hedged through the counterparty, except if the portfolio exceeds total limits set by the risk manager. Therefore, an important part of risk hedging is setting limits for economical risk hedging, monitoring of limits set and in case of exceeding the limits immediately economically hedging the position that exceeds the limit.

In addition to client-based risk management, risks are managed also by instruments for which a list of instruments has been set which must be economically hedged through a counterparty. Instruments that are economically hedged through a counterparty are mostly less liquid instruments.

An important part of risk management is:

- Stop Out rate imposed on clients' trading accounts - rate of compulsory liquidation of transactions, i.e., the level of collateral in which transactions are automatically closed at current market prices;
- selection of counterparties (liquidity providers), which is made on the basis of a thorough market analysis and by observing certain rules and principles;
- ongoing monitoring of the risk limit set for the trading portfolio by the dealers of the Trading Department around the clock on all working days;
- regressive leverage for customers: the larger the client's overall position, the lower the leverage that is allowed;
- the maximum possible leverage is limited to the clients during the last business hours prior to the weekend, as well as reducing the leverage of instruments before significant events affecting currency and other markets, such as elections, etc.

Other notes

After the start of the war in Ukraine, Admiral Markets immediately stopped all its exposures with Russia and Belarus. Contracts with customers were terminated. Also, trading with financial instruments related to Russia has been closed.

Capital management

The objective of Admirals in managing capital is:

- to ensure the continuity of operations of Admirals and its ability to generate a profit for the owners;
- to maintain a strong capital base that supports business development;
- to meet capital requirements laid down by the supervisory authorities.

The Management Board and risk manager of Admirals are responsible for the overall business planning process in assessing capital requirements in relation to the risk profile and for presentation of a strategy for maintaining recommended capital levels. Capitalisation of Admirals must be forward-looking and in line with the Company's short- and long-term business plans, as well as with expected macroeconomic developments.

As part of the risk and capital management, all financial service providers belonging to the Admiral Markets comply with all requirements on own funds and risk management set forth by their countries of domicile. Financial service providers are required to consistently comply with prudential rules to ensure their credibility and reduce the risks associated with the provision of investment services. In addition, Admiral Markets AS fulfils the capital requirements as set out in the Estonian Securities Market Act and Regulation (EU) No 2019/2033 of the European Parliament and of the Council (IFR).

Admiral Markets AS is Class 2 investment company and must always have own funds higher of the following values:

- their fixed overheads requirement;
- their permanent Minimum Capital Requirement (EUR 750 thousand); or
- their K-factor requirement.

The Admiral Markets AS is required to have own funds at least higher than the K-factor requirement.

The own funds of Admirals consist of Tier 1 and Tier 2 capital:

Own funds

(in thousands of euros)	31.12.2023	31.12.2022
Paid-in share capital	2,586	2,586
Other reserves	259	259
Retained earnings of previous periods	75,227	53,011
Intangible assets	-2,943	-3,095
Losses for the current financial year	-8,186	0
Total Tier 1 capital	66,943	52,761
Subordinated debt securities	1,080	1,824
Own instruments	-5	0
Total Tier 2 capital	1,075	1,824
Net own funds for capital adequacy	68,018	54,585

As of 31.12.2023, the own funds of Admiral Markets AS amounted to EUR 68.0 million (31.12.2022: EUR 54.6 million).

At the end of the reporting period, in accordance with information provided internally to key management, Admiral Markets AS capital adequacy ratio was 341% (31.12.2022: 363%) and has complied with all regulatory capital requirements under IFR in 2023 as well as in the earlier period.

Credit risk

Credit risk arises from a probable loss that may arise from incorrect performance or non-performance of the obligations arising from the law of obligations, or other factors (including the economic situation).

Assets subject to credit risk are primarily due from credit institutions and investment companies, receivables, loans, financial assets recognised at fair value through profit or loss and receivables arising from other financial assets. Trading counterparty default results from the derivatives positions opened in the trading portfolio with clients and trading counterparties.

Trading counterparty default risk is limited mainly through leveraging clients' trading positions: the bigger the client's open position, the lower leverage for new opened positions of instruments is permitted.

Maximum exposure to credit risk

(in thousands of euros)	31.12.2023	31.12.2022	Note
Due from credit institutions and investment companies	19,189	33,377	7
Financial assets at fair value through profit or loss	5,312	6,699	8
<i>incl bonds</i>	3,362	5,480	
<i>incl convertible loans</i>	1,649	1,002	
<i>incl derivatives</i>	301	217	
Loans granted	30,661	31,186	9
Other receivables	6,612	3,447	9
Total financial assets	61,774	74,709	

Due from credit institutions and investment companies

(in thousands of euros)

Rating (Moody's)	Credit institutions	Investment companies	Total 31.12.2023	Credit institutions	Investment companies	Total 31.12.2022
Aa1 - Aa3	8,163	0	8,163	12,003	0	12,003
A1 - A3	28	0	28	140	0	140
Baa1 - Baa3	1,911	0	1,911	6,422	0	6,422
Non-rated	20	9,014	9,034	46	13,266	13,312
Cash in transit	53	0	53	1,500	0	1,500
Total (Note 7, except cash)	10,175	9,014	19,189	20,111	13,266	33,377

Credit risk exposure from credit institutions and investment companies (liquidity providers) is very low. It mainly consists of demand deposits, which upon the first request could be moved to another credit institution, without limitation of time and that by their nature bear very low credit risk, as estimated by the management of Admirals.

For assessing the risk level of credit institutions, the Admiral Markets AS uses ratings issued by international rating agencies Moody's, Standard & Poor's or Fitch to credit institutions or their parent companies. If a credit institution has not been issued such credit rating, the country rating is used. Generally, the credit institution must have a rating of at least Ba. The amount of demand deposits of credit institutions with lower ratings is limited.

Investment companies must have the operating permit of the supervisory authorities of their country of residence and a high reputation.

Twice a year, the ratings of credit institutions and investment companies are checked and publicly available information about potential problems is reviewed.

Due to the careful selection of investment companies and consistent monitoring, the management estimates that the credit risk arising from investment companies is low.

Non-rated credit institutions and investment companies are payment institutions and investment institutions without external credit rating. A process has been set up to monitor the quality of payment institutions and investment company's credit risk, where their credit quality is constantly monitored based on available market information and historical cooperation, and no significant problems have occurred or been identified with the parties.

Management has assessed that the ECL from credit institutions and investment companies exposures is immaterial due to the strong ratings of corresponding parties (for rated counterparties), their financial position and due to the positive economic outlook in short-term perspective, as the Company holds only very liquid positions with the counterparties.

Loans granted

In 2023, the loans granted balance has slightly decreased – mainly, the loans granted disclosed in Note 9 are for few counterparties and loans usually have a mortgage collateral (loans are overcollateralized).

The Company assesses based on historical loss rate and forward-looking macroeconomic information that the significant risk of the loans has not increased compared to when the loan was issued. Therefore, management assessed there is no significant risk in the credit risk for loans granted and resulting expected credit loss is immaterial.

Other receivables

This includes all other financial assets reported in the balance sheet in the amount of 6,612 thousand euros (31.12.2022: 3,447 thousand euros). The largest group consists of intra-group trade receivables, not settled by the reporting date, of 4,761 thousand euros (31.12.2022: 2,248 thousand euros). As of 31.12.2023 and 31.12.2022, there were no overdue claims. Management believes that these receivables are essentially low credit risk as all receivables are rated at Stage 1 and of high credit quality.

Credit risk involving financial assets held for trading is connected with the risk of customer or counterparty insolvency. With regard to OTC transactions with customers, the Company's policy is to mitigate the counterparty credit risk through the so-called "stop out" mechanism. Customer funds deposited in the brokerage serve as a security. If a customer's current balance is 30 per cent or less of the security paid in and blocked by the transaction system, the position that generates the highest losses is automatically closed at the current market price. The initial margin amount is established depending on the type of financial instrument, customer account, account currency and the balance of the cash account in the transaction system, as a percent of the transaction's nominal value. A detailed mechanism is set forth in the rules binding on the customers. In addition, in order to mitigate counterparty credit risk, the Company includes special clauses in agreements with selected customers, in particular, requirements regarding minimum balances in cash accounts.

If there is a receivable from client as a result of trading activity (negative client position for which credit risk has materialised), then based on historical information the probability of default and loss given default are 100% and thus, the receivable is fully impaired and written off with a management decision. Therefore, there is no need to assess or adjust forward looking information estimates.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of listed bonds, listed and non-listed equity investments and derivative positions opened at trading counterparties (liquidity providers).

The bonds are included in the liquidity management portfolio. Liquidity portfolio is part of the liquidity buffer of Admirals, and it consists of investments in pledgeable and high liquidity bonds. The portfolio includes central governments, public sector entities, multilateral development banks and international organizations bonds. Bonds must have a minimum rating of Aa by Moody's.

Ratings of bonds

(in thousands of euros)	31.12.2023	31.12.2022
Aaa	2,456	3,893
Aa1	906	1,587
Total	3,362	5,480

Bonds classified as FVTPL are based on the management assessment of the instrument's business model and how management monitors these investments.

In addition, the Company has granted a convertible loan in the amount of EUR 1,649 thousand (31.12.2022: EUR 1,002 thousand), which is measured at fair value through profit or loss as the loan has a conversion option (see Note 8). Management has assessed that the credit risk of the loan is within acceptable limits.

Off-balance sheet client bank accounts

When clients open a trading account, they transfer funds to the bank account indicated by Admirals. Admirals keeps these funds in separate bank accounts in credit institutions with a high credit rating and separates client assets from its own assets in accordance with the requirements of the Securities Market Act. Admirals is not allowed to use these client funds in its economic activities. As further explained in Note 18, these assets are not presented as the Company's assets. Admirals bears the credit risk associated with these accounts in case of the bankruptcy of the credit institution, however the risk is considered marginal as Admirals uses strong counterparties for maintenance of clients funds.

As at 31.12.2023 and 31.12.2022, off-balance sheet cash and cash equivalents in credit institutions were divided by ratings as follows:

Rating (Moody's)

(in thousands of euros)	31.12.2023	31.12.2022
Aa1 - Aa3	0	163
A1 - A3	21	66
Baa1 - Baa3	223	172
B1 -B3	11	11
Total	255	412

Off-balance sheet client bank accounts are mainly held in the Estonian credit institutions or other large banks with high credit ratings. Therefore, management has assessed that the ECL from credit institutions is immaterial due to the strong ratings of corresponding parties, their financial position and due to the positive economic outlook in short-term perspective, as the Company holds only very liquid positions with the counterparties.

Trading portfolio

Trading counterparty default risk is calculated for derivatives opened at trading counterparties. Counterparty (liquidity provider) credit risk is managed as described in the section on Due from credit institutions and investment companies.

The credit risk of clients' trading portfolio is mainly managed through leveraging derivatives and collateral rates. Generally, the leverage of clients and collateral depend on the whole position opened by them. The greater the contingent value of the open position, the lower the leverage that is permitted for them. Also, the so-called Stop Out rate is assigned to each client's trading account. If the value of the client's open position relative to the collateral on the account is reduced to a certain level, the open position will be automatically closed in accordance with the agreement concluded with the client.

In addition, collateral and leverage rates are reviewed before known high-risk events in order to prevent a sharp drop in the client's trading portfolio that exceeds the value of the collateral held and that could create a credit risk for Admirals.

Market risk

Market risk of Admirals is mainly due to assets on the balance-sheet that are quoted in currencies other than the euro and derivatives related to currencies, equities and commodities in the trading portfolio. For managing the market risk general limit on the Company level has been set. A separate limit has been set for the trading portfolio. The limit set for the trading portfolio is monitored in real time, five days a week. If the limit is exceeded, the excess risk is economically hedged with derivative positions opened at trading counterparties.

Counterparty credit risk that may occur in the realisation of the market risk is limited primarily through leveraging clients' trading positions: the greater the client's open position, the lower the leverage for new opened positions of instruments is permitted. In addition, leverage and collateral rates are changed before known high-risk events in order to prevent a sharp drop in a client's trading portfolio that would exceed the value of the collateral held and that could create a credit risk for the Company.

The market risk related to the business activities of Admirals is divided into three parts: currency risk, equity risk and commodity risk.

Foreign currency risk

Foreign currency risk is the main part of market risk for Admirals in respect of which a set of internal risk management principles have been set. Foreign currency risk is defined as the potential damage caused by unfavourable movement of exchange rates. The foreign currency net open position is calculated by taking into account all assets and liabilities that depend on the changes in exchange rates. The euro is not considered as a foreign currency.

Foreign currency net open position is calculated separately for each currency. Admirals has set a certain limit on the level of the foreign currency open position and holds an additional capital buffer to cover the risk. The currency risk is hedged by converting monetary funds into euros and by economical hedging positions arising from the transactions. The open foreign currency position is also continuously monitored and hedged by holding the net position resulting from foreign currency positions as low as possible.

Foreign currency risk arises mainly from derivatives consisting of currency pairs. In addition, clients are offered commodity and equity derivatives that are quoted in a currency other than the euro. Admirals also has several foreign currency denominated assets, mainly in the form of demand deposits. Currency risk includes all assets that are not denominated in euros and trading portfolio derivatives linked to currencies and gold.

Below is a summary of the foreign currency risk bearing on and off-balance sheet assets and liabilities:

31.12.2023 (in thousands of euros)	EUR	USD	GBP	JPY	CAD	CHF	Other currencies	Total	Note
Due from credit institutions and from investment companies	18,650	583	18	0	0	0	-62	19,189	7
Financial assets at fair value through profit or loss (excluding derivatives)	755	3,366	0	1	1,351	4	876	6,353	8
Loans and receivables	37,274	0	0	0	0	0	0	37,274	9
Total financial assets	56,679	3,949	18	1	1,351	4	814	62,816	
Subordinated debt	1,354	0	0	0	0	0	0	1,354	16
Other financial liabilities	972	0	6	2	0	0	0	980	13
Lease liabilities	2,499	0	0	0	0	0	0	2,499	15
Total financial liabilities	4,825	0	6	2	0	0	0	4,833	
Long positions of trading portfolio	80,041	148,676	20,363	15,109	8,413	25,300	13,925	311,827	
Short positions of trading portfolio	109,196	201,584	17,143	15,005	8,285	4,390	20,986	376,589	
Net open foreign currency position	22,699	48,959	3,232	103	1,479	20,914	6,247	6,779	

31.12.2022 (in thousands of euros)	EUR	USD	GBP	JPY	CAD	CHF	Other currencies	Total	Note
Due from credit institutions and from investment companies	32,443	947	-57	2	0	0	43	33,378	7
Financial assets at fair value through profit or loss (excluding derivatives)	649	5,497	0	1	1,002	0	784	7,933	8
Loans and receivables	34,634	0	0	0	0	0	0	34,634	9
Total financial assets	67,726	6,444	-57	3	1,002	0	827	75,945	
Subordinated debt	1,827	0	0	0	0	0	0	1,827	16
Other financial liabilities	4,341	1	7	2	0	0	0	4,351	13
Lease liabilities	2,949	0	0	0	0	0	0	2,949	15
Total financial liabilities	9,117	1	7	2	0	0	0	9,127	
Long positions of trading portfolio	117,351	164,749	17,540	25,309	23,547	13,853	12,970	375,319	
Short positions of trading portfolio	79,553	220,392	27,269	16,341	15,865	4,369	16,809	380,598	
Net open foreign currency position	96,407	49,200	9,793	8,969	8,684	9,484	3,012	61,539	

Impact on the statement of comprehensive income:

(in thousands of euros)	USD	GBP	JPY	CAD	CHF
Exchange rate change in relation to EUR +/- 10%					
2023	4,896	323	10	148	2,091
(in thousands of euros)	USD	GBP	JPY	CAD	CHF
Exchange rate change in relation to EUR +/- 10%					
2022	4,920	979	897	868	948

The sensitivity analysis that was carried out shows the impact of fluctuations in exchange rates to the statement of comprehensive income (profit or loss) if all other parameters are constant. For trading portfolio, stop out rate impact is not taken into consideration both for long and short client positions. Management has assessed that including the stop out rate into the calculations would not significantly change the sensitivity analysis presented above.

In the last years, the currency with the largest position was USD, which has the greatest effect on Admirals profitability.

Equity risk

Equity risk includes instrument risk related to equities and stock indices that for Admirals is mainly due to clients' trading portfolio. For equity instruments there has been established very low exposure limit, therefore only potential credit risk arises from stock indices. Instruments related to stock indices must be economically hedged in accordance with the recommendations of the Company's Management Board and risk manager.

More detailed information about exposures to equity risk and how risk is managed, including internal policies and processes, is disclosed in the beginning of Note 5.

The following are the positions of derivatives bearing the equity position risk in the trading portfolio as at 31.12.2023 and 31.12.2022:

31.12.2023 (in thousands of euros)			31.12.2022 (in thousands of euros)		
Equity / Index	Long positions	Short positions	Equity / Index	Long positions	Short positions
GERMANY40	52,203	13,476	[DAX40]	21,380	21,136
[DJI30]	25,075	13,521	[DJI30]	12,045	10,602
[NQ100]	16,633	10,272	[NQ100]	8,092	12,389
[SP500]	8,382	7,468	[SP500]	5,599	7,114
STXE50	3,691	781	[CAC40]	6,059	2,058
Other instruments	16,760	16,013	Other instruments	11,785	18,306
Total	122,744	61,531	Total	64,960	71,605

The following sensitivity analysis identifies the impact of the largest stock index changes on the profit/ loss arising from trading positions. Sensitivity illustrates reasonably possible movements in indices.

Impact on statement of comprehensive income of the change in stock index +/- 10%:

(in thousands of euros)	GERMANY40	[DJI30]	[NQ100]	[SP500]
2023	3,873	1,155	636	91
(in thousands of euros)	[DAX40]	[DJI30]	[NQ100]	[SP500]
2022	24	144	430	152

A possible credit loss caused by the realisation of the equity position is managed according to the principles described at the beginning of market risk chapter. Stop out rate impact is not taken into consideration both for long and short client positions. Management has assessed that including the stop out rate into the calculations would not significantly change the sensitivity analysis presented above.

Commodity risk

Commodity risk includes derivatives related to various raw materials (oil and gas) and precious metals (silver, platinum and palladium).

More detailed information about exposures to commodity risk and how risk is managed, including internal policies and processes, is disclosed in the beginning of Note 5.

Below are the commodity related derivative positions of the trading portfolio.

31.12.2023 (in thousands of euros)			31.12.2022 (in thousands of euros)		
Commodity	Long positions	Short positions	Commodity	Long positions	Short positions
BRENT	4,790	6,325	BRENT	5,128	5,724
SILVER	1,384	2,941	SILVER	1,595	1,964
COCOA	1,486	1,486	NGAS	926	1,241
NGAS	1,122	1,532	CRUDOIL	592	649
Other commodities	2,964	4,766	Other commodities	1,071	1,312
Total	11,746	17,050	Total	9,312	10,890

The following sensitivity analysis is also based on the largest intraday fluctuation of ca 5%.

(in thousands of euros)	BRENT	SILVER	COCOA	NGAS
2023	77	78	0	21
(in thousands of euros)	BRENT	SILVER	NGAS	CRUDOIL
2022	596	369	315	57

A possible credit loss caused by the realisation of the commodity position is managed according to the principles described at the beginning of the market risk chapter. Stop out rate impact is not taken into consideration both for long and short client positions. Management has assessed that including the stop out rate into the calculations would not significantly change the sensitivity analysis presented above.

Liquidity risk

Liquidity risk is related to the solvency of Admirals' contractual obligations in a timely manner due to differences in maturities between assets and liabilities. To manage the liquidity risk, forecasted net position of receivables and payables of different periods of time is monitored on a daily basis and by keeping at any time on the account adequate liquid assets, as well as the concentration of liabilities by maturity is monitored.

As at 31.12.2023 and 31.12.2022, the Admiral Markets AS had no overdue payables.

31.12.2023 (in thousands of euros)	On demand	0 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total	Carrying amount	Note
Assets held for managing liquidity risk by contractual maturity dates								
Due from credit institutions and investment companies	19,189	0	0	0	0	19,189	19,189	7
Financial assets at fair value through profit or loss (excluding derivatives)	0	3,793	934	1,359	0	6,087	6,052	8
Financial assets at fair value through profit or loss (derivatives)	0	301	0	0	0	301	301	8
Loans and receivables	0	1,575	36,187	31	46	37,839	37,274	9
Assets total	19,189	5,669	37,121	1,390	46	63,416	62,816	
Liabilities by contractual maturity dates								
Subordinated debt securities	0	0	109	1,679	0	1,788	1,354	16
Other financial liabilities	980	0	0	0	0	980	980	13
Lease liabilities	0	134	404	2,086	0	2,624	2,499	15
Financial liabilities at fair value through profit or loss (derivatives)	217	0	0	0	0	217	217	8
Total liabilities	1,197	134	513	3,765	0	5,609	5,050	

31.12.2022 (in thousands of euros)	On demand	0 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total	Carrying amount	Note
Assets held for managing liquidity risk by contractual maturity dates								
Due from credit institutions and investment companies	33,377	0	0	0	0	33,377	33,377	7
Financial assets at fair value through profit or loss (excluding derivatives)	0	2,084	2,146	3,633	0	7,863	7,716	8
Financial assets at fair value through profit or loss (derivatives)	0	217	0	0	0	217	217	8
Loans and receivables	0	7	34,251	1,075	46	35,379	34,634	9
Assets total	33,377	2,308	36,397	4,708	46	76,836	75,944	
Liabilities by contractual maturity dates								
Subordinated debt securities	0	0	146	2,411	0	2,557	1,827	16
Other financial liabilities	4,350	0	0	0	0	4,350	4,350	13
Lease liabilities	0	130	392	2,606	0	3,128	2,949	15
Financial liabilities at fair value through profit or loss (derivatives)	214	0	0	0	0	214	214	8
Total liabilities	4,564	130	538	5,017	0	10,249	9,340	

Interest rate risk

In 2023 and 2022, Admirals' exposure to interest rate risk was low due to very low interest rates in the current economic environment. Deposits from Admirals in credit institutions and investment firms are generally subject to a 0 per cent rate.

Loans Granted and Subordinated debt securities are not exposed to interest rate risk, because of fixed interest rate.

(in thousands of euros)	31.12.2023	31.12.2022	Note
Due from credit institutions and investment companies	19,189	33,377	7
Financial assets and liabilities at fair value through profit or loss (bonds)	3,362	5,480	8
Loans granted	30,661	31,186	9
Total assets	53,212	70,043	
Subordinated debt securities	1,354	1,827	16
Total liabilities	1,354	1,827	

Concentration risk

Concentration risk is defined as risk arising from a large exposure to a single counterparty or related counterparties, or counterparties whose risk is influenced by a common risk factor or whose risk is in a strong positive correlation (including concentration risk based on a single economic sector, geographic region or activities/ products).

Concentration risk is the ratio of Admirals risk exposure to company's own funds. The activities of Admirals are aimed at avoiding excessive concentration risks, both geographically and by individual counterparties. To this end, the Company's management has established limits on concentration risk. Regarding banks the limit is 100% of own funds. Regarding investment companies the counterparty concentration risk limit is 25% of own funds.

31.12.2023 (in thousands of euros)

Cash (except cash on hand and cash in transit) and clients' bank accounts distributed by countries	Balance sheet balances	Off-balance sheet balances
Estonia	10,073	223
United Kingdom	6,648	0
Germany	1,575	0
Denmark	806	0
Poland	28	0
Other Countries	6	32
Total	19,136	255

31.12.2022 (in thousands of euros)

Cash (except cash on hand and cash in transit) and clients' bank accounts distributed by countries	Balance sheet balances	Off-balance sheet balances
Estonia	18,417	129
United Kingdom	5,373	0
Germany	2,967	0
Jordan	1,521	0
Denmark	1,490	0
Other Countries	2,109	283
Total	31,877	412

Operational risk

Operational risk is the risk of loss from the activities of people (including employees, clients or third parties), internal procedures or systems not functioning as expected, or external events. Operational risk is expressed as the probability of damage, management and control mistakes, fraud, embezzlement by employees, damages caused by unprofessionalism, errors in the Company's internal systems and human errors. This includes IT risk, which could cause damage in case of unauthorized access to information or technological failure.

The main methods for managing operational risk are the personnel policy, implementation of various internal controls and business continuity plan. For managing operational risk on a daily basis, the Company uses systems of transaction limits and competence systems and in work procedures the principle of segregation of duties is implemented.

In assessment, monitoring and managing of operational risks, compliance and internal audit function have key role. The main task of the person performing compliance control is to define, in accordance with the Credit Institutions Act and the Securities Market Act, the risk of non-compliance of the activities of Admirals with legal acts, voluntary guidelines of the Financial Supervision Authority and internal rules of Admirals, taking into consideration the business scope and complexity and characteristics of services rendered, and to arrange for their hedging or prevention.

For managing the operational risk, Admirals uses the database of incidents and loss events of operational risks. Incidents are analysed individually and together, in order to determine potential significant shortcomings in the processes and products. In addition, Admirals is implementing key risk indicators in order to introduce various levels of operational risk allowed in different areas.

ESG risk

Due to the core business of Admirals, The ESG risk is only impacted by the compliance of the companies and commodities underlying the offered instruments and their ESG effect. Admirals does not see any relevant risk related to the ESG impact. We offer clients access to international currency, stock and commodity markets, which means that even if there is change in prices, transactions (for example derivatives for oil, gas, exchange rates and similar), Admirals does not expect a large impact on business. Admirals constantly monitors the compliance of the offered instruments with ESG principles and, if necessary, updates the selection of instruments offered to customers. ESG activities within the company are very closely monitored and Admirals pays a lot of attention on following the highest standards of ESG.

Off-setting of financial assets and financial liabilities:

31.12.2023 (in thousands of euros)	Gross amount in statement of financial position	Off-setting amount under agreement	Net Amount	Note
Financial assets				
Due from investment companies	9,014	0	9,014	7
Financial assets at fair value through profit and loss (derivatives)	301	217	84	8
Total	9,315	217	9,098	
Financial liabilities				
Financial liabilities at fair value through profit and loss (derivatives)	217	217	0	8
Total	217	217	0	

31.12.2022 (in thousands of euros)	Gross amount in statement of financial position	Off-setting amount under agreement	Net Amount	Note
Financial assets				
Due from investment companies	13,266	0	13,266	7
Financial assets at fair value through profit and loss (derivatives)	217	217	0	8
Total	13,483	217	13,266	
Financial liabilities				
Financial liabilities at fair value through profit and loss (derivatives)	214	214	0	8
Total	214	214	0	

Note 6.

Assessment of fair value of financial assets and liabilities

Quantitative data disclosed on the assessment of fair value hierarchy as at 31.12.2023:

(in thousands of euros)	Total	Assessment of fair value using			Notes
		Level 1	Level 2	Level 3	
Financial assets recognised at fair value through profit or loss:					
Bonds	3,362	3,362	0	0	8
Company own bonds	6	6	0	0	8
Convertible loan	1,649	0	0	1,649	8
Equity investments at fair value through profit or loss	1,035	0	850	185	8
Total	6,052	3,368	850	1,834	
Derivatives:					
Currency pairs	33	0	33	0	8
CFD derivatives	243	0	243	0	8
Other derivatives	25	0	25	0	8
Total	301	0	301	0	
Financial liabilities recognised at fair value through profit or loss:					
Derivatives:					
Currency pairs	20	0	20	0	8
CFD derivatives	6	0	6	0	8
Other derivatives	191	0	191	0	8
Total	217	0	217	0	
Financial assets recognized at amortised cost:					
Due from credit institutions	10,122	0	10,122	0	7
Due from investment companies	9,014	0	9,014	0	7
Cash in transit	53	0	53	0	7
Loans	30,661	0	0	30,661	9
Loans and receivables from group companies	4,761	0	0	4,761	9
Other financial assets	1,843	0	0	1,843	9
Total	56,454	0	19,189	37,265	
Financial liabilities recognized at amortised cost:					
Other financial liabilities	597	0	0	597	13
Subordinated debt securities	1,354	0	0	1,354	16
Total	1,951	0	0	1,951	

Quantitative data disclosed on the assessment of fair value hierarchy as at 31.12.2022:

(in thousands of euros)	Total	Assessment of fair value using			Notes
		Level 1	Level 2	Level 3	
Financial assets recognised at fair value through profit or loss:					
Bonds	5,480	5,480	0	0	8
Convertible loan	1,285	0	0	1,285	8
Equity investments at fair value through profit or loss	951	783	0	168	8
Total	7,716	6,263	0	1,453	
Derivatives:					
Currency pairs	73	0	73	0	8
CFD derivatives	137	0	137	0	8
Other derivatives	7	0	7	0	8
Total	217	0	217	0	
Financial liabilities recognised at fair value through profit or loss:					
Derivatives:					
Currency pairs	64	0	64	0	8
CFD derivatives	129	0	129	0	8
Other derivatives	21	0	21	0	8
Total	214	0	214	0	
Financial assets recognized at amortised cost:					
Due from credit institutions	18,611	0	18,611	0	7
Due from investment companies	13,266	0	13,266	0	7
Cash in transit	1,500	0	1,500	0	7
Loans	31,186	0	0	31,186	9
Loans and receivables from group companies	2,248	0	0	2,248	9
Other financial assets	1,164	0	0	1,164	9
Total	67,975	0	33,377	34,598	
Financial liabilities recognized at amortised cost:					
Other financial liabilities	3,944	0	0	3,944	13
Subordinated debt securities	1,827	0	0	1,827	16
Total	5,771	0	0	5,771	

Assessment of fair value using (Level 3) (in thousands of euros)	Equity investments at fair value through profit or loss	Convertible loans	Total
31.12.2021	153	772	925
Convertible loans granted	0	513	513
Acquisition of financial assets at fair value through profit or loss (investment portfolio)	15	0	15
31.12.2022	168	1,285	1,453
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)	-1	0	-1
Convertible loans granted	0	364	364
Acquisition of financial assets at fair value through profit or loss (investment portfolio)	18	0	18
31.12.2023	185	1,649	1,834

Levels used in the hierarchy:

- Level 1 - quoted price in an active market;
- Level 2 - valuation technique based on market data;
- Level 3 - other valuation methods with estimated inputs.

Financial instruments on level 1

Level 1 inputs are the most reliable evidence of fair value. They are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is one with frequent and voluminous transactions, offering continuous pricing data. A quoted market price in an active market is used without adjustment to measure fair value.

Financial instruments on level 2

Level 2 valuation technique is used for financial instruments that do not have regular market pricing, such as corporate bonds, loans, less liquid equities, and over-the-counter derivatives.

The value of trading derivatives is based on quotations received from counterparties (liquidity providers) and other public quotations.

Dues from credit institutions and investment companies, they are short-term and very liquid.

Financial instruments on level 3

Interest rates on loans granted at amortised cost are mostly at 15 % p.a. (range from 2% to 15%) and considering a relatively short period between the loan origination date and the balance sheet date, the management has estimated there have not been material changes in the market interest rates. Hence, the carrying values of the loans are close approximations of their fair value at the balance sheet date. Significant estimates of management are used to assess the fair value of loans, so they are classified in level 3.

Convertible loans and equity investments at fair value through profit or loss are investments made on market terms during the reporting period. Management has assessed that their investment value based on contractual terms is a close approximation of their fair value on the balance sheet date. Management is monitoring closely the investment performance and receives reports from investees which serves as the basis of their assessment at balance sheet date.

Subordinated debt securities are listed, but liquidity is too low for using directly the market quotes. Management has estimated that the carrying value of the subordinated debt securities are their fair value at the balance sheet date.

Other financial assets and liabilities have been incurred during ordinary business and are payable in the short term, therefore, the management estimates that their fair value does not significantly differ from their carrying amount. These receivables and liabilities are interest-free.

Risks arising from client-related open positions are disclosed in Note 5.

Note 7.

Due from credit institutions and investment companies

(in thousands of euros)	31.12.2023	31.12.2022	Note
Demand and term deposits with maturity less than 3 months*	10,122	18,611	6
Demand deposits on trading accounts	9,014	13,266	6
Cash in transit*	53	1,500	6
Total	19,189	33,377	

*Cash and cash equivalents in the statement of cash flows

Note 8.

Financial assets and liabilities at fair value through profit or loss

Instrument (in thousands of euros)	31.12.2023		31.12.2022		
	Asset	Liability	Asset	Liability	Note
Bonds	3,362	0	5,480	0	6
Company own bonds	6	0	0	0	6
Equity investments at fair value through profit or loss	1,035	0	951	0	6
Convertible loans	1,649	0	1,285	0	6
Currency pairs	33	20	73	64	6
CFD derivatives	243	6	137	129	6
Other derivatives	25	191	7	21	6
Total	6,353	217	7,933	214	

All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. The Company has only short-term derivatives.

Breakdown of financial assets (except derivatives) to current and non-current in subsequent periods as of 31 December 2023 and 31 December 2022 are set below:

Instrument (in thousands of euros)	31.12.2023		31.12.2022	
	Current assets	Non-current assets	Current assets	Non-current assets
Bonds	3,362	6	2,992	2,488
Equity investments at fair value through profit or loss	0	1,035	0	1,234
Convertible loans	0	1,649	0	1,002
Total	3,362	2,690	2,992	4,724

Risks arising from client-related open positions are disclosed in Note 5.

Note 9.

Loans and receivables

(in thousands of euros)	31.12.2023	31.12.2022	Note
Financial assets			
Settlements with employees	9	36	
Loans granted	30,661	31,186	6, 27
Receivables from group companies	4,761	2,248	6, 27
Other short-term receivables	1,843	1,164	6
Total	37,274	34,634	

31.12.2023 (in thousands of euros)	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivable 31.12.2023	
	Up to 1 year	2-5 years					
Loan 1	55	55	0	2%	04.2024	EUR	0
Loan 2	74	74	0	15%	06.2024	EUR	6
Loan 3	10,000	10,000	0	3%	12.2024	EUR	0
Loan 4	10,000	10,000	0	3%	12.2024	EUR	424
Loan 5	5,700	5,700	0	2%	12.2024	EUR	0
Loan 6	4,800	4,800	0	2%	12.2024	EUR	0
Loan 7	31	0	31	8%	07.2026	EUR	0
Total	30,661	30,630	31				430

31.12.2022 (in thousands of euros)	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivable 31.12.2022	
	Up to 1 year	2-5 years					
Loan 1	55	55	0	2%	04.2023	EUR	1
Loan 2	83	83	0	15%	09.2023	EUR	3
Loan 3	200	200	0	3%	08.2023	EUR	2
Loan 4	5,000	5,000	0	3%	12.2023	EUR	0
Loan 5	10,000	10,000	0	3%	12.2023	EUR	221
Loan 6	5,000	5,000	0	2%	11.2023	EUR	14
Loan 7	48	0	48	8%	07.2026	EUR	0
Loan 8	2,500	2,500	0	2%	12.2023	EUR	13
Loan 9	1,000	0	1,000	2%	11.2024	EUR	5
Loan 10	2,300	2,300	0	2%	12.2023	EUR	0
Loan 11	5,000	5,000	0	3%	12.2023	EUR	0
Total	31,186	30,138	1,048				259

Based on management assessment of these loan exposures, there has not been significant increase in credit risk after initial recognition of these loan exposures, hence all loans have been assessed to be in stage 1 as of the balance sheet date. 12-month ECL has been considered immaterial, given the low probability of default and loss given default.

Note 10.

Other assets

(in thousands of euros)	31.12.2023	31.12.2022	Note
Prepaid expenditure of future periods	592	1,078	
Prepayments to suppliers	22	5	
Prepaid taxes	356	1,147	14
Total	970	2,230	

Prepaid expenditure of future periods includes advance payments to financial institutions, IT- and marketing expenses.

Note 11.

Tangible and right-of-use assets

(in thousands of euros)	Other equipment	Right-of-use assets (office properties)	Total
Balance as at 31.12.2021			
Cost	3,088	4,518	7,606
Accumulated depreciation and amortisation	-1,444	-1,371	-2,815
Carrying amount	1,644	3,147	4,791
Acquisition	675	20	695
Non-current assets sold	-10	0	-10
Write-off	-281	0	-281
Depreciation/amortisation charge	-459	-483	-942
Balance as at 31.12.2022			
Cost	3,472	4,538	8,010
Accumulated depreciation and amortisation	-1,622	-1,854	-3,476
Carrying amount	1,850	2,684	4,534
Acquisition	171	21	192
Non-current assets sold	-25	0	-25
Write-off	-613	0	-613
Depreciation/amortisation charge	-502	-484	-986
Balance as at 31.12.2023			
Cost	3,005	4,559	7,564
Accumulated depreciation and amortisation	-1,511	-2,338	-3,849
Carrying amount	1,494	2,221	3,715

The Company non-current assets increased in 2023 due extending the contract. The non-current assets increased in 2022 due to new floors were added. The rest of the tangible assets consist mainly of improvements to the office (office equipment and furniture).

Note 12.

Intangible assets

(in thousands of euros)	License	Intangible assets generated internally	Projects in progress	Total
Balance as at 31.12.2021				
Cost	687	627	2,369	3,683
Accumulated depreciation and amortisation	-237	-376	0	-613
Carrying amount	450	251	2,369	3,070
Acquisition of non-current assets	229	0	539	768
Write-off of non-current assets	-56	0	0	-56
Depreciation/amortisation charge	-144	-599	0	-743
Reclassifications	0	2,369	-2,369	0
Balance as at 31.12.2022				
Cost	860	2,997	539	4,396
Accumulated depreciation and amortisation	-325	-976	0	-1,301
Carrying amount	535	2,021	539	3,095
Acquisition of non-current assets	65	0	540	605
Write-off of non-current assets	-42	0	0	-42
Depreciation/amortisation charge	-172	-585	0	-757
Reclassifications	0	1,079	-1,079	0
Balance as at 31.12.2023				
Cost	883	4,076	0	4,959
Accumulated depreciation and amortisation	-455	-1,561	0	-2,016
Carrying amount	428	2,515	0	2,943

In 2022 and 2023, the Company capitalised development costs for several new software products that are expected to generate future economic benefits. These new software products were released in February 2022 and December 2023, with expected useful life of 5 years. Admiral Markets AS estimates the useful life of the new software products to be at least 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than five years, depending on technical innovations.

Note 13.

Liabilities and accruals

(in thousands of euros)	31.12.2023	31.12.2022	Note
Financial liabilities			
Liabilities to trade creditors	427	640	
Payables to related parties	101	3,245	27
Interest payable	1	1	16
Other accrued expenses	68	58	
Subtotal	597	3,944	6
Non-financial liabilities			
Payables to employees	184	220	
Taxes payable	199	186	14
Subtotal	383	406	
Total	980	4,350	

Note 14.

Tax prepayments and liabilities

(in thousands of euros)	31.12.2023		31.12.2022		Note
	Prepaid taxes	Taxes payables	Prepaid taxes	Taxes payables	
Value-added tax	0	32	147	0	
Corporate income tax	0	7	0	8	
Individual income tax	0	55	0	62	
Social security tax	0	95	0	106	
Unemployment insurance payments	0	6	0	6	
Contributions to funded pension	0	4	0	4	
Prepayments account	356	0	1,000	0	
Total	356	199	1,147	186	10,13

Note 15.

Leases

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Company. In applying IFRS 16 for the first time, the Company applied a single discount rate to its portfolio of leases with reasonably similar characteristics and used 2% incremental borrowing rate to all its lease liabilities as permitted by the standard.

For new lease agreements since 2023 applied a 5% borrowing rate, which was close to market price rates.

The right-of use asset and lease liability are recorded on separate lines in the statement of financial position.

Please see Note 11 for analyses of the movements in right-of-use assets.

Breakdown of lease liabilities to current and non-current in subsequent periods as of 31 December 2023 and 31 December 2022 are set below:

Lease liabilities	(in thousands of euros)
Balance at 31.12.2021	3,375
Additions*	20
Lease payments made during the year	-510
Interest expense	64
Balance at 31.12.2022	2,949
Additions*	21
Lease payments made during the year	-526
Interest expense	55
Balance at 31.12.2023	2,499

* New lease contracts and extension of the lease period for existing contracts.

Breakdown of lease liabilities to current and non-current in subsequent periods as of 31 December 2023 and 31 December 2022 are set below:

(in thousands of euros)	31.12.2023	31.12.2022
Short-term office lease liabilities	492	468
Long-term office lease liabilities	2,007	2,481
Total	2,499	2,949

Note 16.

Subordinated debt securities

In 2017, subsidiary Admiral Markets AS issued 18,268 subordinated debt securities and listed these on 11.01.2018 on the Nasdaq Tallinn Stock Exchange. The maturity date for bonds is 2027.

Subordinated debt	Issuance year	Amount	Interest rate	Maturity date	Note
Subordinated bonds (ISIN:EE3300111251)	2017	1,354	8%	28.12.2027	6

The total number of bondholders at the end of the year was 333. Bondholder structure according to the holders' groups as at 31.12.2023 was the following:

Subordinated debt	Private persons	Legal persons
Subordinated bonds (ISIN:EE3300111251)	58%	42%

In 2023 Admiral Markets AS bought back 4,733 bonds in the amount of EUR 473 thousand.

In 2023, 81 transactions in the amount of EUR 73 thousand were made with Admiral Markets AS bonds.

Interest expenses on subordinated bonds for each reporting period and accrued interest liabilities as at the end of each reporting period is disclosed in the table below. Interest liabilities are accounted in the statement of financial position using the effective interest rate.

Interest liability from subordinated debt (in thousands of euros)	Note	
Accrued interest on subordinated debts as at 31.12.2021	1	
Interest calculated for 2022	151	
Paid out during 2022	-151	
Accrued interest on subordinated debts as at 31.12.2022	1	
Interest calculated for 2023	108	
Paid out during 2023	-108	
Accrued interest on subordinated debts as at 31.12.2023	1	13

Subordinated debt securities (in thousands of euros)	
Subordinated debt securities 31.12.2022	1,827
Repurchase subordinated debt securities issued 2023	-473
Subordinated debt securities 31.12.2023	1,354

Note 17.

Corporate income tax

According to Estonian laws, retained earnings are not taxed with corporate income tax, whereas paid-out dividends are taxed. In 2023 Admiral Markets AS paid dividends to parent company Admirals Group AS EUR 2,619 thousand (2022: EUR 0) and there was accompanying income tax liability EUR 535 thousand (2022: EUR 0).

Income tax (in thousands of euros)	2023	2022
Income tax expense associated with dividends payment	535	0
Total corporate income tax	535	0

Income tax expense for the year (in thousands of euros)	2023	2022
(Loss) / Profit before taxes	-7,651	24,835
Theoretical tax charge at statutory rate (14%)	-1,071	3,477
Non-taxable income	1,071	-3,477
Income tax from dividends	535	0
Income tax expense for the year	535	0

Conditional corporate income tax

As at 31.12.2023, the Company's retained earnings amounted to EUR 67,041 thousand (31.12.2022: EUR 77,846 thousand). Distribution of retained earnings as dividends to the owners is subject to the income tax at the rate of 20/80 on the amount paid out as net dividends. From 2019, a lower tax rate of 14/86 is applied to regularly payable dividends to the extent that is less than or equal to the average amount of taxable dividends of the previous three calendar years. Therefore, taking into account regulatory requirements for Net Own funds and capital, from the retained earnings available at the reporting date, it is possible to pay out to the shareholders as dividends as at 31.12.2023 EUR 47,561 thousand (31.12.2022: EUR 51,515 thousand), and the corresponding income tax would have amounted to EUR 11,890 thousand (31.12.2022: EUR 12,879 thousand).

Note 18.

Off-balance sheet assets

Off-balance sheet assets are funds of these clients who use the trading systems mediated by Admirals. Because of the specific feature of the system, the Company deposits these funds in personalised accounts in banks and in other investment companies. The Company is not allowed to use client funds in its business operations, they can be utilised only if specific circumstances prescribed by the contracts are met, and as stated in the terms and conditions of the contracts with the clients these assets are not part of Company's own assets. Furthermore, although these accounts are opened under Company name, the deposits and assets of the client would be regarded as not being the assets of Company in case of an event of bankruptcy, they would be legally isolated. Although the Company bears credit risk related to these assets, it assesses this risk as marginal as Company uses strong counterparties for maintenance of these funds. Taking all these arguments into account the Company assessed that these assets do not meet the criteria for asset recognition from Conceptual Framework, and accounts for them off-balance sheet.

Off-balance sheet assets (in thousands of euros)	31.12.2023	31.12.2022
Bank accounts	255	412
Stock	0	136
Total	255	548

Note 19.

Share capital

	31.12.2023	31.12.2022
Share capital (in thousands of euros)	2,586	2,586
Number of shares (pc)	404,000	404,000
Nominal value of shares	6.4	6.4
Basic earnings per share	-20.26	61.47

As at 31.12.2023, the share capital of the Company's parent company consists of 404,000 ordinary shares with a nominal value of EUR 6.4 which have been fully paid for.

To calculate basic earnings per share, net profit attributable to owners of the parent has been divided by the weighted average number of shares issued.

There are no diluting instruments and thus diluted earnings per share is the same as basic earnings per share.

In 2023 Admiral Markets AS paid dividends to parent company EUR 2,619 thousand (2022: Admiral Markets AS did not paid dividends to parent company).

Basic earnings per share are calculated as follows:

	31.12.2023	31.12.2022
Profit attributable to the equity holders of the Company (in thousands of euros)	-8,186	24,835
Weighted average number of ordinary shares (pc)	404,000	404,000
Weighted average number of shares used for calculating the earnings per shares (pc)	404,000	404,000
Basic earnings per share	-20.26	61.47

Under the articles of association, the minimum share capital of the investment company is EUR 766,940 and the maximum share capital is EUR 3,067,759, in the range of which share capital can be increased and decreased without amending the articles of association. All issued shares are fully paid.

Each share grants one vote at the general annual meeting of shareholders of Admiral Markets AS.

Note 20.

Segment reporting

The Management Board is responsible for the allocation of resources and assessment of the results of operating segments. In 2023 and 2022, the Management Board monitored the operations of the Company as one operating segment.

The Company's internal reports prepared for the Management Board are drawn up on the basis of the same accounting principles and in a form that has been used in this financial statement.

Note 21.

Net Income from trading

(in thousands of euros)	2023	2022
Indices CFD's	17,129	31,727
Currency CFD's	13,786	21,193
Commodities CFD's	10,444	12,134
Other (crypto, bonds, ETF, shares, others)	418	5,408
Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	41,777	70,462
Commission fee revenue from clients	1,667	1,880
Brokerage and commission fee expense	-34,656	-28,832
Other trading activity related income	340	753
Net income from trading	9,128	44,263

Commission fee revenue from clients is recognised at a point in time.

Brokerage and commission fee expense contains commissions paid to introducing brokers, commissions paid to liquidity providers and fees paid to payment systems. The Company concludes cooperation agreements by introducing brokers who receive commissions which depend on the trade generated under the cooperation agreements. The Company concludes agreements with liquidity providers and providers of payment systems which require different fees charged.

Other trading activity related income includes inactive fee, payment system fee for withdrawals, special trading account fee like "swap-free Islamic accounts".

All first per calendar month withdrawals are free for clients within all our OCs, however starting from the second withdrawal the fees are applied. The fees are depending on the operational company and vary from method to method.

Other trading activity related expenses are bonuses paid to customers, that are strictly related to trading in financial instruments by the customer with the Company.

The Company's operating incomes is generated from:

- spreads (the differences between the "offer" price and the "bid" price);
- net results (gains offset by losses) from Company's market making activities;
- fees and commissions charged by the Company to its clients; and
- swap points charged (being the amounts resulting from the difference between the notional forward rate and the spot rate of a given financial instrument).

Note 22.

Other income

2023 (in thousands of euros)	Point in time	Over period	Out of scope of IFRS 15	Total
Software development and support	0	0	0	0
Intra-group income	0	848	0	848
Other income	0	0	29	29
Total	0	848	29	877

2022 (in thousands of euros)	Point in time	Over period	Out of scope of IFRS 15	Total
Software development and support	0	12	0	12
Intra-group income	0	390	0	390
Other income	0	0	126	126
Total	0	402	126	528

The company did not provide software development and support services to third parties in the reporting year (2022: 12 thousand euros). In 2022, other income also includes profit from the sale of SportID International OÜ.

Note 23.

Other expenses

(in thousands of euros)	2023	2022
Cost of goods and services	10	-10
Other expense total	10	-10

Note 24.

Personnel expenses

The remuneration for employees including social security taxes amounted to EUR 4,358 thousand (2022: EUR 4,533 thousand) and the remuneration for the management amounted to EUR 313 thousand (2022: EUR 316 thousand).

(in thousands of euros)	2023	2022
Employees (headquarters of Admiral Markets AS)	-4,358	-4,533
Remuneration of the Management Board and Supervisory Board	-313	-316
Vacation pay reserve	37	21
Total	-4,634	-4,828

Admiral Markets AS had 76 employees at the end of 2023 (2022: 92 employees).

There were no direct pension contribution expenses in 2023 and 2022.

Note 25.

Operating expenses

Type of expense (in thousands of euros)	2023	2022	Note
Marketing expenses	-6,283	-8,762	
IT expenses	-2,889	-2,616	
Other outsourced services	-73	-200	
Bank charges	-36	-68	
VAT expenses	-298	-291	
Rent and utilities expenses	-96	-160	
Legal and audit services	-710	-563	
Regulative reporting services	-75	-101	
Transport and communication costs	-309	-162	
Travelling expenses	-137	-186	
Supervision fee of the Financial Supervision Authority	-217	-134	
Small tools	-157	-99	
Other operating expenses	-409	-809	
Intra-group expense	-479	-675	27
Total operating expenses	-12,168	-14,826	

Audit fees in operating expenses (in thousands of euros)	2023	2022
Audit services by PwC network firms	-90	-84
Other services for annual reports	-9	-10
Total audit fees in operating expenses	-99	-94

Note 26.

Contingent liabilities

Tax authorities have the right to review the Company's tax records for up to 5 years after submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines. The tax authorities have not performed any tax audits at the Company during 2023 - 2022. The Company's management estimates that in 2023 there are no such circumstances, which may lead the tax authorities to impose significant additional taxes on the Company.

Note 27.

Transactions with related parties

Transactions with related parties are transactions with the parent company, shareholders, members of the management, their close relatives and entities that they control or over which they have significant influence. The parent company of Admiral Markets AS is Admirals Group AS. The following entities have been considered as related parties at the moment of preparing the financial statements of the Company:

- owners that have significant impact on the Company and the companies related to them;
- executive and key management (members of the Management and Supervisory Board of companies belonging to the Company);
- close relatives of the persons mentioned above, and the companies related to them;
- companies over which the persons listed in (a) above have a significant influence.

Mr. Alexander Tsikhilov has the ultimate control over the Company

The Company has signed contracts with the members of the Management Board, which do not provide for severance benefits upon termination of the contract.

Revenue

(in thousands of euros)	Relation	2023	2022
Revenue from brokerage and commission fees*	Companies in the same consolidation Group	25,000	60,274
Services**	Companies in the same consolidation Group	866	390
Sale of goods***	Key management and companies related to them	111	0
Interest income	Parent company	213	130
Interest income	Companies in the same consolidation Group	611	462
Interest income	Key management and companies related to them	3	5
Total transactions with related parties		26,804	61,261

*The majority of clients have concluded trading contracts with the entities which are part of the same consolidation group that mediate their trading transactions with Admiral Markets AS and to whom Admiral Markets AS pays a commission fee (see the next table).

**The Company provides accounting services, legal and compliance services, IT support services and HR support services to group companies.

***DVF Group OÜ

Expenses

(in thousands of euros)	Relation	2023	2022
Commission fees	Companies in the same consolidation Group	-33,915	-28,150
Services*	Parent company	-479	-510
Services	Companies in the same consolidation Group	0	-165
Total transactions with related parties		-34,394	-28,825

*Services from the parent company are mainly related to trademark costs.

Loans and receivables

(in thousands of euros)	31.12.2023	31.12.2022	Note
Loans to parent company	10,500	11,106	
Loans to other companies in the same consolidation Group	20,000	21,592	
Loans to key management and companies related to them	31	103	
Receivables from parent company	913	44	
Receivables from other companies in the same consolidation Group	6,928	2,504	
Receivables from key management and companies related to them	9	37	
Total receivables from related parties	38,381	35,386	8,9

Payables

(in thousands of euros)	31.12.2023	31.12.2022	Note
Payables to parent company	101	146	13
Payables to other companies in the same consolidation Group	0	3,099	13
Total payables to related parties	101	3,245	

Terms and Conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Outstanding balances are unsecured.

Loans and Receivables in Note 9.

Loans to parent company

(in thousands of euros)	31.12.2023	31.12.2022	Interest rate	Interest receivable 31.12.2023	Interest receivable 31.12.2022	Due date	Currency
Loan 1	2,500	2,500	2%	0	13	12.2024	EUR
Loan 2	1,000	1,000	2%	0	5	11.2024	EUR
Loan 3	2,300	2,300	2%	0	12	12.2024	EUR
Loan 4	4,700	5,000	2%	0	14	11.2024	EUR
Total	10,500	10,800		0	44		

Loans to other companies in the same consolidation Group

(in thousands of euros)	31.12.2023	31.12.2022	Interest rate	Interest receivable 31.12.2023	Interest receivable 31.12.2022	Due date	Currency
Loan 1	0	200	3%	0	2	08.2023	EUR
Loan 2	10 000	10 000	3%	0	0	12.2024	EUR
Loan 3	10 000	10 000	3%	424	221	12.2024	EUR
Total	20 000	20 200		424	223		

Loans to key management and companies related to them

(in thousands of euros)	31.12.2023	31.12.2022	Interest rate	Interest receivable 31.12.2023	Interest receivable 31.12.2022	Due date	Currency
Loan 1	0	55	2%	0	1	04.2024	EUR
Loan 2	31	48	8%	0	3	07.2026	EUR
Total	31	103		0	4		

The payments made to the management (gross) were EUR 313 thousand and EUR 316 thousand respectively in 2023 and 2022. The Company has signed contracts with the members of the Management Board, which do not provide for severance benefits upon termination of the contract.

Note 28.

Subsidiaries

Company	Country	Ownership interest 31.12.2023	Ownership interest 31.12.2022	Business activity
Admiral Markets AS/Jordan LLC	Jordan	100%	100%	Investment services
Admiral Markets Canada Ltd	Canada	100%	100%	Investment services

Signatures of the Management Board members to the 2023 Annual Report

The Management Board has prepared the Management Report and the Financial Statements of Admiral Markets AS for the financial year ended on 31 December 2023.

The Management Board confirms that Management Report of Admiral Markets AS on pages 8 to 57 provides a true and fair view of the Company's business operations, financial results and financial position.

The Management Board confirms that according to their best knowledge the Financial Statements of Admiral Markets AS on the pages 58 to 123 presents a true and fair view of the Company's assets, liabilities, financial position and financial results according to the IFRS as adopted by the European Union and contains description of the main risks and doubts.

30.04.2024

Chairman of the Management Board:
Sergei Bogatenkov

Member of the Management Board:
Andrey Koks



Independent Auditor's Report

To the Shareholder of Admiral Markets AS

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Admiral Markets AS (the "Company") as at 31 December 2023, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 30 April 2024.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its parent and subsidiaries are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59¹ of the Auditors Activities Act of the Republic of Estonia.

The non-audit services that we have provided to the Company and its parent and subsidiaries in the period from 1 January 2023 to 31 December 2023 are disclosed in the management report and note 25 to the financial statements.

AS PricewaterhouseCoopers
Tatari 1, 10116 Tallinn, Estonia; License No. 6; Registry code: 10142876
T: +372 614 1800, www.pwc.ee

Translation note:

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Our audit approach

Overview

Materiality	Overall audit materiality is EUR 680 thousand, which represents approximately 5% of the Company's average profit before tax for years 2020 to 2023.
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Key audit matters	Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Management Board made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	EUR 680 thousand
------------------------------------	------------------

How we determined it	Approximately 5% of the Company's average profit before tax for years 2020 to 2023
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Rationale for the materiality benchmark applied	We have applied this benchmark, as profit before tax is one of the principal considerations when assessing the Company's performance and a key performance indicator for the Management and the Supervisory Board. We have used 4 years' average of profit before tax as the Company's results are volatile by nature and 4 years' average better reflects Company's operating volumes.
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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers (detailed information is provided in Note 2 "Material accounting policy information and estimates used in preparing the financial statements" and Note 21 "Net income from trading")</i></p> <p>The Company provides its clients various Forex and Contract for Difference (CFD) products with leverage.</p> <p>The Company's net gains from trading predominantly comprise net gains from the CFD transactions placed by clients, and the net gains or losses from the hedging trades that the Company places with external liquidity providers to manage its risk. These transactions constituted one of the most important items in the statement of comprehensive income of the Company.</p> <p>In addition, this area requires significant effort and expertise in financial instruments and the use of information systems, which is why we have identified it as a key audit matter.</p>	<p>We assessed whether the Company's accounting policies over recognition of net gains from trading comply with International Financial Reporting Standards as adopted by the European Union.</p> <p>We assessed the design and operating effectiveness of the controls related to net gains from trading. We tested whether the net gains from trading reports include all transactions, i.e. the reports are complete and the system calculates the gains from trading transactions accurately.</p> <p>We have performed the following detailed testing:</p> <ul style="list-style-type: none">• we reconciled the detailed recognition of net gains from trading system reports with net gains from trading recorded in the financial statements;• we tested that net gains from trading is solely recognised from trading transactions;• we performed the cash and cash equivalents balances confirmation letters procedure, including on and off-balance sheet cash balances, and verified that both on and off-balance sheet bank account balances are accurate;• we reconciled the net loss from trading of financial assets at fair value through profit or loss with liquidity providers with the regular reports provided by liquidity providers;• we analysed the customer complaints register held in accordance with internal policy, to identify whether there are any shortfalls in the Company's processes and controls, which could result in over or under statement of Company's net gains from trading.

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Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises Highlights 2023, Management report, Proposal for loss distribution and Allocation of income according to EMTA classificatory (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the Management report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management report for the financial year for which the financial statements are prepared is consistent, in all material respects, with the financial statements; and
- the Management report has been prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the Management Board and those charged with governance for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the compliance of the presentation of financial statements with the requirements of the European Single Electronic Format ("ESEF")

The European single electronic reporting format has been applied by the management of the Company to the Company's financial statements to comply with the requirements of Article 3 of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). These requirements specify the Company's obligation to prepare its financial statements in a XHTML format. We confirm that the European single electronic reporting format of the financial statements for the year ended 31 December 2023 complies with the ESEF Regulation in this respect.

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Appointment and period of our audit engagement

We were first appointed as auditors of Admiral Markets AS, as a public interest entity, for the financial year ended 31 December 2017. Our appointment has been renewed by tenders and shareholder resolutions in the intermediate years, representing the total period of our uninterrupted engagement appointment for Admiral Markets AS, as a public interest entity, of 7 years. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of Admiral Markets AS can be extended for up to the financial year ending 31 December 2036.

AS PricewaterhouseCoopers

Lauri Past
Certified auditor in charge, auditor's certificate no. 567

30 April 2024
Tallinn, Estonia

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Proposal for loss distribution

The Management Board of Admiral Markets AS proposes to the General Meeting of Shareholders to distribute the loss of financial year 2023 as follows:

- transfer the loss for the reporting period in the amount of 8,186 thousand to retained earnings.

Signatures of the supervisory board to the annual report

The supervisory board has reviewed the annual report which consists of the management report and the financial statements, the independent auditor's report and the profit distribution proposal, and approved it for presentation at the general meeting of shareholders.

30.04.2024

Chairman of the Supervisory Board:

Alexander Tsikhilov

Member of the Supervisory Board:

Anatolii Mikhalchenko

Member of the Supervisory Board:

Anton Tikhomirov

Member of the Supervisory Board:

Dmitri Lauš

Allocation of income according to EMTA classificatory

The revenue of the Company's Parent company is allocated according to the EMTAK codes as follows:

EMTAK code	Title of EMTAK group	2023
66121	Security and commodity contracts brokerage	9,128



**Markets go
up and down.
We are going
forward.**