

admirals

2023 the first 6 months

# Unaudited interim report

Admiral Markets AS



# Admiral Markets AS

## Unaudited consolidated interim report for the first 6 months of 2023

Commercial Registry no.	10932555
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Main area of activity	Investment services
Activity licence no.	4.1-1/46
Beginning and end date of financial year	01. January - 30. June
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

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# 6 Month Highlights for 2023

- Net trading income was EUR 20.5 million (6M 2022: EUR 32.3 million and 6M 2021: EUR 9.1 million)
- EBITDA<sup>1</sup> was EUR -3.1 million (6M 2022: EUR 24.3 million and 6M 2021: EUR -0.5 million)
- EBITDA margin was -14% (6M 2022: 75% and 6M 2021: -5%)
- Net profit (loss) -3.9 million (6M 2022: EUR 23.3 million and 6M 2021: EUR -1.6 million)
- Net profit (loss) margin was -19% (6M 2022: 72% and 6M 2020 -18%)
- Cost to income ratio 47% (6M 2022: 31% and 6M 2021: 120%)
- Value of trades decreased 4% to EUR 448 billion comparing to period 2022 (6M 2022: EUR 467 billion and 6M 2021: EUR 429 billion)
- Number of trades went up by 6% to 30.3 million comparing to period 2021 (6M 2022: 28.7 million and 6M 2021: 29.2 million)
- Number of active clients<sup>2</sup> in Group went up by 96% to 65,636 clients compared to same period of 2022 (6M 2022: 33,493 and 6M 2021: 40,235 active clients)
- Number of active accounts<sup>3</sup> in Group went up by 84% to 75,975 accounts compared to same period of 2022 (6M 2022: 41,227 and 6M 2021: 48,638 active accounts)
- Number of new applications in Group went up by 222% to 143,414 applications compared to same period of 2022 (6M 2022: 44,508 and 6M 2021: 75,759 new applications)

## 96%

Active clients increased

## 84%

Active accounts increased

## 222%

Number of applications increased

## 6%

Number of trades increased

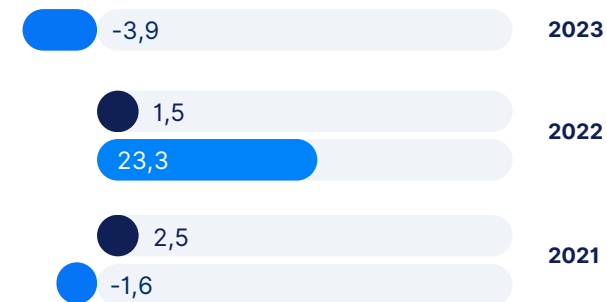
### Net trading income 20.5 EUR million



### EBITDA<sup>1</sup> -3.1 EUR million



### Net profit (loss) -3.9 EUR million



### Value of trades 448 EUR billion



### Number of trades 30.3 million



● H1 ● H2

<sup>1</sup> Earnings before interest, taxes, depreciation and amortisation.

<sup>2</sup> Active clients represent clients who traded at least once in the respective half of year

<sup>3</sup> Active accounts represent accounts via which at least one trade has been concluded in the respective half of year

# Management Board declaration

The consolidated interim report of Admirals Group AS for the first 6 months of 2023 consists of the management report and financial statements.

The data and additional information provided by Admirals Group AS in the consolidated interim report for the first 6 months of 2022 is true and complete.

The accounting policies adopted in preparing the financial statements are in accordance with the International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the financial position, financial performance and cash flow of the entity.

The financial statements of the interim report for the first 6 months of 2023 are unaudited.

✓ digitally signed

**Sergei Bogatenkov**  
**Chairman of the Management Board**  
**Tallinn, 31.08.2023**

## To the investors of Admirals

Dear investors,

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.

Our vision is to empower financial inclusion by providing easy-to-use, affordable, and secure access to financial products through the Admirals' ecosystem; meeting a person's life-long needs.

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. The community of people in our ecosystem is rapidly increasing.

I am very proud that we have unlocked significant possibilities for growth and expansion. Admirals has positioned itself in the rapidly developing FinTech community as a flexible and operative technology provider, as well as an education-driven strategic partner.

The execution of a robust strategy has resulted in operational efficiency and the successful launch of new products that meet our clients' expectations and current needs while actively strengthening customer growth.

In the first half of 2023, we witnessed a remarkable rise in the number of people who believe in strong leadership, client-centricity, effortless and engaging products, innovation, and the high-tech capability which Admirals delivers. As a result, we are delighted to report that we have registered a record growth in customer numbers.

At Admirals, we foster a diverse, inclusive workplace that values effective communication and mutual respect. We understand the significance of taking the initiative and embracing a proactive mindset.

We have always emphasized the importance of staying true to a solid vision-oriented strategy. The expansion in new regions, leveraging the existing licenses and global brand presence, is as remarkable as our commitment is clear. We are driven by the desire to pursue progress and innovation with the support of tactical strongholds.

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.

Customer-centric revenue growth is our standpoint. Our ecosystem is further targeted to grow the active client base worldwide to build long-term business relationships.

Our global team is open to new possibilities that the industry embodies. The creation of partnerships is crucial. Business-to-Business-to-Everything will be one of the keywords defining the future of value propositions, as it embodies the excellent potential for our business. We also believe mergers and acquisitions provide significant opportunities for Admirals to accelerate growth and extend our footprint in the industry.

At Admirals, we are confident that PaaS and White Label Partnerships enable our partners to focus on their clients and reduce costs with the help of our existing know-how and stability.

Boasting the most updated, state-of-the-art infrastructure and IT development of the highest quality has always been one of the top priorities at Admirals. We continually invest in maintaining our technological capabilities to deliver the finest service to our clients.

Moreover, Admirals has always emphasized the importance of being agile. Our ability to adapt to the changes around us has brought excellent outcomes for our team spirit and business results. Our team is an incredibly performing community of experts who share the passion for our common goal: to help others gain the freedom to manage their finances.

I am forever grateful for their passion and willingness to shape the FinTech industry together.

Admirals is going forward with an incredible experience, partners, and team. We are continuing our journey with an ambitious goal and the motivation to reach it. We have a plan and all the prerequisites to fulfil it. The future is within our reach.

**Sergei Bogatenkov**  
**CEO and Chairman of the Management Board**

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

Learn.  
Trade.  
Invest.

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# 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 the activity licence no. 4.1-1/46 for the provision of investment services. The Company is part of an international group (hereinafter "Group") which 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 the provision of trading and investment services (mainly leveraged and derivative products). Customers are offered leveraged Contract for Difference (CFD) products in the over-the-counter market, Forex as well as listed instruments. The Company's activities have mostly targeted experienced traders.

Admiral Markets AS role is that of 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 Admiral Markets AS, which is also their main liquidity partner. Due to this, the results of Admiral Markets AS depend on other companies in the Group.

The licenced investment companies that are a part of the same consolidation group as Admiral Markets AS are Admiral Markets UK Ltd, Admirals AU Pty Ltd (previous business name Admiral Markets Pty Ltd), Admiral Markets Cyprus Ltd, Admiral Markets Canada Ltd, Admiral Markets AS/ Jordan LLC, Admirals SA (PTY) Ltd, Admirals KE Limited and Admirals SC Ltd. Admiral Markets AS has a licence granted by the Estonian Financial Supervisory Authority. Since Admiral Markets AS and other licenced investment companies that are part of the same consolidation group use the same joint trademark, the reputation of the trademark of Admirals has a major direct impact on the financial indicators as well as the business success of Admiral Markets AS.

Admiral Markets AS has subsidiaries in Canada and Jordan. Other companies that are part of the same consolidation group as Admiral Markets AS at the time of publishing this report are Runa Systems LLC (Georgia), Runa Ukraine LLC (Ukraine), AMTS Solution OÜ, AM Asia Operations Sdn. Bhd. (Malaysia), PT Admirals Invest Indonesia LLC, Gateway2am OÜ (former name Admiral Virtual OÜ), Admiral Markets Europe GmbH (Germany), Admiral Markets France (Société par actions simplifiée), Admiral Markets Espana SL (Spain), Admirals Digital Limited, Admirals Liquidity Limited, Admirals KE Ltd, Moneyzen OÜ, Moneyzen Collateral Agent OÜ. Runa Systems LLC, Runa Ukraine LLC, AMTS Solution OÜ, AM Asia Operations Sdn. Bhd, 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, Admirals Digital Limited, Admirals Liquidity Limited, Admirals KE Ltd, Admiral Markets Canada 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 30.06.2023



● Holding company  
 ● IT & intra-group services  
 ● Inactive  
 ● Investment services  
 ● Credit intermediary  
 ● Representative office and branch

# Management

Admiral Markets AS is managed by a two-member Management Board and supervised by a four-member Supervisory Board. The members of the Management Board actively participate in the Company's daily business operations and have clear responsibilities. The Supervisory Board shapes the vision and business strategy of the Company, actively guiding its growth and development and also supervises activities of the Management Board.

In the first six months of 2023, the remuneration of the management, including social security taxes, totalled EUR 195 thousand (6 months 2022: EUR 214 thousand).

## Supervisory Board of Admiral Markets AS

The members of the Supervisory Board of Admiral Markets AS at the time of preparation of the interim report are Alexander Tsikhilov, Anatolii Mikhalchenko, Anton Tikhomirov, Dmitri Lauš.



**Alexander Tsikhilov**  
Chairman of the Supervisory Board



**Anatolii Mikhalchenko**  
Member of the Supervisory Board



**Anton Tikhomirov**  
Member of the Supervisory Board



**Dmitri Lauš**  
Member of the Supervisory Board

## Management Board of Admiral Markets AS

The members of the Management Board of Admiral Markets AS at the time of preparation of the interim report are Sergei Bogatenkov, Andrey Koks.



**Sergei Bogatenkov**  
Chairman of the Management Board



**Andrey Koks**  
Member of the Management Board



# Our People

As we reflect upon the first half of 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 COVID-19 pandemic propelled the adoption of remote work and flexible arrangements to unprecedented levels. As a result, managing remote teams, ensuring productivity, and fostering effective communication and collaboration emerged as focal points. Embracing this paradigm shift, we adopted a proactive approach, leveraging technology, and implementing initiatives to support remote work and returning to office. By remaining flexible and agile, we have maintained high levels of productivity and employee satisfaction, fostering a cohesive and connected workforce.

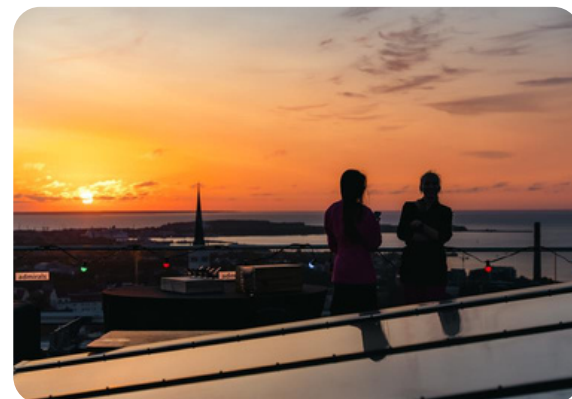
The significance of employee well-being and mental health has gained heightened recognition in recent years. At Admirals, we understand the importance of proactive measures in promoting the holistic well-being of our workforce. We have implemented a range of initiatives, emphasizing the importance of 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.

To better understand employee engagement and foster effective teamwork, we have implemented powerful engagement tools. These tools provide us with valuable data, enabling us to measure employee satisfaction, identify areas for improvement, and enhance collaboration within teams. By leveraging these insights, we strengthen our bonds, elevate employee morale, and drive collective achievements.

The growth of an organization is a testament to its success. In the first half of 2023, we proudly announce an increase in our employee count to 319 individuals, underscoring our commitment to attracting and retaining exceptional talent. This growth trajectory not only reflects our expanding team but also signifies our ability to meet evolving demands and further propel our organization forward.

As we conclude, we celebrate the accomplishments achieved during the first half of 2023. Through our unwavering commitment to nurturing our employees, we have conquered challenges and fostered a resilient, engaged, and dynamic workforce. Moving forward, we remain dedicated to maintaining a supportive, inclusive, and empowering work environment, propelling us towards continued success in the second half of the year and beyond.



# 2023 Overview

## 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.

All Systems Operational	
WEB	Operational
MT5	Operational
MT4	Operational
Mobile App	Operational
Copy Trading	Operational
Trader Room	Operational
Web Trader	Operational

## New products

### 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 products that accommodate clients' needs, Admirals card was launched to offer clients a wide range of possibilities to manage their funds, invest in 3000+ financial instruments and to make secure purchases.



With more and more people managing their money digitally, the industry has been experiencing a significant growth. As a result, Admirals decided to launch a new round of 1000 cards and in the effort of their rebranding, decided to redesign the Admirals Card with contemporary new artwork. The collaboration between Admirals and Solaris, one of Europe's leading embedded financial platforms, supports both companies' vision of bringing financial freedom and digital financial solutions to everyone.

### 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.

### Fractional Shares

In the first half of 2023, Admirals introduced Fractional Shares for its Invest account type. The new product offering now allow clients to invest in fractions for all entitled 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. This is useful for investing in expensive stocks, such as those of renowned tech companies like Google and Amazon and continue to benefit from the future growth of these companies.

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. Investors can choose the exact amount of money they want to invest in a company stock without being bound by the individual share price. Fractional Shares are available through the multi-asset Admirals platform and applicable to the US indices constituents such as SP500, NQ100 and DJI30.

## New Services

### Crypto Licence

Admirals has increased its product offering by registering as a crypto service provider under the Cyprus Securities and Exchange Commission, through its group entity, Admirals Digital Limited. Admirals Digital Limited is one of the very few companies that have been registered under the Cyprus Securities and Exchange Commission as a crypto asset service provider. Registering under Cysec as a crypto service provider demonstrates Admirals' sustainable growth that can further enhance the trust and credibility of its customers and partners and is a step towards supporting financial inclusion for everyone.

### Admirals E-Sports

In the dynamic world of E-sports, where adrenaline-fuelled battles and intense rivalries captivate millions, a formidable player has emerged on the scene. Admirals has recently 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 E-sports is gaining recognition and captivating gamers of different skill levels with a view to contributing to the development of the growing E-sports landscape.

Admirals E-sports 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 E-sports 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.

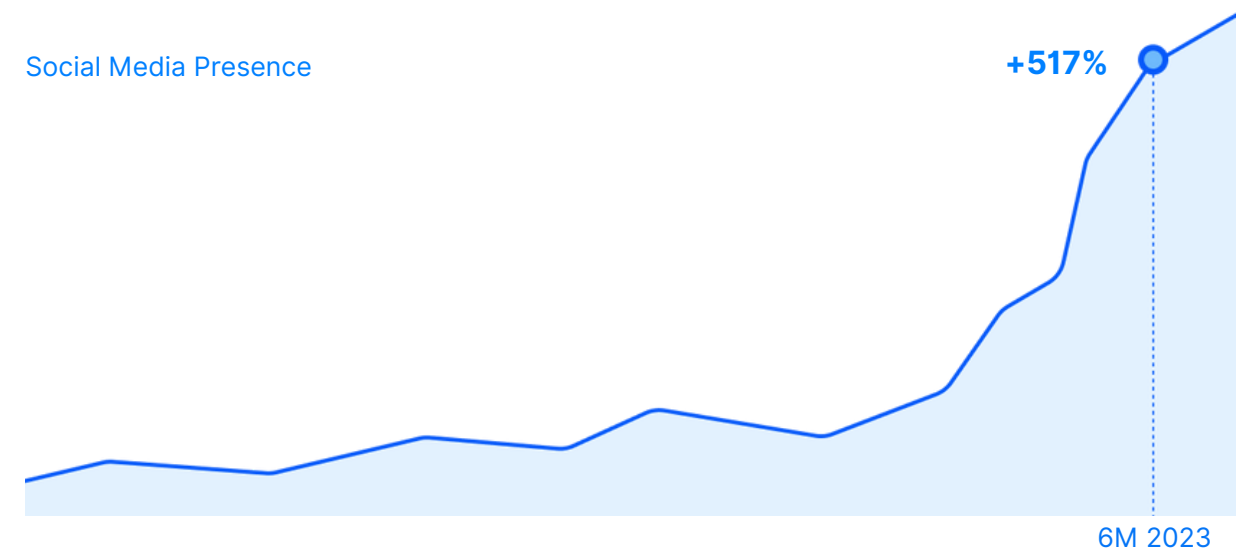
With plans for larger tournaments, innovative technology integrations, and partnerships with influential gaming brands, Admirals E-sports is poised to redefine the esports landscape. By combining our expertise in financial services with our passion for gaming, Admirals is set to pave the way for a future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

## Marketing

In 2023, we revamped our marketing strategy, welcoming several new professionals to the Admirals marketing team.

Although 2023 has been a year devoid of any significant market-moving events in the world, we are proud to report record growth in customer numbers in Q2

### Social Media Presence



### Social media

Compared to the previous period, Admirals' social media presence has seen an impressive increase of more than 517 percent in organic impressions and a 75 percent rise in organic audience engagement. Our total content has nearly tripled, with an increase of almost 200 percent.

As part of our work with social media, we piloted a project in the Indonesia region, introducing the Admirals Academy - an educational initiative aimed at novice traders. As a result, videos from this project have already reached more than 11 million views.

### SEO

Over the last six months, we witnessed outstanding results in SEO: a remarkable 43% increase in our website traffic, as well as in the number of organic ranked pages. Notably, our efforts have resulted in a remarkable 61% surge in TOP 3 ranked keywords and a substantial 54% boost in those ranking within the TOP-10

**43%** web site traffic increase

### User Acquisition and Communication

The strategy for client acquisition and marketing communication has also been revamped. The team has adopted a more empirical approach, engaging in numerous A/B tests and progressively enhancing performance metrics.

This shift in methodology has resulted in a significant decrease in customer acquisition costs in several international markets. This strategic alteration demonstrates our commitment to cost-effective expansion and the exploration of innovative marketing tactics.

## ESG

Throughout 2023, the Group has steadfastly maintained its adherence to ESG strategies, originally developed in 2020, intensifying its commitment to further reducing its carbon footprint. The transition to a digital document workflow has now been fully implemented, and the promotion of individual carbon footprint reduction among team members was amplified. Waste segregation is now a standard practice in our Tallinn office with steps being taken for our other offices around the globe.

Admirals' ESG obligations, among other various initiatives, are prominently showcased on the dedicated ESG webpage which was launched last year. Moreover, our alliance with ClimatePartner's team of professionals and research perseveres in 2023, with a strong focus on the computation and balancing of carbon footprints by endorsing diverse global projects and initiatives.

Admirals also sustained its Leaders for Climate Action community membership, exploring how the Group, as part of the digital sector, can continue to play a meaningful role in combating climate change.

## Education

At Admirals Academy, in 2023, we are focusing on investor engagement programs. Tens of thousands of traders and investors study on programs prepared by the Admirals Academy. We are proud to have partnered with some of the world's most respected names in trading and investing, including John Bollinger and Steve Nisson.

## Doing good

Today, businesses are not only expected to generate economic value but also to contribute positively to society. We have all witnessed how companies can harness the power of social responsibility to not only elevate their standing in society but also to drive innovation, attract and retain talent, and ultimately thrive in an interconnected and socially conscious world.

Admirals has always contributed to the idea of togetherness in the global sense. We believe in supporting others. Fostering positive change in society is not just a noble pursuit but should be a common goal for all in the modern world.

### 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.



### LHV Marathon

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

### Healthy Week

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.

### Student Exchange

A talented cohort of MBA students from the School of Management & Marketing at the University of Westminster visited us in 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 1000 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 the company 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.



## Awards

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

### Germany



**Deutsches Kundeninstitut**  
"BEST CFD Broker" 2023



**Focus Money**  
"Recommended by investors: Highly recommended"

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.**

# Trends and factors likely to affect 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 Group 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.

# Economic environment

## Significant Global Events in H1 2023

- War in Ukraine surpasses one year
- Global inflation begins to fall
- Interest rates continue to rise

## Global Economy

Over the last three years, it seems like the global economy has lurched from one crisis to the next. First came the Covid-19 pandemic and the subsequent short-lived, but deep, recession. As the world returned to normality, disrupted supply chains struggled to keep pace with surging demand, making it evident that rising prices was likely to be our next issue.

With energy prices already rising towards historically high levels, Russian President Vladimir Putin's announcement that he was launching a "special military operation" against his neighbour caused oil and gas prices to spiral, exacerbating global inflation which had already started to become troublesome.

In order to reign in rising prices, central banks around the world hiked interest rates rapidly, contributing to an already rising cost of living and pushing many economies perilously close to recession. However, despite a flurry of grim economic predictions at the turn of 2023, the global economy has, thus far, proved more resilient than many had imagined.

Whilst a technical recession has not yet materialised, high inflation and rising interest rates have contributed to a slowdown in economic output. After growing an estimated 3.1% in 2022, global economic growth is forecast to slow to 2.1% in 2023.

This slowdown is driven by the world's advanced economies which, after growing 2.6% in 2022, are forecast to grow just 0.7% in 2023. This is in contrast to emerging market and developing economies which are forecast to grow 4% in 2023, up from 3.7% in 2022.

The good news is that inflation has begun to fall in many economies, although remains above target levels. Annual global inflation was reported at 8.7% in 2022, peaking at around 9.4% in July, and is forecast to drop down to 7% in 2023.

## The United States

The world's largest economy grew 2.1% in 2022 and is forecast to grow a further 1.1% in 2023.

The collapse of Silicon Valley Bank in March marked the third largest bank failure in US history and sparked fears of a full-blown banking crisis. However, although two other US banks, Silvergate Bank and Signature Bank, fell to similar fates, a swift response from regulators helped prevent a wide spread crisis.

The Federal Reserve's aggressive tightening of monetary policy appears to have been successful so far in cooling inflation. The Fed's target rate rose from 0.00% – 0.25% in March 2022 to 5.00% – 5.25% in May 2023, whilst inflation, which peaked at 9.1% in June 2022, fell to 3% in June 2023.

Nevertheless, core inflation – which strips out volatile food and energy prices – remained elevated at 4.8%, with a tight labour market playing its part. The markets anticipate one more rate hike followed by a series of cuts over the next year, although many commentators remain sceptical of cuts arriving so soon.

Despite stubborn inflation and rising interest rates, the US consumer remains strong, although there are forecasts that the US economy will enter a mild recession in the second half of 2023 or early in 2024.

## The United Kingdom

Despite previous bleak assessments from the International Monetary Fund (IMF) and the Bank of England (BoE), the UK is on course to avoid a technical recession in 2023, but the outlook is not exactly rosy.

After growing by 4.1% in 2022, economic growth in the UK is forecast to slow to just 0.3% in 2023, with persistent inflation, rising interest rates and labour shortages all weighing on productivity.

Although the BoE was the first major central bank to start hiking rates at the end of 2021, its monetary policy tightening has been less effective than elsewhere. UK inflation remains higher and stickier than in other advanced economies. Indeed, whilst headline inflation appears to have peaked at 11.1% in October 2022, core inflation continued rising, hitting 7.1% in May 2023 before dropping to 6.9% in June.

Why is UK inflation so persistent? The UK is facing two different inflation drivers, which have combined to make inflation more stubborn than elsewhere. Whereas inflation in the euro area has been driven largely by energy and food price shocks, and in the US by labour shortages, the UK has faced both of these issues simultaneously.

The UK, like the euro area, was hit hard by rising food and energy prices. However, the energy shock has been more severe in the UK, and high prices have taken longer to retreat. Similarly, food inflation has been slower to fall, in part due to the UK's reliance on food imports which leaves it particularly exposed to global prices.



## China

As the world's economies reopened post-pandemic, there was a notable exception: China.

In the world's second largest economy, strict "zero-Covid" measures continued throughout 2022, stifling output as, at times, whole cities entered strict, sporadic lockdowns at the drop of a hat. Nonetheless, following a bout of social unrest towards the end of the year, China abandoned the policy, leading to the much anticipated reopening of the Chinese economy.

However, despite being forecast to grow 5.6% in 2023, up from 3% in 2022, China's grand reopening has, thus far, been somewhat underwhelming. Various economic indicators have disappointed in recent months, with falling exports, lacklustre consumer demand and ongoing issues in the property sector weighing on output.

Moreover, as developed economies struggle to contain inflation, China finds itself with the opposite problem. China's consumer price index, which peaked at 2.8% in 2022, slowed to 0% in June 2023. As domestic demand remains weak, China faces the very real threat of deflation in the second half of the year.

Consequently, the People's Bank of China recently cut interest rates in an attempt spur economic growth and there have been calls for Beijing to introduce further stimulus measures to reinvigorate the country's post-pandemic recovery.

## Euro Area

The euro area's economy grew 3.5% in 2022, but growth is forecast to stall in 2023, slowing to 0.4%.

Continuing a familiar theme amongst the world's major economies, as well as slowing economic growth, the euro area has been struggling with high inflation. Nevertheless, although the European Central Bank (ECB) was late to the monetary policy tightening party, its approach seems to be working.

The ECB started its hiking cycle in July 2022 and headline inflation, which peaked at 10.6% in October 2022, had fallen to 5.5% by June 2023. Nevertheless, the euro area is composed of 20 different countries, meaning that overall inflation figures do not tell the whole story. It also makes the ECB's job of taming inflation more complex than other central banks.

For example, inflation in Spain fell to 1.9% in June, making it the first of the euro area's large economies to fall below 2%. Conversely, inflation remains significantly elevated in the Baltic states and Slovakia, with these countries all reporting inflation above 7.9% in June.

Furthermore, whilst headline inflation began to fall at the end of last year, core inflation continued rising. It hit 5.7% in March 2023 before falling for two consecutive months, but rose again in June to 5.4%. While core inflation remains elevated, it's likely the ECB's rate hiking cycle will continue.



## Estonia

When Covid-19 swept across the globe, Estonia's economy held up far better than many of its European neighbours. As the wider euro area saw a contraction of 6.1% in 2020, Estonia's economy shrank by a far more muted 0.6%.

Subsequently, as the euro area reported growth of 5.4% the following year, Estonian GDP rebounded by an impressive 8%. However, after outperforming the wider euro area for two consecutive years, the trend reversed.

In 2022, whilst the euro area recorded growth of 3.5%, Estonia's economy shrank by 1.3%, and is forecast to shrink again in 2023 by a milder 0.4% before returning to growth in 2024.

This disappointing economic performance has been caused in part due to a decline in demand for Estonian exports and a slump in consumer spending which, in turn, have been fuelled by rising prices.

Estonia has been grappling with one of the worst inflation rates in the European Union, with inflation hitting a peak of 24.8% in August 2022. Whilst inflation has been falling, it remained elevated at 9.2% in the twelve months ending June 2023, which is well above the euro area average.

As a proportion of monthly spending, consumers in Estonia spend the most on energy and food in Europe, meaning they have been particularly exposed to price rises in these areas. Furthermore, labour shortages, rapid wage growth and money released from the second pension pillar last year have all also played a part in rising prices.

# Financial review

## Main consolidated financial indicators of Admiral Markets AS

Income statement (in millions of euros)	6M 2023	6M 2022	change	6M 2021
Net trading income	20.5	32.3	-36%	9.10
Operating expenses	9.6	10	-4%	10.9
EBITDA	-3	24.3	-112%	-0.5
Net profit (loss)	-3.9	23.3	-117%	-1.6
EBITDA margin, %	-14%	75%	-89	-5%
Net profit (loss) margin	-19%	72%	-91	-18%
Cost to income ratio, %	47%	31%	-16	120%

Business volumes (in millions of euros)	30.06.2023	31.12.2022	change	30.06.2022
Due from credit institutions and investment companies	31.1	33.4	-7%	23.2
Debt securities	5	5.5	-9%	3.8
Shareholders' equity	74.2	80.7	-8%	79.1
Total assets	80.4	90	-11%	96.9
Off-balance sheet assets (client assets)	0.3	0.5	-40%	0.6

### Equations used for the calculation of ratios:

EBITDA margin, % = EBITDA / Net trading income

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

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

## Net Trading Income

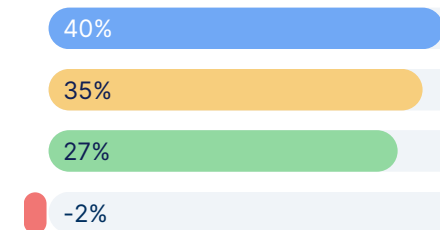
The Group earned EUR 21.1 million in revenue during the first six months of 2023, which is 51% less compared to the first half of 2022.

In the first half of 2023, Commodity CFDs products accounted for 27% of total gross trading income, an increase of 59% year-on-year. Indices CFDs accounted for 40% of total gross trading income,

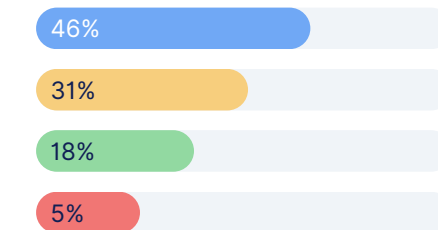
a decrease of 22% year-on-year. Forex accounted for 35% of total gross trading income, an increase of 40% year-on-year. The share of other products, such as stocks, ETFs etc generated loss, so made -2% of total gross income in the first half of 2023.

### Gross revenue by asset class, %

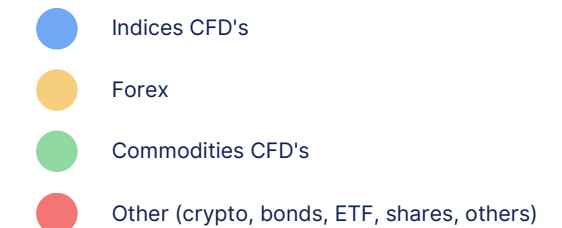
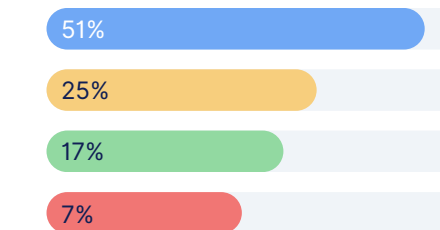
#### 6M 2023



#### 2022Y



#### 6M 2022





## Expenses

The Company's operating expenses decreased by 4% in the first half of 2022.

The largest share of total operating expenses (which includes payroll and depreciation expenses) for the Company in the first half of 2023 comes from marketing expenses. Marketing expenses decreased 55% compared to year-on-year and reached EUR 3,3 million by the end of June 2023. Marketing expenses account for 33% of total operating expenses.

In the first half of 2023 personnel expenses were EUR 2,4 million which is a 7% decrease year-on-year and account for 24% of total operating expenses.

IT expenses make up around 15% of total operating expenses and reached EUR 1,5 million by the end of June 2023. Other larger expense types for the Group are legal and audit services, other outsourced services, VAT and intra-group expenses.

The cost-to-income ratio increased to 47% by the end of June 2023 as a result of a decrease in company revenue.

## Net profit

EBITDA and net loss of the Company were EUR -3 million and EUR -3.9 million, respectively, by the end of the first half of 2023.

The return on equity of the Company was -5.1% at the end of June 2023 (30.06.2022: 35.1%).

## Statement of Financial Position

Admiral Markets AS has a strong and growing balance sheet, with EUR 74.2 million of shareholders' equity and long-term debt of only EUR 3.8 million.

# 74.2 million

shareholders' equity

Admiral Markets AS' balance sheet is liquid as around 45% of the balance sheet consists of liquid assets. As of 30 June 2023, the assets of the Company totalled EUR 80.4 million. Ca 39% of assets are balances due from credit institutions and investment companies. The debt securities portfolio only consists of high-quality liquid assets and accounts for 6% of total assets.

# 80.4 million

assets of the Company

The Company's non-current assets totalled EUR 3.1 million.

The Company's long-term debt consists of subordinated debt securities and finance lease and makes up 5% of the balance sheet total.

The off-balance sheet assets (client assets) of the Company totalled EUR 0.3 million by the end of June 2023 (30.06.2022: EUR 0.6 million).

## Key Financial Ratios

	6M 2023	6M 2022	change	6M 2021
Net profit(loss) per share	-9.7	57.6	-67.3	-3.9
Return on equity, %	-5.1%	35.1%	-40.2	-2.8%
Equity ratio	1.2	1.2	0	1.2
Return on assets, %	-4.6%	29.1%	-33.7	-2.3%
Short-term liabilities current ratio	25.5	27.9	-2.4	11.4

### 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 active clients in the Group increased by 96% year on year. The Group had 65,636 active clients (clients who have traded at least once in the past 6 months) in the first half of 2023. Active

accounts also increased by 45% and achieved 75,975 (accounts, which have traded at least once in the past 6 months).

Client trends	6M 2023	6M 2022	change
Active clients	65,636	33,493	96%
Active accounts	75,975	41,227	84%
New applications	143,414	44,508	222%

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

Income statement (in millions of euros)	6M 2023	6M 2022	change	6M 2021
Net trading income	21.1	43	-51%	17.3
Operating expenses	25.2	20.4	24%	19.3
EBITDA	-2.9	26	-111%	-0.7
Net profit (loss)	-4.8	24	-120%	-1.7
EBITDA margin, %	-14%	60%	-74	-4%
Net profit (loss) margin	-23%	56%	-79	-10%
Cost to income ratio, %	119%	47%	72	112%

Business volumes (in millions of euros)	30.06.2023	31.12.2022	change	30.06.2022
Due from credit institutions and investment companies	69	72	-4%	73.5
Debt securities	5	5.5	-9%	3.8
Shareholders' equity	75.6	82.9	-9%	82.6
Total assets	93.6	98.2	-5%	97.1
Off-balance sheet assets (client assets)	102	86	19%	81.7

## Capitalisation

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

As of 30.06.2023, the own funds of Admiral Markets AS amounted to EUR 72.3 million (31.12.2022: EUR 54.6 million).

## Own Funds

(in thousands of euros)	30.06.2023	31.12.2022
Paid-in share capital	2,586	2,586
Statutory reserve capital transferred from net profit	259	259
Retained earnings of previous periods	75,227	53,011
Loss for the reporting year	-3,917	0
Intangible assets	-3,073	-3,095
<b>Total Tier 1 capital</b>	<b>71,082</b>	<b>52,761</b>
Subordinated debt securities	1,217	1,824
Own instruments	-5	0
<b>Total Tier 2 capital</b>	<b>1,212</b>	<b>1,824</b>
<b>Net own funds for capital adequacy</b>	<b>72,294</b>	<b>54,585</b>

## Capital Requirements

(in thousands of euros)	30.06.2023	31.12.2022
<b>Fixed overheads requirement</b>	<b>5,089</b>	<b>5,482</b>
Risk to client	17	5
Risk to market	14,783	8,825
Risk to firm	8,002	6,196
<b>Total K-Factor requirement</b>	<b>22,802</b>	<b>15,026</b>

## Capital Requirements

	30.06.2023	31.12.2022
Capital adequacy	317%	363%
Tier 1 capital ratio	312%	351%

At the end of the reporting period, Admiral Markets AS was well capitalised, the capital adequacy level was 317% (31.12.2022: 363%) and met all regulatory capital requirements.

# Interim Financial Statements

This chapter outlines the assets, liabilities, equity, income and cash flow of the Company for the 30.06.2023 fiscal year, in comparison to 31.12.2022.

## Statement of Financial Position

(in thousands of euros)	Note	30.06.2023	31.12.2022
<b>Assets</b>			
Due from credit institutions	3	15,613	20,111
Due from investment companies	3	15,508	13,266
Financial assets at fair value through profit or loss	4	7,335	7,933
Loans and receivables	5	28,851	34,634
Stocks		170	48
Other assets		1,493	2,230
Investments into subsidiaries		4,180	4,180
Tangible assets		1,695	1,850
Right-of-use assets		2,442	2,684
Intangible assets		3,073	3,095
<b>Total assets</b>		<b>80,360</b>	<b>90,031</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	4	82	214
Liabilities and prepayments	6	2,052	4,350
Subordinated debt securities	8	1,354	1,827
Lease liabilities	7	2,716	2,949
<b>Total liabilities</b>		<b>6,204</b>	<b>9,340</b>
<b>Equity</b>			
Share capital	10	2,586	2,586
Statutory reserve capital		259	259
Retained earnings		71,311	77,846
<b>Total equity</b>		<b>74,156</b>	<b>80,691</b>
<b>Total liabilities and equity</b>		<b>80,360</b>	<b>90,031</b>

## Statement of Comprehensive Income

(in thousands of euros)	Note	6M 2023	6M 2022
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers		20,510	44,608
Brokerage fee income		754	0
Brokerage and commission fee expense		-15,794	-12,603
Other trading activity related income		188	252
<b>Net income from trading</b>	<b>12</b>	<b>5,658</b>	<b>32,257</b>
Other income		118	192
Other expense		511	0
Interest income calculated using the effective interest method		-103	278
Other income similar to interest		227	59
Other expense		10	-105
Net gains on exchange rate changes		-158	991
Net gains at fair value through profit or loss		-77	-437
Personnel expenses		-2,373	-2,575
Operating expenses	13	-6,316	-6,566
Depreciation of tangible and intangible assets		-636	-580
Depreciation of right-of-use assets		-242	-242
<b>Profit before income tax</b>		<b>-3,381</b>	<b>23,272</b>
Income tax		-535	0
<b>Comprehensive income for the reporting period</b>		<b>-3,916</b>	<b>23,272</b>
<b>Comprehensive income for the reporting period</b>		<b>-3,916</b>	<b>23,272</b>
Basic earnings per share	10	-9.69	57.60

# Statement of Cash Flows

(in thousands of euros)	Note	6M 2023	6M 2022
<b>Cash flow from operating activities</b>			
Profit		-3,916	23,272
<b>Adjustments for non-cash income or expenses:</b>			
Depreciation of tangible and intangible assets		878	822
Gains on the sale of tangible assets		0	5
Interest income		-630	-337
Interest expense		103	105
Corporate income tax expenses		535	0
Other financial income and expenses		235	-554
<b>Operating cash flows before working capital changes</b>		<b>-2,795</b>	<b>23,313</b>
<b>Changes in working capital:</b>			
Change in amounts due from investment companies	3	-2,241	1,368
Change in trade receivables	5	184	-5,946
Change in other assets		737	-363
Change in derivative assets	4	41	-116
Change in payables and prepayments	6	-2,299	11,062
Change in the derivative liabilities	4	-131	-292
Changes in inventories		-122	40
<b>Operating cash flows before interest and tax</b>		<b>-6,626</b>	<b>29,066</b>

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(in thousands of euros)	Note	6M 2023	6M 2022
Interest received		363	149
Interest paid		-75	-105
Corporate income tax paid		-535	0
<b>Net cash from/used in operating activities</b>		<b>-6,873</b>	<b>29,110</b>
<b>Cash flow from investing activities</b>			
Disposal of tangible and intangible assets		0	1
Purchase of tangible and intangible assets		-459	-570
Loans granted	5	-226	-15,150
Repayments of loans granted	5	6,090	831
Acquisition of financial assets at fair value through profit or loss (investment portfolio)		-7,129	-21
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)		7,451	4,273
Subordinated debt securities		-473	0
Investment in to associates		0	-568
<b>Net cash used in investing activities</b>		<b>5,254</b>	<b>-11,204</b>
<b>Cash flow from financing activities</b>			
Dividends paid	10	-2,619	0
Repayment of principal element of lease liabilities	7	-261	-253
<b>Net cash used in financing activities</b>		<b>-2,880</b>	<b>-253</b>
<b>TOTAL CASH FLOWS</b>		<b>-4,499</b>	<b>17,653</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>20,111</b>	<b>4,696</b>
<b>Change in cash and equivalents</b>		<b>-4,499</b>	<b>17,653</b>
Effect of exchange rate changes on cash and cash equivalents		1	826
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>15,613</b>	<b>23,175</b>

## Statement of Changes in Equity

(in thousands of euros)	Share capital	Statutory reserve capital	Retained earnings	Total
<b>Balance as at 01.01.2022</b>	<b>2,586</b>	<b>259</b>	<b>53,011</b>	<b>55,856</b>
Dividends paid	0	0	0	0
Profit for the reporting period	0	0	24,835	24,835
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>24,835</b>	<b>24,835</b>
<b>Balance as at 31.12.2022</b>	<b>2,586</b>	<b>259</b>	<b>77,846</b>	<b>80,691</b>
Dividends paid	0	0	-2,619	-2,619
Profit for the reporting period	0	0	-3,916	-3,916
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>-3,916</b>	<b>-3,916</b>
<b>Balance as at 30.06.2023</b>	<b>2,586</b>	<b>259</b>	<b>71,311</b>	<b>74,156</b>

For more information of share capital refer to Note 10.

# Notes to the Interim Financial Statements

This chapter presents more detailed information of the Interim Financial Statements.

## Note 1. General information

Admiral Markets AS has been an investment company since 05.06.2009. The Company's head office is located at Maakri 19/1, Tallinn, Estonia.

Admiral Markets AS have subsidiaries in Canada and Jordan.

The interim financial statements of Admiral Markets AS have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted by the European Union and with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The interim financial statements should be read in conjunction with the Company's annual report as of 31 December 2022. The accounting policies used in the preparation of the interim financial report are the same as the accounting policies used in the annual report for the year ended 31 December 2022.

The interim financial statements are unaudited and do not contain all the information required for the preparation of annual financial statements.

The interim financial statements are presented in thousands of euros unless otherwise stated.

## Note 2. Risk management

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

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. Risk management 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 line of defence includes risk control and compliance functions, which are independent of business operations. The third line of defence is the internal audit function.

As we are exposed to credit and market risk in connection with our retail trading activities, developing and maintaining robust risk management capabilities is a high priority. In addition, we actively monitor and assess various market factors, including volatility and liquidity, and take steps to address identified risks, such as proactively adjusting the required customer margin.

There have been no changes in the risk management policies since the year-end.

### Note 3.

## Due from credit institutions and investment companies

(in thousands of euros)	30.06.2023	31.12.2022
Demand and term deposits with maturity less than 3 months*	15,607	18,611
Demand deposits on trading accounts	15,508	13,266
Cash in transit*	6	1,500
<b>Total</b>	<b>31,121</b>	<b>33,377</b>

\* Cash and cash equivalents in the statement of cash flows

### Note 4.

## Financial assets and liabilities at fair value through profit or loss

(in thousands of euros)	30.06.2023		31.12.2022	
	Asset	Liability	Asset	Liability
Bonds	5,012	0	5,480	0
Convertible loan	1,013	0	1,002	0
Equity investments at fair value through profit or loss	1,134	0	1,234	0
Currency pairs	27	10	73	64
CFD derivatives	128	60	136	129
Other derivatives	21	12	8	21
<b>Total</b>	<b>7,335</b>	<b>82</b>	<b>7,933</b>	<b>214</b>

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

### Note 5.

## Loans and receivables

(in thousands of euros)	30.06.2023	31.12.2022
<b>Financial assets</b>		
Settlements with employees	59	36
Loans granted	26,033	31,186
Receivables from group companies	1,353	2,248
Other long-term receivables	1,407	1,163
<b>Total</b>	<b>28,851</b>	<b>34,634</b>

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	30.06.2023 (in thousands of euros)	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivable 30.06.2023	Note
		Up to 1 year	2-5 years					
Loan 1	55	55	0	2%	04.2024	EUR	0	
Loan 2	80	80	0	15%	05.2024	EUR	1	
Loan 3	72	72	0	15%	05.2024	EUR	1	
Loan 4	74	74	0	15%	06.2024	EUR	0	
Loan 5	10,000	10,000	0	3%	12.2023	EUR	149	
Loan 6	4,500	4,500	0	3%	12.2023	EUR	343	
Loan 7	4,700	4,700	0	2%	11.2023	EUR	0	
Loan 8	5,511	5,511	0	2%	12.2023	EUR	0	
Loan 9	41	0	41	8%	07.2026	EUR	2	
Loan 10	1,000	0	1,000	2%	11.2024	EUR	0	
<b>Total</b>	<b>26,033</b>	<b>24,992</b>	<b>1,041</b>				<b>496</b>	<b>14</b>

	31.12.2022 (in thousands of euros)	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivable 31.12.2022	Note
		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	
<b>Total</b>	<b>31,186</b>	<b>30,138</b>	<b>1,048</b>				<b>259</b>	<b>14</b>

## Note 6. Liabilities and prepayments

(in thousands of euros)	30.06.2023	31.12.2022	Note
<b>Financial liabilities</b>			
Liabilities to trade creditors	664	640	
Payables to related parties	922	3,245	14
Interest payable	0	1	
Other accrued expenses	51	58	
<b>Subtotal</b>	<b>1,637</b>	<b>3,944</b>	
<b>Non-financial liabilities</b>			
Payables to employees	237	220	
Taxes payable	178	186	
<b>Subtotal</b>	<b>415</b>	<b>406</b>	
<b>Total</b>	<b>2,052</b>	<b>4,350</b>	

## Note 7. Leases

Since the application of IFRS 16 in 2019, Admiral Markets AS office premises are recognized as a financial lease. The Company used a 2% incremental borrowing rate on the initial application of IFRS 16 on the 1st of January, 2019. In 2020, an interest rate of 2.8% was applied to the new contracts.

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

Office lease liability payments in the future periods as of 30.06.2023 were as follows for the Company:

(in thousands of euros)	30.06.2023	31.12.2022
Short-term office lease liabilities	235	468
Long-term office lease liabilities	2,481	2,481
<b>Total</b>	<b>2,716</b>	<b>2,949</b>

The table below analyses the movement in lease liabilities:

(in thousands of euros)	Lease liabilities
<b>Balance at 01.01.2022</b>	<b>3,375</b>
Adjustments (incl. terminations)	20
Lease payments made during the year	-510
Interest expense	64
<b>Balance at 31.12.2022</b>	<b>2,949</b>
Lease payments made during the year	-261
Interest expense	28
<b>Balance at 30.06.2022</b>	<b>2,716</b>

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

## Note 8. Subordinated debt securities

In 2017 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.

The total number of bondholders at the end of June 2023 was 322. Bondholder structure according to holders' groups as at 30.06.2023 was the following:

- Private persons: 79%
- Legal persons: 21%

In the first half of 2023, 37 transactions in the amount of EUR 32 thousand were made with Admiral Markets AS bonds.

In June 2023, Admiral Markets bought back 4,733 bonds with a nominal value of 473 thousand euros.

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

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)	
<b>Accrued interest on subordinated debts as at 01.01.2022</b>	<b>1</b>
Interest calculated for 2022	151
Paid out during 2022	-151
<b>Accrued interest on subordinated debts as at 31.12.2022</b>	<b>1</b>
Interest calculated for the first 6 months of 2023	73
Paid out during the first 6 months of 2023	-73
<b>Accrued interest on subordinated debts as at 30.06.2023</b>	<b>1</b>

## Note 9. Off-balance sheet assets

Off-balance sheet assets are funds of these clients who use the trading systems mediated by Admiral Markets AS. Because of the specific feature of the system, Admiral Markets AS deposits these funds

in personalized accounts in banks and in other investment companies. The Company does not use client funds in its business operations and accounts for them off-balance sheet.

(in thousands of euros)	30.06.2023	31.12.2022
Bank accounts	264	412
Stock/shares	0	136
<b>Total</b>	<b>264</b>	<b>548</b>

## Note 10. Share capital

(in thousands of euros)	30.06.2023	31.12.2022
Share capital	2,586	2,586
Number of shares (pc)	404,000	404,000
Nominal value of shares	6.4	6.4
Basic earnings per share	-9.69	61.47

Basic and diluted earnings per share are calculated as follows:

	30.06.2023	31.12.2022
Profit attributable to the equity holders of the Company	-3,916	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	-9.69	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 11. 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 interim report.

## Note 12. Net income from trading

(in thousands of euros)	6M 2023	6M 2022
Indices CFD's	8,199	22,388
Forex	7,214	10,975
Commodities CFD's	5,544	7,463
Other (crypto, bonds, ETF, shares, others)	-447	3,073
<b>Gross gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers</b>	<b>20,510</b>	<b>43,899</b>
Commission fee revenue from clients	754	983
Brokerage and commission fee expense	-15,794	-12,603
Other trading activity related income	188	252
<b>Net income from trading</b>	<b>5,658</b>	<b>32,257</b>

## Note 13. Operating expenses

(in thousands of euros)	6M 2023	6M 2022	Note
Marketing expenses	-3,288	-3,484	
IT expenses	-1,469	-1,337	
Other outsourced services	-47	-73	
Bank charges	-23	-16	
VAT expenses	-122	-185	
Rent and utility expenses	-52	-76	
Legal and audit services	-438	-256	
Regulative reporting services	-39	-50	
Transport and communication costs	-161	-72	
Travelling expenses	-66	-62	
Supervision fee of the Financial Supervision Authority	-96	-61	
Miscellaneous office equipment	-73	-33	
Other operating expenses	-192	-459	
Intra-group expense	-250	-402	14
<b>Total operating expenses</b>	<b>-6,316</b>	<b>-6,566</b>	

## Note 14. 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:

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

Mr. Alexander Tikhilov has the ultimate control over the Company.

### Revenue

(in thousands of euros)	Relation	6M 2023	6M 2022
Revenue from brokerage and commission fees*	Companies in the same consolidation Group	20,976	55,769
Services	Companies in the same consolidation Group	195	195
Interest income	Parent company	107	58
Interest income	Companies in the same consolidation Group	283	131
Interest income	Senior management and companies related to them	2	2
<b>Total transactions with related parties</b>		<b>21,563</b>	<b>56,155</b>

\* 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).

## Expenses

(in thousands of euros)	Relation	6M 2023	6M 2022	Note
Commission fees	Companies in the same consolidation Group	-15,380	-12,300	
Services	Parent company	-250	-237	13
Services	Companies in the same consolidation Group	0	-165	13
<b>Total transactions with related parties</b>		<b>-15,630</b>	<b>-12,702</b>	

## Loans and receivables

(in thousands of euros)	30.06.2023	31.12.2022	Note
Loans to parent company	11,211	11,106	
Loans to other companies in the same consolidation Group	15,471	21,592	
Loans to senior management and companies related to them	40	103	
Receivables from parent company	0	44	
Receivables from other companies in the same consolidation Group	1,887	2,504	
Receivables from senior management and companies related to them	46	37	
<b>Total receivables from related parties</b>	<b>28,655</b>	<b>35,386</b>	<b>4, 5</b>

## Payables

(in thousands of euros)	30.06.2023	31.12.2022	Note
Payables to other companies in the same consolidation Group	124	146	
Payables to key management and companies related to them	798	3,099	
<b>Total receivables from related parties</b>	<b>922</b>	<b>3,245</b>	<b>6</b>

In the first six months of 2023, the remuneration of the management, including social security taxes, totaled EUR 195 thousand (6 months 2022: EUR 214 thousand).

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