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2022 Annual Report

Admiral Markets AS

(Translation of the Estonian original)

Admiral Markets AS

Annual Report 2022

Commercial Registry no.	10932555
Address	Maakri 19/1, Tallinn, 10145
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E-mail	info@admiralmarkets.com
Main area of activity	Investment services
Activity licence 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.
Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300111251/reports

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Your trustful financial partner all the way

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Highlights 2022

• Company net trading income was 44.3 EUR million (2021: EUR 20.5 million and 2020: EUR 47.1 million)
• EBITDA* was 25.9 EUR million (2021: EUR 2.5 million and 2020: EUR 21.6 million)
• EBITDA margin was 59% (2021: 12% and 2020: 46%)
• Net profit was 24.8 EUR million (2021: EUR 0.9 million and 2020: EUR 20.3 million)
• Net profit margin was 56% (2021: 4% and 2020: 43%)
• Cost to income ratio was 48% (2021: 109% and 2020: 56%)
• The number of active clients** in Group increased by 13% to 55,242 clients compared to the period 2021 and increased by 14% compared to same period during 2020 (2021: 49,080, 2020: 48,341 active clients)
• The number of active accounts*** in Group increased by 11% to 70,346 accounts compared to the same period of 2021 and increased by 12% compared to same period during 2020 (2021: 63,231 and 2020: 62,854)
• The number of new applications in Group went up by 22% to 151,116 applications compared to same period of 2021 and up by 61% compared to same period 2020 (2021: 123,714 and 2020: 93,703 new applications)

Due to the high volatility in financial markets during 2022, we witnessed a significant improvement in the Company's overall results.

Net profit increased by
2656%

Active clients increased by
13%

EBITDA increased by
936%

Active accounts increased by
11%

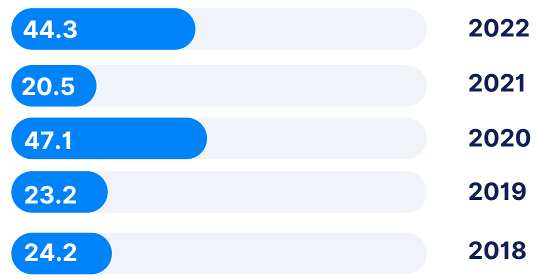
Net trading income increased by
116%

New applications increased by
22%

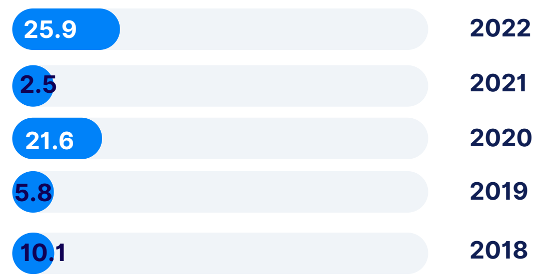
New accounts increased by
21%

*Earnings before interest, taxes, depreciation and amortisation.
**Active clients represent clients who traded at least once in the respective half of the year.
***Active accounts represent accounts where via which at least one trade hads been concluded within in the respective year.

Net trading income 44.3 EUR million

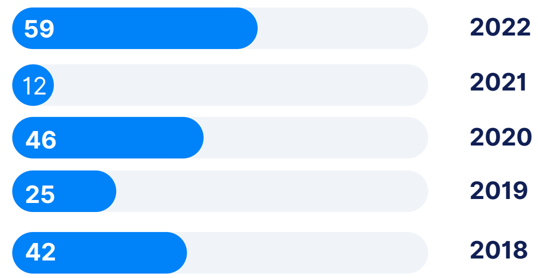


EBITDA* EUR 25.9 EUR million

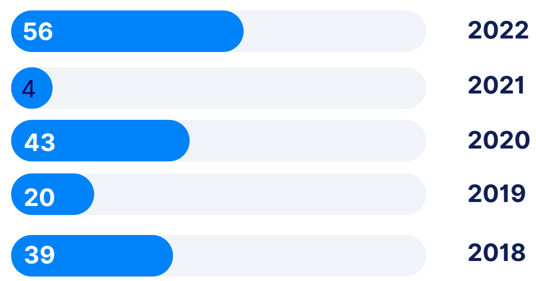


Net profit 24.8 EUR million

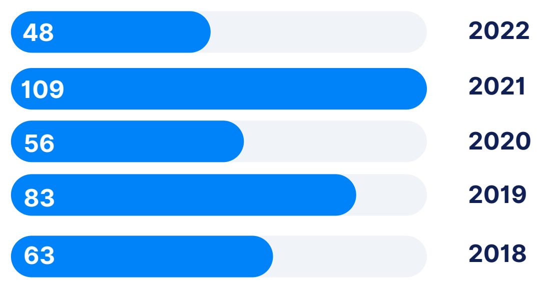
EBITDA margin 59%



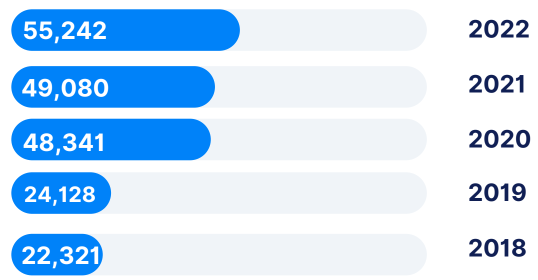
Net profit margin 56%



Cost to income ratio 48%



Active clients** 55,242



To the investors of Admirals

Dear Investors

As a global FinTech Company, Admirals have always stood for the values that connect people and cultures across the globe. Financial freedom is one of the primary objectives of humankind, and we believe that this should be within reach for everybody. This is how Admirals are striving to pave the way forward.

Our vision is to be the global pioneer in financial inclusion that allows people to access effortless, affordable, and secure financial products and services through an ecosystem that caters to their needs. This vision does not only speak about the future but describes today's simultaneous development and execution of a strong strategy as a global player. We are fast, flexible, and courageous.

I am proud to say that in terms of business, 2022 has been an exceptional year for Admirals. Amid uncertain times, Admirals set a profit record for operation. The net income of Admiral Markets AS was 44.3 million euros (2021: 20.5 million euros), and the net profit of the Company was 24.8 million euros (2021: 0.9 million euros).

At the same time, we have established a powerful cross-cultural team operating from 18 different countries across the globe. We are a global company with a local focus, trusted by customers across all continents, and our ambition is to expand and strive for more. We aim to ensure that Admirals offers existing and future customers the best combination of products and services across all territories and channels.

The strong results of 2022 have set the tone towards a strong starting point for the future. We are focused on continuous investment in our people. As a purpose-driven company, we are developing our positive workspace and further establishing an inclusive, diverse community where everybody can experience a true sense of belonging.

We expanded our global presence to South Africa and Canada. The results from Jordan were also phenomenal, exceeding our most positive expectations regarding the onboarding people who are striving towards financial freedom. These profound landmarks are proof of our strong leadership and vision.

One of the milestones contributing towards our success is our mobile app, which is a unique, secure, and customer-friendly tool to navigate the vast world of finance in 10 different languages. Our newly launched in-house native trading and investing platform will define the future of our success.

The past years have shaken the values, processes, and setups in every aspect of our daily lives. 2022 has shown that togetherness, bold decisions, and a constant appetite for more will bring the results that define true leadership.

Our business is back to full scale as we were in the pre-pandemic times, and our strong talent pool is comfortable with the hybrid way of working. We are highly focused on developing IT and infrastructure, ensuring that all R&D investments provide us with tools for further growth. We keep pace with the ongoing integration of AI possibilities and the development of machine learning that will maintain our high performance and allow us to succeed on a whole new level. Our systems are trouble-proof and are functioning securely and to the highest possible standards.

Contributing meaningfully to society is one of the key cornerstones of our business. We think about the environment, actions, and influence that we can create as global leaders. We always emphasised the importance of sharing our success with organisations and initiatives that need our support. We continue our cooperation with Estonian culture, sports, nature and educational organisations, as such projects are a humble way of giving back and creating meaningful purpose towards society.

I am incredibly proud of our cooperation and appreciate the confidence you have shown towards Admirals. We have an ambitious plan and are confident that we are going to achieve the desired results. In a constantly changing world, we are staying committed to empowering the FinTech community.

Sergei Bogatenkov
CEO and Chairman of the Management Board

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 (previous business name Admiral Markets Pty Ltd), Admiral Markets Cyprus Ltd, Admiral Markets AS/ Jordan LLC, Admirals SA (PTY) LTD, Admiral Markets Canada Ltd., Admirals KE Limited, and Admirals SC Ltd (previous business name Aglobe Investments Ltd).

Companies belonging to the Group have nine 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, and the Financial Services Authority (FSA) for the Seychelles. No business activities have been conducted yet in Kenya and Canada. In 2022, Admiral Markets Cyprus and Admirals South Africa jointly entered into a takeover agreement of Admirals SC Ltd, incorporated in the Republic of Seychelles and licensed as a securities dealer by the Seychelles Financial Services Authority.

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, 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, 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. Gateway2am OÜ, Admiral Markets Canada Ltd, PT Admirals Invest Indonesia LLC, Admiral Markets France SAS, Admiral Markets Espana SL, Runa Ukraine LLC, Admirals Digital and Admirals KE Limited are inactive at the moment.

Admirals Group AS Structure

The structure of Admirals Group AS, the parent company of Admiral Markets AS at the time of publishing this report:

Admirals Group AS owns 100% of shares of all its subsidiaries, except for AMTS Solutions OÜ, where Admirals Group AS has 62% ownership.

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

Awards

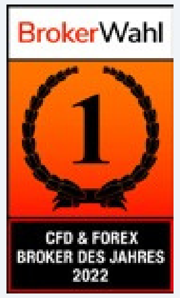
Over the years, Admirals has been an outstanding quality market leader, rewarded by various organisations. Not only do those awards speak volumes about Admirals' achievements, but they also differentiate the company from its competitors and contribute towards a positive company culture.

In 2022, Admirals received the following awards in the industry.

- Forex and CFDs Broker of the Year 2022 by Brokerwahl
- TOP CFD Broker by German Customer Institute (DKI)
- Best Value Broker by Jordan Financial Expo
- The Best Broker by Traders' Magazine
- The best education by Traders' Magazine
- Best Financial analyst by Traders' Magazine
- Best broker by Area de Inversion

Germany

Deutsches Kundeninstitut "BEST CFD Broker" 2022



BrokerWahl
"Forex & CFD Broker" 1st Place 2022

Jordan

JFI Award, Jordan Financial Expo "Best Value Broker" 2022

Spain

TRADERS'
"Best Broker" 2022

TRADERS'
"Best Education" 2022

Área de Inversión
"Best Broker" 2022

TRADERS'
"Best Financial Analyst" 2022

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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. The 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 of the 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, however, 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 such as Stocks, Exchange-traded funds, Futures, Bonds, and options. This inherent multi-asset support offered an opportunity for Admirals to engage with new market segments, to reach a broader group of traders, and to 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 service providers who also rely upon 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 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 market in addition to listed instruments. Our clients can choose from a wide range of trading instruments.

We offer approximately 3,700 products which includes: 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 dedication to providing access to a 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.

Admirals has a vision and a mission, which is to unite people together within one powerful financial hub.

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 on making financial education accessible, and over the past 20 years, we have supported countless amounts of people, by providing them with the opportunity to improve their knowledge of financial literacy.

Our Clients

Being a global FinTech hub with a local approach, Admirals aims to provide financial freedom to 10 million people by 2030. This is the benchmark of our strategy. To achieve the desired result, we are expanding our client base and are targeting new client segments.

As education has been one of the cornerstones of our existence, we are focusing on simplifying the process of investing and trading, by offering access to financial education and entry to the financial markets through customer-friendly digital tools that enable us to be present from everywhere and at any time. As a result, this allows us to provide a convenient, on-the-go trading experience for our clients.

The quality of any product or service weighs heavily on our client's satisfaction. For this reason, we are diligent about the quality of our customer service. We focus on improving the general trading skills knowledge of our existing clients and on offering training to new enthusiasts.

We are continuously providing live webinars to our clients. Here, we cover the ABCs of trading and also offer our clients the opportunity to freely explore risk-free trading possibilities with trading instruments, using free demo accounts. Moreover, for the majority of clients, wed remain to be their primary trading provider, as the company supports a wide range of different trading-related services that cater to the needs of all clients.

Our goal is to expand our client base even further to reach new customers. Since the launch of our Mobile App, we are continuously making improvements to its features, applying the regular feedback us from our clients. We have also added a Native Trading solution to our portfolio and have enhanced Copy Trading with more professionals to follow on one's journey in the financial world.

We wish to demolish the boundaries that have kept people from entering the financial markets and improving their knowledge of financial literacy.

Our People

The primary aim for Admirals, is to create an enjoyable place of work for the present and future. We place a great deal of importance on the general sense of well-being of our employees and the everyday experience of Admirals located across the globe.

The main keywords regarding the Admirals' team in 2022 were engagement, communication, collaboration, recognition, adaption, and development of our global talents. Our focus was on reviewing our pre-existing policies and launching new policies to provide more transparency on collaboration principles within the company. The new policies include the introduction of a code of conduct and remote working policies, as well as reviews and updates of our office security policies. We integrated capacious data collection, analysis, and prediction into our workflows, all of which contributed to enhancing the Admirals' teams experience. Three new Admirals' hubs were launched in Batumi (Georgia), Limassol (Cyprus), and Cape Town (South Africa) contributing to the global expansion of the company.

At the end of 2022, Admiral Markets AS had 92 employees (2021: 105 employees).

Admirals also continued its efforts regarding onboarding automation to streamline the process of new talent adaptation. The efforts resulted in an average satisfaction rate with onboarding of 94.07%.

In 2022, Admirals transformed the annual survey into a continuous engagement, where it became a management health check conducted through quarterly engagement surveys. A new tool was also introduced to gain an insight into people's levels of motivation and work-related challenges. In turn this would provide HR and the management with a clear insight of the overall situation, which could be reviewed during bi-weekly check-in meetings.
Admirals is a borderless talent pool, meaning we unite people from different cultural backgrounds, expertise, and locations into one powerful team.

Communication and collaboration are the keywords that define our understanding of togetherness. To achieve that, the Company relaunched the monthly HR newsletter in an updated format with a high satisfaction rate to keep everyone up to date with changes and to bring people closer together. In 2022, Admirals introduced a hybrid work model, meaning that employees were given the flexibility to work 3 days from the office and 2 days remotely.

Development & Recognition of Our People

Being recognised by the Company's leadership and other team members is a meaningful experience for employees and is one of the biggest motivators that contributes towards achieving success within the workplace. For this reason, Admirals promotes a culture of offering constructive feedback and encouragement to their talents on a regular basis.
The Company introduced the kudos functionality to recognise efforts of employees and to further enhance the culture of recognition.

The Financial Essentials training program for the development of industry knowledge in finance was distributed and in addition to this, the Admirals' internship program was launched. We offered students and young professionals the experience to work within a global team, gain valuable professional knowledge, and the opportunity to develop their skills.

We aligned and organised our events globally to foster the team spirit. Examples of these events include Children's Day, Knowledge Day, and Summer Day. As the Company is determined to support the well-being of its people, Healthy Week was launched across Admirals' hubs to promote a healthy lifestyle and sense of well-being amongst employees.

We are grateful for the hard work, contributions, and efforts to maintain the sense of togetherness for our people and look forward to 2023.

Key Events in 2022

Admiral Markets AS values togetherness and this is carried out in our CSR (Corporate Social Responsibility) initiatives and various sponsorship collaboration projects.

Gestures of Goodwill & Corporate Social Responsibility

The past years have produced extraordinary results for the company, where many changes have been implemented, concerning the business environment, working conditions and health and wellbeing of our employees, which has contributed to the successful outcomes. Our understanding of safety and humanity has evolved. We have had to discover and implement new ways to support our customers, and partners and to respond rapidly to the changing nature of the business and customer experience within the FinTech industry. However, Admirals, have been operative and flexible. We have remained strong as a team and have proved that in the spirit of togetherness, everything is possible.

Over the last few years, there have been several health-related topics that have become prominent issues within modern society. Mental health is a serious and urgent matter that needs our attention today more than ever and has encouraged us to reconsider our personal sense of wellbeing, and that of our loved ones.

Admirals has always offered its support towards organisations, people, and initiatives that stand for the higher values of humanity. We believe that supporting such causes should be the mission of companies that have achieved success. It is a great honour to share some of the partnerships we entered into during 2022.

FCI Levadia

Sports plays a crucial role in unifying a society. Admirals continues to contribute to the success of Estonian sports via the sponsorship of Estonian football champion - FCI Levadia.

Language Studies

Admirals is showing solidarity with those who require assistance and support. We provided financial aid to Ukraine and made our Tallinn headquarters available for language studies for individuals who have been displaced and are seeking refuge away from Ukraine.

Eesti Kontsert

Admirals continued cooperation with Eesti Kontsert, the most well-established cultural organisation and promoter of Estonian music and culture. We believe that music plays a significant role in promoting an enhanced state of mental wellbeing, thus, we encourage our employees to attend concerts and music events organised by Eesti Kontsert.

Board Game

In 2022, Admirals introduced Estonia's first children's money wisdom board game "Compass of Money Wisdom". Created as a charity project, it is primarily intended for 1st and 2nd-grade students. The game was designed to equip students with an initial understanding of financial literacy skills.

The game was created in cooperation between the Ministry of Finance, Admirals, and ALPA Kids and was donated to 32 schools across Estonia as a pilot project. This year, there will be an upgrade for the "Compass of Money Wisdom" board game and more games will be distributed across Estonian schools.

Youth Chess Competition

Admirals hosted a Youth Chess Competition in its headquarters in Tallinn for young people and chess players between the ages of 14-18 years. The aim of the event was to contribute to the overall success and popularity of chess. A popular TV host and scientist Aigar Vaigu gave an opening speech at the event, sharing with participants how the ability to play chess and think accordingly affects everyday life. He encouraged young chess players to develop their chess-playing abilities and strive for excellence in whatever they do, adding that the ability to play chess also affects the understanding of financial and FinTech world.

Children’s and Youth’s Money Wisdom Day

The Children’s and Youth’s Money Wisdom Day took place in cooperation with VIVITA, Admirals, non-profit organisation “Mängides Targaks”, and the Ministry of Finance.

Chess Olympics

Admirals supported the Estonian national teams participating in the Chess Olympics, which took place in India, Chennai.

2022 Overview

2022 was another significant year for Admirals’ 2030 vision to provide financial freedom to 10 million people. Last year, Admirals made significant advancements in product and IT development and invested heavily in technology and infrastructure. Additionally, the Company placed a strong emphasis on sustainability and environmental, social, and governance (ESG) initiatives, and continued to build a talented global team. The company's goal is to expand its product and service offerings to provide more opportunities for clients.

Fractional Shares

In 2022, Admirals announced Fractional Shares under the product category – Invest. Fractional shares act as a key to a diversified portfolio — as the client gets to choose how much, or how little, of each share to buy. Admirals’ clients can invest in their favourite stocks at just a fraction of the price of the share using fractional shares. The stocks available are the constituent members of leading indices. It’s an easy way of investing in blue chip stocks such as S&P500, NASDAQ, DAX40 and other global indices.

Crypto Expansion

Furthermore, to meet the expectations of the ever-changing trading landscape, we also expanded our range of cryptocurrency products. Admirals announced a new, and exciting service, where clients can buy, hold, and sell cryptocurrencies directly from their Wallet.

Native Trading and Investing

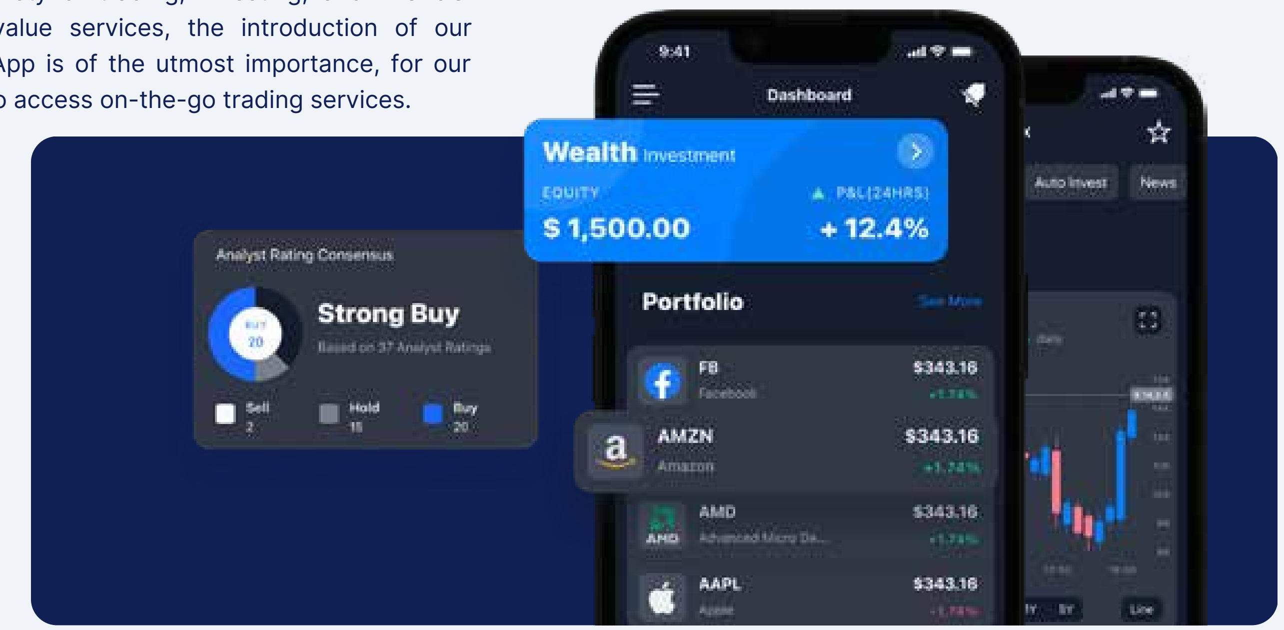
Native Trading and Investing were one of the future-defining products launched by Admirals in 2022. The main goal was to provide clients with a clear and intuitive interface for trading and investing from their browser. This was achieved by combining our existing trading technologies with a new and improved intuitive UX. This product is available online, meaning there is no need to download any app or specific software. However, it's much more than simply creating a "web trading interface". It features the redesign of the dashboard, where the focus shifts from Metatrader settings to a client-centric dashboard. This dashboard offers an overview of our products, special offers, and clients financials, which has been made available through simple navigation and well-thought UX.

Further developments to our Mobile App

Since we strive to become a financial hub for a wide variety of trading, investing, and financial added value services, the introduction of our Mobile App is of the utmost importance, for our clients to access on-the-go trading services.

The Company contributed further to the development of the Mobile App, with focus on the retail customer. In the past, Admirals placed an initial focus on experienced traders. However, with our strategy and the 2030 vision, our horizons have expanded, and we are now including beginner level traders, which aligns with the objective to provide financial freedom to 10 million people. To enable this, the Group offers simple products and services, supported by a premium customer experience, backed by modern technology. One may start their financial journey by just purchasing stocks with Admirals, so the Group therefore focuses on providing educational resources centred around financial literacy and the tools required to enter the financial markets, bringing together all the necessary means to build a reputable financial hub.

Adding Fractional Shares into the Mobile App is a noteworthy benchmark for 2022. It is a very successful feature and 50% of our clients engage with it daily. We have also started the process of redesigning our app, making it even more user-friendly and intuitive.



IT Developments

IT plays a crucial role in the success of Admirals, as it enables us to offer innovative and high-level financial services to our customers and partners. Information technology drives innovation which results in business success.

Over the years, Admirals has always emphasised the importance of high-performance systems and digital maturity, as companies that make effective use of IT can gain a competitive advantage over their rivals. The results will provide improved efficiency, customer responsiveness, and enhanced agility within the marketplace.

Admirals has continued with large-scale investments into the development of IT to maintain its high levels of performance and digital maturity. Many outstanding success stories evolved along the ambitious journey that aims to enable 10 million people to experience financial freedom by 2030.

A great deal of effort and dedication was contributed towards expanding the use of acquired technologies in our new data centres. The most important keywords regarding IT in 2022 were IT security and risk management-related activities due to an increase in cyber threats across the globe.

Additionally, client communication solutions were enhanced by bringing new technological service providers into the mix. The existing solutions allowed us to reduce costs and improve the quality and business continuity within the company.

We transformed the VOIP infrastructure, which was enhanced by migrating to one of the largest VOIP cloud providers in the world. Admirals' systems now have a status page admirals.statuspage.io, which means that now the Company's clients can see if any incidents have occurred, and they can be informed about the status.

New Services

2022 marked a new era for the global expansion of Admirals because the Group announced its presence in Africa. Establishing its first hub in South Africa, the step signifies the conclusion of one of the key milestones in the company's 10-year vision, which is to provide financial freedom to 10 million people by 2030. Admirals is becoming a global financial hub, which is not only providing smart financial solutions to its clients but is enabling access to the global financial markets from everywhere and at any time.

At the end of 2022, Admirals was granted licensing to operate in Africa as the Capital Markets Authority (CMA) has licenced Admirals Kenya Limited as a non-dealing online forex trading broker under the Capital Markets Regulations. Admirals hopes that this license shall enhance further growth within Africa and grant access to a stringently regulated market.

Furthermore in 2022, Admiral Markets Canada Limited became a registered investment dealer and member of the Investment Industry Regulatory Organisation of Canada (IIROC). As a result, Admirals has acquired its first license in North America. The aim of this license is to provide execution-only services in Contracts-For-Difference (CFDs) to clients in Ontario and British Columbia at this first stage with a plan to increase the scope of the Admirals' activities in Canada over the coming year. Admirals is reviewing the ways in which the local market responds to the product offering and what unique selling points the Company can provide, by differentiating itself from the more traditional offerings which currently exist in Canada.

Cape Town office

Marketing

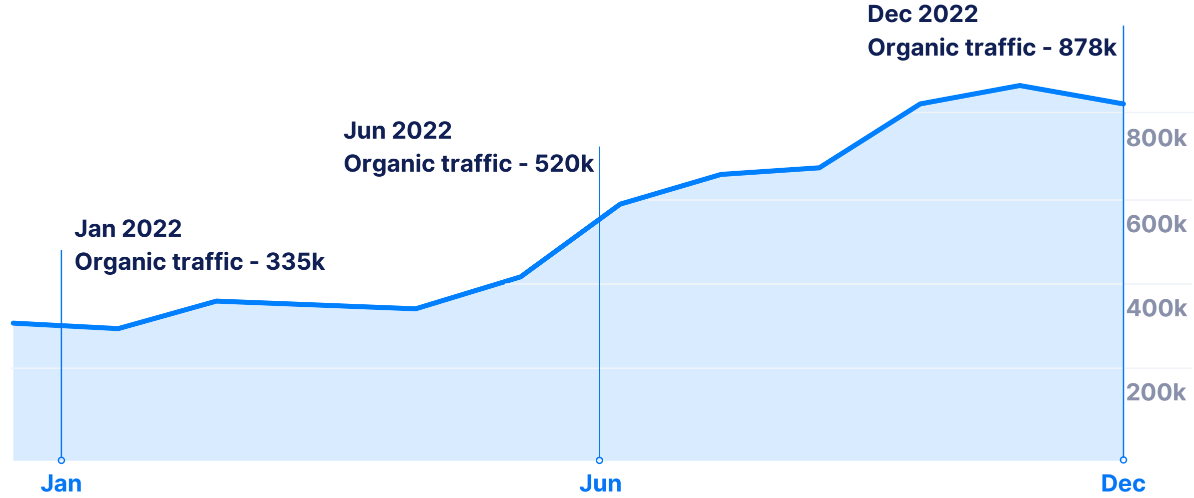
Marketing is an important aspect of any business. Essential for identifying and meeting customer needs, promoting products and services, building brand identity, generating leads, and creating a competitive advantage, which ultimately contributes towards Admirals continuous growth and success.

As marketing requires businesses to adapt to new technologies, channels, and trends to stay competitive, we hereby focus on the most important keywords of 2022.

Search Engine Optimisation (SEO)

In 2022, the importance and use of SEO skyrocketed, helping to increase visibility, drive targeted traffic, establish brand credibility, improve user experience, and stay ahead of the competition, all while remaining cost-effective.

2022 has been a challenging year for SEO as our niche competition is quite high. Due to the excellent work of our team, the impact on our traffic and rankings was positive. We had an increase of 70% in organic traffic in 2022.



Social

The year was significant in terms of visibility and engagement in social media.

- We appeared in front of over 50M people globally via Social Media platforms, which was twice our target.
- We reached an engagement rate of up to 25% on the hottest platform - TikTok.
- We expanded our segment to newbies & Gen-Z providing approachable & relatable content.
- We followed the trends & met people on their own turf - Instagram Reels, TikTok, YouTube Shorts.

Performance Marketing

In 2022 we increased the number of users reaching our website by 180% by diversifying channels used in our paid acquisition mix. We distributed our mobile app offerings to both the Apple store and Google Play store. In 2022, the company experienced an increase in the number of users visiting its website by 180%. This was achieved by diversifying the combination of acquisition channels. In addition to this, the mobile app and its offerings were distributed across the Apple and Google Play app stores.

We also boosted our Display campaigns, starting with Performance Max campaigns, and engaged users across different devices and social platforms, such as Facebook, Google, LinkedIn, and Apps.

Education

As education has always remained at the foundation of our strategy, as well as the approach towards financial freedom, many improvements were instigated by remaining true to this logic.

Admirals launched monthly online events with Dr. Alexander Elder who is one of the most influential people in the financial sector. He is a professional trader and author of the best-selling trading book '**The New Trading for a Living'.**

To provide market updates, we launched daily sessions with Admirals' analysts and launched a series of educational resources covering the different levels of knowledge for traders and investors. We currently offer educational courses in 15 different languages. During 2022, over 80,000 traders and investors participated in our courses, webinars, and seminars.

43,000
Unique users in webinars / seminars funnel

39,000
Registrations for online courses

Marketing Automations

We improved user segmentation capabilities by utilising AI-powered marketing automation tools enabling us to build better user profiling and targeting. As a result, we saw a considerable increase in user engagement and conversion rates.

The total number of engaged contacts throughout the year:

931,996 (almost 50%)
Open to interacted rate 4.8%
Clicked to interacted rate 57%
We reached a total of 20,000 subscribers for push notifications since we started growing our list in June.

The future of marketing is likely to involve a greater emphasis on personalisation and the use of data and technology to target and engage consumers. This may include the use of artificial intelligence, virtual and augmented reality, and other innovative technologies to create more immersive and interactive marketing experiences. Additionally, there is likely to be an increased focus on creating authentic and meaningful connections with consumers through social responsibility and sustainability initiatives. Admirals are keen on keeping up and even getting ahead of the trends in 2023.

Environmental, Social and Governance

Commitment towards people and environment around us

"In every action we take, whether is it business oriented or driven by the desire to respond towards the environmental, social, and governmental changes around us, we must always act in the spirit of togetherness. By working together, we can achieve more. At Admirals, we observe the environmental changes around as with great concern. We need to act now and together, stronger than ever,"

Sergei Bogatenkov, CEO and Chairman of the Management Board Admiral Markets AS.

We continue to position ourselves as leaders when fulfilling our commitment to Environmental, Social, and corporate Governance principles 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 a 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

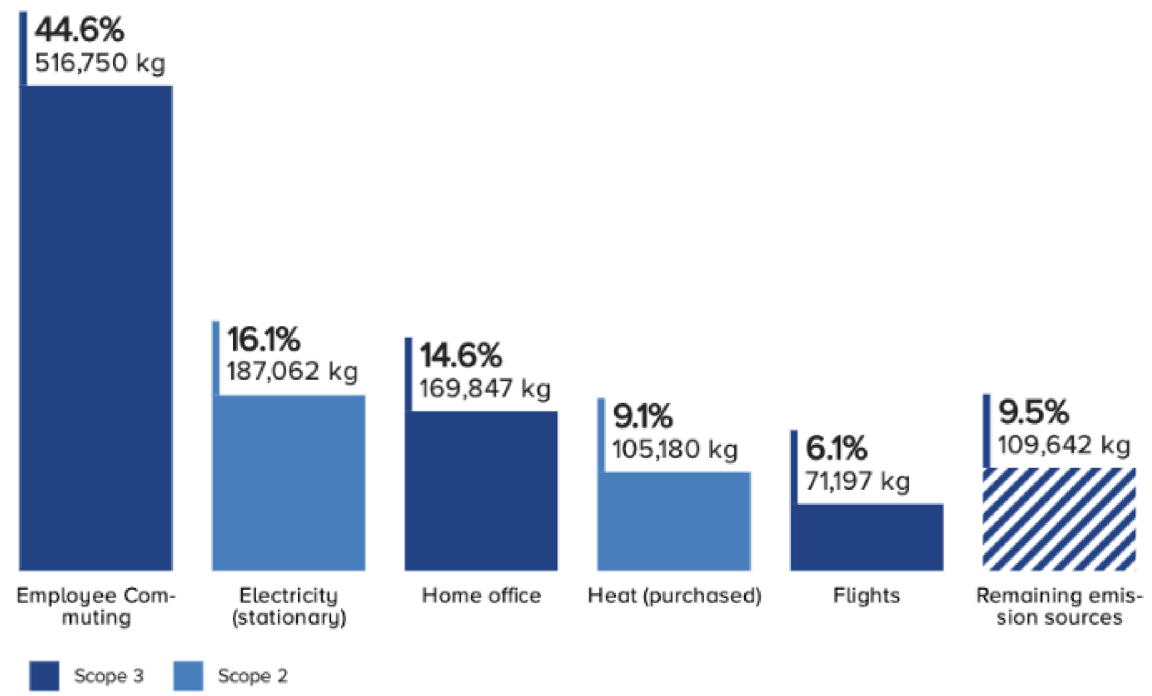
This is the result of the calculation for the Group's business activities.

Overall results: 1,159,678.41 kg CO_2

The emissions correspond to the carbon footprint of 133 Europeans. One person in Europe emits an average of 8.7 t of CO_2 per year.

CO_2 emissions were calculated using the Group’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.

The largest CO_2 emission sources



February 2023 Corporate Carbon Footprint 2022 - Admirals Group AS 7

CCF Results Table: Admirals Group AS

Total results for the group **Corporate Carbon Footprint 2022**

Emission sources	kg CO_2	%
Scope 1	**0.00**	**0.0**
Direct emissions from company facilities	0.00	0.0
Heat (self-generated)	0.00	0.0
Scope 2	**292,241.98**	**25.2**
Purchased electricity for own use [3]	187,062.03	16.1
Electricity (stationary)	187,062.03	16.1
Purchased heating, steam, and cooling for own use	105,179.95	9.1
Heat (purchased)	105,179.95	9.1
Scope 3	**867,436.43**	**74.8**
Employee commuting	686,597.50	59.2
Employee Commuting	516,750.04	44.6
Home office	169,847.46	14.6
Fuel- and energy-related activities	81,420.01	7.0
Upstream emissions electricity	63,417.54	5.5
Upstream emissions heat	18,002.47	1.6
Business travel	71,954.87	6.2
Flights	71,197.40	6.1
Rental and private vehicles	757.47	0.1
Purchased goods and services	27,464.04	2.4
Electronic devices	26,577.15	2.3
Office paper	403.31	0.0
Water	370.04	0.0
Print products	113.54	0.0
Overall results	**1,159,678.41**	**100.0**

Our initiatives

Environmental

“No challenge – no challenge – poses a greater threat to future generations than climate change,”

President Barack Obama.

With 161 votes in favour and eight abstentions, the UN General Assembly adopted a historic resolution in 2022, declaring access to a clean, healthy, and sustainable environment, a universal human right.

The UN Secretary-General, António Guterres, welcomed the ‘historic’ decision and said the landmark development demonstrates that Member States can align in the collective fight against the triple planetary crisis of climate change, biodiversity loss, and pollution.

Admirals fully support the UN resolution declaring access to a clean, healthy, and sustainable environment, which is a universal human right, contributing to the fulfillment of the goal by supporting global projects.

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.

Forest protection in Colombia, Mataven.

As the biggest REDD+ Project in Colombia this initiative protects 1,150,200 hectares of tropical forests, safeguarding its biodiversity. It provides education, healthcare, sanitation, food security, nutrition, and further social benefits for 16,000 indigenous people. The project works hand-in-hand with the communities to constantly inform and train them, improve living conditions and promote sustainable economic growth.

Climate Partner: https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1288/en

Wind energy in Tuppadahalli, India.

Clean power generation through wind turbines. This is just one of the many benefits of the project in the southern Indian state of Karnataka. Several small wind farms in the districts of Shimoga and Chitradurga generate clean electricity with a total of 34 turbines and a total capacity of 56 MW, which is fed into the Indian grid. The low-emission technology thus contributes to the reduction of greenhouse gases. At the same time, the project secures the energy supply in regions that previously had no constant access to electricity.

Climate Partner 2023: https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1258/en.

Forest protection in Rimba Raya, Indonesia.

The Rimba Raya Biodiversity Reserve is home to some of the last remaining endangered Bornean orangutans and acts as a buffer zone between oil palm plantations and the Tanjung Puting National Park. The area offers ideal habitat to several animal and plant species, including probosci's monkeys and sun bears. Ecosystem health is promoted through the reforestation of degraded areas, while the community is supported through activities that include the supply of individual water filters, water purification systems, fire management, solar lighting, libraries, scholarships, micro-enterprises, and a floating clinic that delivers health services to the most remote areas, where some people have never had access to medical care.

ClimatePartner, 2022 https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1064/en

Worldwide Carbon offset & Ocean Protection.

Every tonne of CO2 offset enables the Plastic Bank initiative to stop 10 kg of plastic waste from entering the ocean.

Climate Partner, 2022
https://fpm.climatepartner.com/tracking/project/16570-2108-1001/1087/en

Climate Action through clean drinking water in Sierra Leone.Climate action through clean drinking water

Sierra Leone is a largely rural country where households typically use wood fuel on inefficient three-stone fires to purify their drinking, cleaning, and washing water. This process results in the release of greenhouse gas emissions from the combustion of wood – however, these emissions can be avoided by using efficient borehole technology that does not require fuel to supply clean water. The supported project is helping communities in the Kono region to restore 57 wells. In cooperation with the local population, damaged wells are repaired and regularly maintained, which secures the regional water supply.

The availability of clean drinking water eliminates the need to boil water, saving an average of 10,000 tonnes of CO_2 emissions per year. Thus, it not only contributes to climate action but also impacts gender equality. Girls and women are particularly affected by poor water conditions due to the responsibility of household water supply. Providing clean water through boreholes reduces their time spent collecting water and firewood, which can now be used for education or additional income.

Climate Partner 2022: https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1353/en

Clean Drinking Water in India.

In India, more than two million children die from cholera or typhoid fever each year. Such diseases are spread mainly through drinking water. But only 32 percent of households in India have access to treated water. Many of them must make do with boiling their water over an open fire. In turn, the smoke resulting from this causes diseases in the respiratory tract or eye infections. Due to the high consumption of firewood, the region is increasingly being deforested.

A simple and affordable supply of safe drinking water can do a lot here. That is why this project organises the chemical treatment of water using chlorine. The chloride solution is made on-site, and the water is conveniently available in small village shops or delivered to people's homes.

Climate Partner 2022
https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1078/en

Carbon Offset & Tree Planting.

This is an international carbon offset project combined with additional regional commitment. For every tonne of CO_2 offset, an additional tree is planted in Germany and can thus contribute to our forests adapting to climate change.

ClimatePartner 2022
https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1111/en

Wild Energy fosters community benefits in South Africa.

Close to the town of De Aar in South Africa, 96 wind turbines have been producing an average of 439,600 MWh of electricity per year since 2017, which is being fed into the South African grid.
The aim of the project is to harness the region's wind energy potential to balance its energy needs in a sustainable wayin a sustainable way.

Climate Partner 2023: https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1387/en

We have the following goals to continue our progress regarding environmental initiatives in our global team:

- Expand our ESG-related products & investments to our clients.
- Increase the percentage of renewable energy usage.
- Involve employees with ESG and professional training.
- Reducing our emissions in line with a 1.5°C future.
- Establishing further waste recycling processes at our global offices.
- Engaging with local communities.
- Inspiring communities (lead by example) for sustainable actions.

To be successful, the full commitment of stakeholders, including investors, employees, customers, and regulators must be aligned. We must all strive for a common goal.

Social

"Admirals has always stood for the values that promote personal and societal growth. For the values that inspire, encourage and unite us as a community and as individuals,"

Sergei Bogatenkov, CEO and Chairman of the Management Board Admiral Markets AS

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

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

Admirals is the sponsor of kood/Jõhvi, a coding school in Estonia, which helps adults of any age to maximise self-development and advance in a coding-focused career.
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.

Admirals remains the main sponsor of Eesti Kontsert, a high-level music and event organiser. We also sponsor improved 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 aims to become an industry leader responsibly and consciously. We believe that since 46% of our colleagues are women, it creates an equal working environment, and we will ensure that we will get better and better with all the ESG goals that are in place for our future. Our actions not only impact the environment we live in, but each and every member of our community.

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

"Our goal for 2030 is to be the global pioneer in financial inclusion to empower 10 million individuals worldwide to achieve financial freedom by providing education, effortless and secure access to financial products through an ecosystem that meets people's life-long needs,"

Sergei Bogatenkov, CEO and Chairman of the Management Board of Admiral Markets AS.

Admirals is one of the world's leading FinTech companies—a neobroker which operates in the digital space. We were among the first online trading platforms when we started our business 20 years ago. At the same time, today, we have evolved into a financial hub, making personal finance transparent, effortless and accessible to everyone and everywhere.

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 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 licences 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 & The Impact on our Future

Admirals is highly dedicated to providing financial freedom to 10 million people by 2030. To achieve the long-term goal, the Company is navigating through the unfolding trends related to business and taking them into careful consideration. Understanding and analysing these factors helps to manage operating risks. Hereby we describe the key takeaways regarding this matter.

• Geopolitics and transformation of Power

2022 ruptured the sense of security for everyone in Europe, and throughout the rest of the world. The war in Ukraine has had a vast influence on the economy and energy. At the same time, other major instabilities in the world may impact the future of the financial sector.

For example, the Group has made significant expansion in Africa, obtaining licenses in South Africa and Kenya. Ongoing conflicts across Africa may cause insecurities and market movements in the region. We are carefully monitoring the geopolitical crisis in Taiwan which has implications for the future of the global world order. The relations between the United States (US) and China will be shaping the world order.

• Economic Crisis

The IMF has described the ongoing situation in economics in their Annual Report of 2022 as "a crisis upon crisis". Geopolitical and social tensions have reached a new chapter, while inflation and interest rates have risen sharply. The economy has tightened, and this will also affect the future of investing and trading.

Therefore, in the global situation of the economy, people's priorities and behaviour patterns have changed. Taking into consideration Maslow's Hierarchy of Needs, basic needs are more prevalent than before. Google trends imply that people thought much less about their investments in 2022 than before. Planning horizon in economics will become one of the keywords to affect the future.

• Acceleration of digital transformation

We are witnessing the ever-increasing demand for mobile and technical developments to ensure business success today and in the future. AI will have an enormous impact on humanity and the economy. We are following the triumph of digital revolution and the client behaviour towards digitalisation with the utmost attention.

We must also take the level of marketing expenditure and the effectiveness of marketing in attracting new clients into consideration as one of the trends to influence the industry. We must also track marketing expenditure and the effectiveness of the various marketing campaigns regarding the onboarding of new clients and influential trends within the current market.

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

The Economic Environment

Significant Global Events in 2022

- Russia invades Ukraine.
- A barrage of Western sanctions against Russia follows the invasion.
- Western companies withdraw from Russia en masse.
- Inflation hits multiple decade highs in many countries.
- Global interest rates rise at fastest pace in 30 years.

Global Economy

Whilst 2021 saw many economies return to a semblance of normality post-pandemic, 2022 was marked by the disastrous return of war to Europe.

Not only has the human cost become severe, but the economic shockwaves have reverberated across the globe . Global inflation, which had already been on the increase in 2022, quickly spiralled as Russian troops crossed Ukrainian borders.

To combat high inflation, central banks around the world hastened to tighten ultra-loose monetary policy, hiking interest rates at the fastest pace for decades.

Consequently, high inflation and rising interest rates have stifled economic growth. In 2022, the global economy is estimated to have grown by 2.9%, down from 5.9% in 2021. But that figure is forecast to fall again to 1.9% in 2023.

If this forecast is accurate, 2023 will be the year with the third lowest growth rate in three decades, the two exceptions being 2008 and 2020 – two years marked by the recession.
This statistic illustrates how precariously close the global economy is to be slipping into recession for the second time in three years.

Looking forward to the year ahead, inflation, which has shown signs of having peaked in many economies, should fall but is not expected to return to target rates before the end of the year. Likewise, we can expect interest rates to remain elevated throughout 2023.

As for the stock markets, after a strong year for equities in 2021, 2022 was the year of the bear, with most major indices ending the year in the red, and the outlook for 2023 remains uncertain.

United States

The world's largest economy is estimated to have grown by 1.9% in 2022, despite contracting in the first two quarters of the year. In 2023, growth is forecast to slow down to 0.5%.

Whilst the low level of anticipated growth may be an unwelcome statistic, many will be reassured by signs that US inflation appears to have peaked after hitting 9.1% in June 2022. In the 12 months leading up to December 2022, inflation retreated to 6.5% which, although more than three times the Federal Reserve's (Fed) target rate, is certainly moving in the right direction.
The Federal Reserve is likely to claim some of the credit for this, after embarking on one of the most aggressive regimes of monetary policy tightening in the world. This approach saw interest rates rise from a range of 0.00% - 0.25% at the beginning of 2022 to 4.25% - 4.5% by December.

A rapid rise in interest rates, combined with global economic uncertainty, played its part in driving the US dollar to its highest levels in years, with the US dollar index reaching a two-decade high in September 2022.

As the USD soared, Wall Street floundered, with inflation, interest rate hikes, and uncertainty all taking their toll. After record-breaking gains in 2021, the Dow Jones Industrial Average, S&P 500, and Nasdaq Composite closed 2022 with annual losses of 9%, 19%, and 33% respectively.

United Kingdom

The United Kingdom's economy is estimated to have grown by 4.2% in 2022 but is forecast to contract by 0.4% in 2023. The UK is the only G7 country whose GDP remains lower than its pre-pandemic levels and its forecast growth rate for 2023 is set to be the worst amongst members.
In the 12 months leading to December 2022, UK inflation was recorded at 10.5%, a slight decrease from the previous month's 10.7% but still at a 40-year high.

As well as grappling with global issues - including high inflation, rising interest rates, and sluggish growth – the UK is still trying to chart its course outside of the European Union, more than two years after officially leaving the bloc.

The UK's economic problems in 2022 were intensified towards the end of the year by political upheaval. Starting in September, a bizarre two months saw the UK cycle through three different prime ministers, which damaged their financial credibility on the global stage, courtesy of the so-called "mini" budget.

The short-lived budget, delivered by an equally short-lived prime minister, announced a flurry of unfunded tax cuts, which spooked investors, sent government borrowing costs soaring, and dragged the Great British pound to a historic low against the US dollar.

In 2023, the UK economy is forecast to enter recession and, whilst this downturn is expected to be relatively shallow, the road to recovery is anticipated to be longer than many other advanced economies.

China

Of the world's large economies, China is somewhat of an anomaly. After expanding by 8.1% in 2021, China's economic growth is estimated to have slowed to 2.7% in 2022 and is forecast to be 4.3% in 2023.

But, unlike its Western rivals, the Chinese economy is experiencing low, stable levels of inflation. After peaking at 2.8% in September 2022, annual inflation fell and was reported at just 1.8% in December.

This comparatively lower level of inflation has been largely due to China's zero-Covid policy, which has kept consumer demand suppressed, limiting the upward pressure on prices experienced in many other parts of the world.

This zero-tolerance approach to Covid-19 infections saw strict, sudden lockdowns imposed throughout the country, to prevent Covid-19 cases from spreading. However, following social unrest towards the end of the year, China abruptly abandoned the policy in December, leading to the reopening of the Chinese economy.
As well as limiting inflation in 2022, as seen above, China's approach to limiting the spread of Covid-19 also caused a significant slowdown in economic growth. China's property sector has also spent much of the year in perpetual crisis, with a string of property developers registering defaults over the last 18 months.

Heading into 2023, whilst the relaxation of tough Covid-19 measures is likely to drive economic growth, China could also see an uptick in inflation as consumer demand intensifies.

The Eurozone

After growing 5.3% in 2021, economic growth in the Eurozone is estimated to have slowed to 3.3% in 2022 and is forecast to be flat at 0% in 2023.
As with other economies, the Eurozone has spent much of 2022 grappling with high inflation and slowing economic growth.

Many Eurozone members have found themselves particularly exposed to the effects of Western sanctions on Russian oil and gas, which have played a part in exacerbating the cost-of-living crisis. An example of this is Germany, before the Russian invasion of Ukraine, which relied on Russia for roughly a third of both its natural gas and crude oil supply.

A combination of sanctions along with Russia sporadically shutting off supply to Europe placed upward pressure on energy prices, reinforcing overall inflation and causing concern about European energy supplies heading into winter.
Although far slower than many of its counterparts to act, in an attempt to curb rising prices, the European Central Bank (ECB) hiked interest rates by a total of 2.5 percentage points in the second half of the year.

Subsequently, inflation in the Eurozone eased in December 2022, falling from 10.1% the previous month to 9.2%, leading to speculation that inflation in the area may have peaked.

Estonia

After experiencing one of the strongest rates of growth in the Eurozone in 2021 (8%), the Estonian economy is estimated to have contracted by 0.1% in 2022 but is forecast to grow by 0.7% in 2023.

Estonia has experienced one of the worst rates of inflation in the Eurozone, peaking at 25.2% in August 2022, well above the Eurozone average peak of 10.6% in October. Whilst inflation now appears to be moving in the right direction, it remained well-above target rates in December, reported at 17.5%.

As well as global pressures, Estonian inflation has been stoked by a couple of country-specific factors. Firstly, recent controversial pension reforms allow individuals to withdraw money from their II pillar pension before retirement age, which has likely fuelled an increase in consumption. Secondly, a large portion of the population has energy deals that are linked to market price, leaving consumers far more exposed to fluctuations in energy prices.

The Outlook for 2023

As inflation soared in 2022, it looked like things could potentially get very bad, very quickly for consumers and economies around the world.

However, thanks in part to the swift action of central banks, the fact that inflation appears to have peaked is undoubtedly good news and suggests that we could emerge from the cost-of-living crisis sooner than initially anticipated.

Whilst inflation may be showing signs of cooling down so does global economic growth, and this is something that many economies will likely struggle within 2023.

Financial Review

Main Financial Indicators of Admiral Markets AS

	2022	2021	Change 2022 vs 2021	2020	2019	2018
Net trading income, mln EUR	44.3	20.5	116%	47.1	23.2	24.2
Operating expenses, mln EUR	21.3	22.3	-4%	26.2	19.2	15.2
EBITDA, mln EUR	25.9	2.5	936%	21.6	5.8	10.1
EBIT, mln EUR	24.2	1.3	1762%	20.5	4.9	9.8
Net profit, mln EUR	24.8	0.9	2656%	20.3	4.6	9.5
EBITDA margin, %	59%	12%	47	46%	25%	42%
EBIT margin, %	55%	-1%	56	44%	21%	40%
Net profit margin, %	56%	4%	52	43%	20%	39%
Cost to income ratio, %	48%	109%	-61	56%	83%	63%

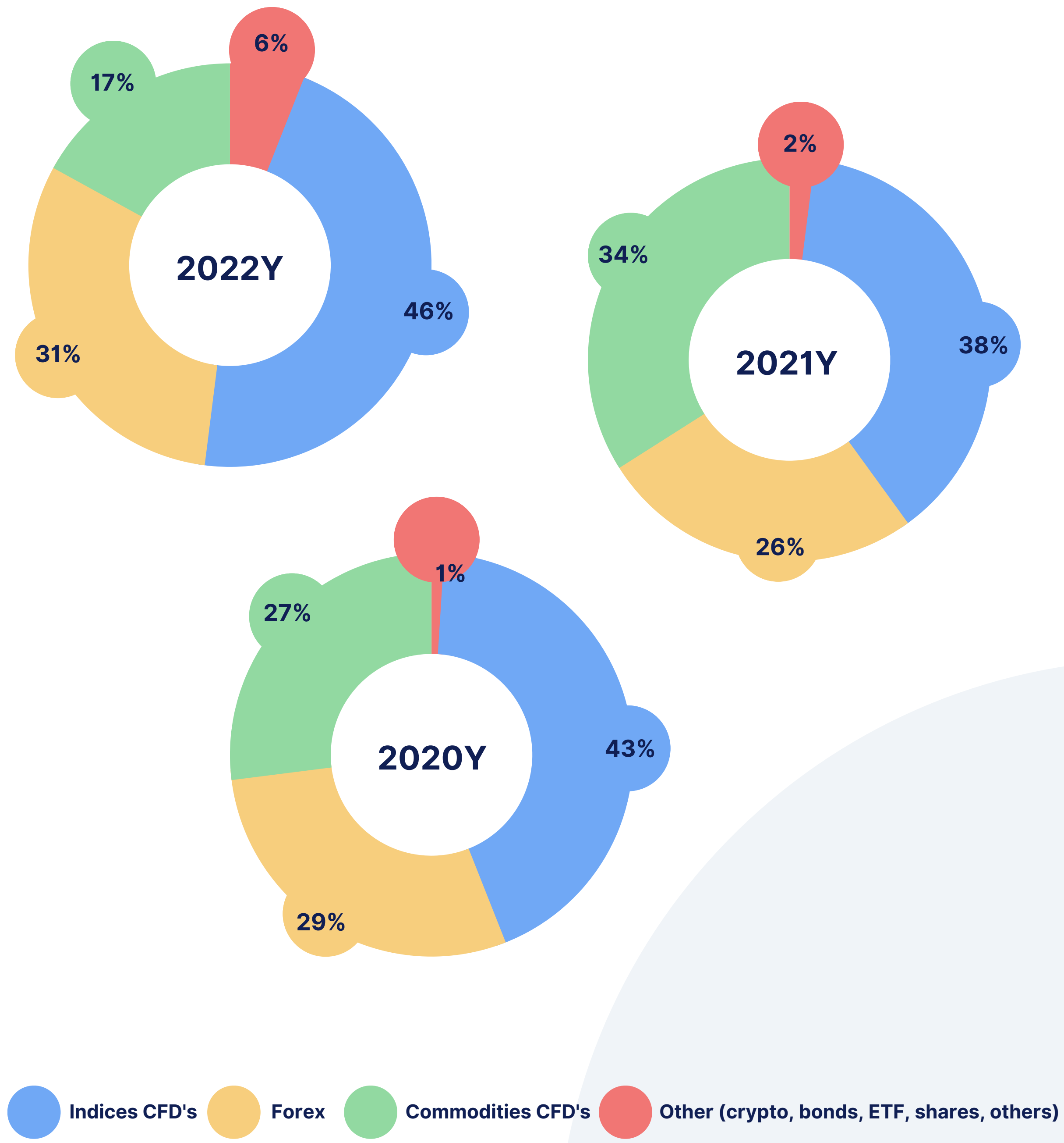
Business volumes	2022	2021	Change 2022 vs 2021	2020	2019	2018
Due from credit institutions and investment companies, mln EUR	33.4	23.0	45%	40.3	26.5	22.2
Debt securities, mln EUR	5.5	7.6	-28%	8.7	9.3	10.8
Shareholders' equity, mln EUR	80.7	55.9	44%	57.7	38.8	35.6
Total assets, mln EUR	90.0	63.1	43%	71.4	47.2	39.4
Off-balance sheet assets (client assets), mln EUR	0.5	0.7	-29%	3.0	2.7	3.6
Number of employees	92	105	-12%	141	147	123

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

Due to the high volatility in financial markets, we witnessed a significant improvement in the Company's results. The Company earned 44.3 million in revenue during 2022, 116% more compared to 2021. In 2022 Commodity CFDs products accounted for 17% of total gross trading income, a decrease of 17% year-on-year. Indices CFDs accounted for 46% of total gross trading income, an increase of 8% year-on-year. Forex accounted for 31% of total gross trading income, an increase of 5% year-on-year. Forex, Indices CFDs, and other shares increased mainly due to a 17% decrease in commodities CFDs. The share of other products, such as stocks, ETFs, etc. generated income, so made 6% of total gross income in 2022.



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

Gross revenue per geographical region:

	2022	2021	Change 2022 vs 2021	2020
EU	87%	85%	2	90%
UK	3%	8%	-5	-1%
Australia	1%	2%	-1	1%
Others	9%	5%	4	10%

Admirals have clients from 176 countries. Most EU clients are from Germany, followed by France, Spain, Bulgaria, Lithuania, Estonia, Romania, the Czech Republic, Poland and, Switzerland. German clients generate 23% of total revenue for the Group, clients from France generate 10%, Spanish clients 8%, Bulgaria 7%, Lithuanian 6%, United Kingdom 3%, and clients from Estonia, Romania, Czech Republic all generate 4% each of total revenue for the Group.

Expenses

The Company's operating expenses decreased by 4% in 2022.

The largest share of total operating expenses (which includes payroll and depreciation expenses) for the Company in 2022 comes from marketing expenses. Marketing expenses decreased by 4% year-on-year and reached EUR 8.8 million by the end of 2022. Marketing expenses account for 41% of total operating expenses.

In 2022 personnel expenses were EUR 4.8 million which is a 4% increase year-on-year and accounts for 23% of total operating expenses.

IT expenses account for approximately 12% of total operating expenses and reached EUR 2.6 million by the end of 2022. 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 mln EUR)	2022	2021	Change 2022 vs 2021
Personnel expenses	4.8	4.6	0.2
Marketing expenses	8.8	9.2	-0.4
IT expenses	2.6	3.1	-0.5
Legal and audit expenses	0.6	0.6	0
VAT expenses	0.3	0.5	-0.2
Amortization and depreciation	1.7	1.2	0.5
Regulative reporting services	0.2	0.2	0
Rent of low-value leases and utility expenses	0.2	0.1	0.1
Other outsourced services	1.4	0.9	0.5
Other inc intragroup expenses	0.7	1.9	-1.2
Total	**21.3**	**22.3**	**-1**

The cost-to-income ratio decreased to 48% by the end of 2022 as a result of an increase in company revenue.

Net Profit

EBITDA and net profit of the Company were EUR 25.9 million and EUR 24.8 million, respectively, by the end of 2022.

The return on equity of the Company was 36.4% at the end of 2022 (2021: 1.6%).

Net profit per share of the Company was 61.5 at the end of 2022 (2021: 2.3).

Statement of Financial Position

(in millions of euros)	2022	2021	Change 2022 vs 2021	2020
Due from credit institutions and investment companies	33.4	23.0	45%	40.3
Debt securities	5.5	7.6	-28%	8.7
Total liabilities	9.3	7.2	29%	13.8
Shareholders' equity	80.7	55.9	44%	57.7
Total assets	**90.0**	**63.1**	**43%**	**71.4**
Off-balance sheet assets (client assets)	0.5	0.7	-29%	3.0

Admiral Markets AS has a strong balance sheet, with EUR 80.7 million of shareholders' equity. The Company's balance sheet is liquid as 44% of its balance sheet consists of liquid assets.

As of 31 December 2022, the assets of the Company totalled EUR 90.0 million. Ca 37% of assets are balances due from credit institutions and investment companies. Balances due from credit institutions and investment companies have increased 45% in 2022. The debt securities portfolio only consists of high-quality liquid assets and accounts for 6% of total assets.

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

Admiral Markets AS's long-term debt consists of subordinated debt securities and finance lease EUR 4.3 million and makes up 5% 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 29% to EUR 0.5 million in 2022 due to clients migrations to other operating companies of the Group (2021: EUR 0.7million).

Key Financial Ratios

	2022	2021	Change 2022 vs 2021	2020
Net profit per share, EUR	61.5	2.3	59.2	50.2
Return on equity, %	36.4%	1.6%	34.8	42.0%
Equity ratio	1.1	1.2	-0.1	1.2
Return on assets, %	32.4%	1.4%	31	34.2%
Short-term liabilities current ratio	11.9	18.0	-6.1	7.0

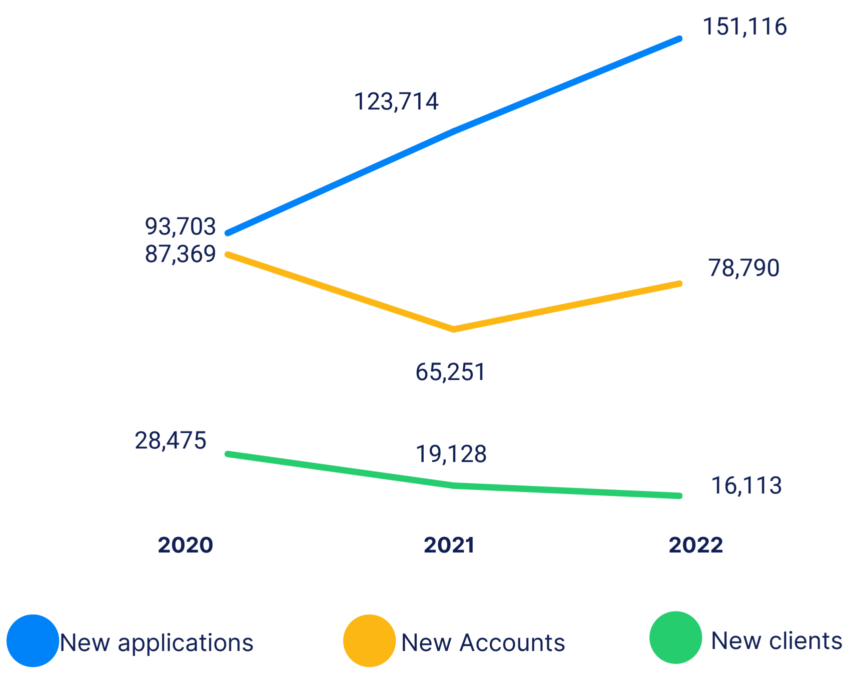
Equations used for the calculation of ratios:

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

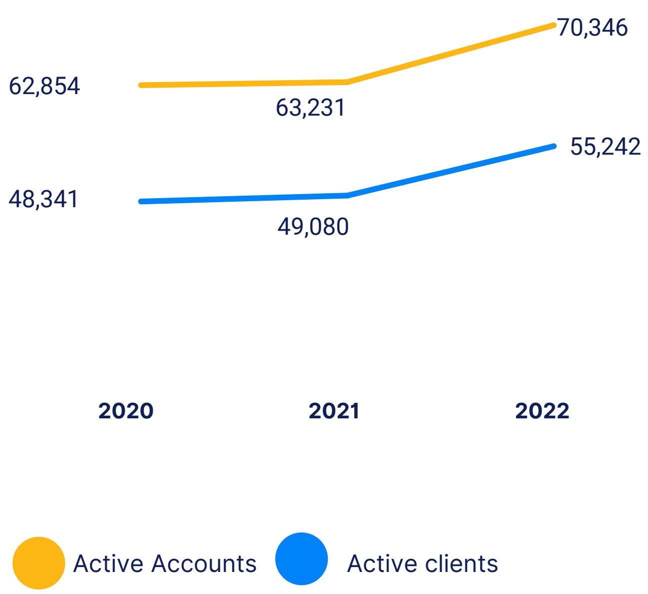
The ratios are calculated as an arithmetic average of closing balance sheet figures from the previous and current reporting period, and the indicators of the income statement are shown as at the end of the reporting period.

Client Trends

The Group number of new accounts and new applications increased by the end of 2022.



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 quarter and its impressive growth.



	2022	2021	Change 2022 vs 2021	2020
New clients	16,113	19,128	-16%	28,475
Active clients	55,242	49,080	13%	48,341
New accounts	78,790	65,251	21%	87,369
Active accounts	70,346	63,231	11%	62,854
New applications	151,116	123,714	22%	93,703
Average net trading income per client	1,249	728	72%	1,286
Average number of trades per client	1,068	1,062	0.6%	1,385

The number of active clients in the Group increased by 13% to 55,242 clients compared to the period 2021 and up by 14% compared to same period in 2020. The number of new applications in the Group went up by 22% to 151,116 applications compared to the same period of 2021 and up by 61% compared to the same period in 2020. The Group's client assets decreased by 13% year-on-year to 86 million EUR in 2022.

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 151,116 applications in 2022, out of which circa 52% of applications were accepted. At the end of 2022, the Group had in total 93% of clients categorised as retail generating ca 75% of total gross trading revenue. And 7% of clients categorised as professional generating ca 25% of total gross trading revenue.

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

	2022	2021	Change 2022 vs 2021	2020	2019	2018
Income statement						
Net trading income, mln EUR	69.0	35.7	93%	62.2	33.5	32.6
Operating expenses, mln EUR	44.7	37.8	18%	40.6	28.1	22.0
EBITDA, mln EUR	27.4	2.6	954%	23.4	6.9	11.2
EBIT, mln EUR	24.5	0.5	4800%	21.7	5.6	10.9
Net profit, mln EUR	24.3	0.1	24200%	20.7	5.2	10.3
EBITDA margin, %	40%	7%	33	38%	20%	34%
EBIT margin, %	36%	1%	35	35%	17%	33%
Net profit margin, %	35%	0.4%	34.6	33%	16%	32%
Cost to income ratio, %	65%	106%	-41	65%	84%	68%
Business volumes						
Due from credit institutions and investment companies, mln EUR	72.0	45.7	58%	53.2	33.7	27.8
Debt securities, mln EUR	5.5	7.6	-28%	8.7	9.3	10.8
Shareholders' equity, mln EUR	82.9	59.3	40%	61.1	42.4	38.8
Total assets, mln EUR	98.2	71.9	37%	75.2	52.0	43.4
Off-balance sheet assets (client assets), mln EUR	86.0	99.2	-13%	82.2	45.9	31.6
Number of active clients*	55,242	49,080	13%	48,341	24,128	22,321
Number of active client accounts**	70,346	63,231	11%	62,854	30,523	27,993
Number of employees	294	300	-2%	340	284	228

*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.

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 31.12.2022, the own funds of Admiral Markets AS amounted to 54.6 million EUR (31.12.2021: 53.7 million EUR).

At the end of the reporting period, Admiral Markets AS was well capitalised, the capital adequacy level was 363% (31.12.2021: 299%), and met all regulatory capital requirements in both 2022 and 2021.

Own Funds

(in thousands of euros)	31.12.2022	31.12.2021
Paid-in share capital	2,586	2,586
Other reserves	259	259
Retained earnings of previous periods	53,011	52,090
Intangible assets	-3,095	-3,070
Total Tier 1 capital	**52,761**	**51,865**
Subordinated debt securities	1,824	1,827
Total Tier 2 capital	**1,824**	**1,827**
Net own funds for capital adequacy	**54,585**	**53,692**

Capital Requirements

(in thousands of euros)	31.12.2022	31.12.2021
Fixed overheads requirement	**5,482**	**6,303**
Risk to client	5	30
Risk to market	8,825	9,448
Risk to firm	6,196	8,462
Total K-Factor requirement	**15,026**	**17,940**

Capital Adequacy

	31.12.2022	31.12.2021
Capital adequacy	363%	299%
Tier 1 capital ratio	351%	289%

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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Corporate governance

Governance of Admirals

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.

Management of Admiral Markets AS

General Meeting of Shareholders

Admiral Markets AS' highest governing body is the general meeting of shareholders through which the shareholders of Admiral Markets AS carry out their rights according to the procedure and to the extent laid down in the legislation and articles of association of Admiral Markets AS.

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.

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:

- Montes Auri 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.

The rest of the shareholders hold less than 2% each of the total number of shares.
The Company has "Nomination Policy" in place for the process of selection of members of the supervisory and management boards. In addition to position-related professional criteria, the candidates' age, gender and, where possible and reasonable, qualification area and the area of geographical/ethnic origin are also considered in the process of filling a vacancy. 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 at the general meeting 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, the person's age are taken into account. 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 general meetings the Supervisory Board members of Admiral Markets AS, at the time of preparation of the annual 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

Alexander Tsikhilov
Chairman of the Supervisory Board

Alexander Tsikhilov has been involved in several commercial projects, including the provision of Internet services. Founded Admirals in 2001. Obtained a master's degree in 2006 and a doctorate in Business Administration from the Swiss Business School in 2015. Alexander holds
2 directorships outside Admirals group.

Anatolii Mikhalchenko
Member of the Supervisory Board

Anatolii Mikhalchenko joined Admirals in 2004 as IB (introducing broker) manager. Obtained a degree from ITMO University in Saint Petersburg. Has been working as a Chairman of the Supervisory Board for Admirals Group AS since 2011. Anatolii holds no directorships outside Admirals group.

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 8 directorships outside Admirals group.

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 2022 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 Tthe 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 2022 the Committee has approved the internal audit work plans and the results of the conducted internal audits.

Nomination Committee:

- Submits proposals to a corresponding management body of Admiral Markets AS or of a company that belongs to the same consolidation group for appointing members of a lower-level management body;
- Finds suitable candidates, assesses their background and compliance with the requirements stipulated in legislation and the internal procedures of Admiral Markets AS and the companies belonging to the same consolidation group and, if possible, makes its reasoned proposals two (2) weeks before the appointment of the member of the respective managing body.

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 2022 the Committee has approved the results of the annual suitability assessment of the Management Board members.

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.

At the time of preparation of the annual report, the Management Board of Admiral Markets AS consisted of two members:

1. Sergei Bogatenkov, term of office 18.12.2024
2. Andrey Koks, term of office 02.08.2024

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.

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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 & 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 29.08.2022, Admiral Markets AS' auditor for the 2022 annual report is company AS PricewaterhouseCoopers, registry code 10142876.

Upon agreement with the auditing company, the fee to be paid to the auditor is not subject to disclosure and is treated as confidential.

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 2022, the Company's auditor has provided other assurance services, the provision of which is the obligation arising from the Securities Market Act.

Disclosure of Information

Admiral Markets AS has a website which includes a specially developed subsite for investors www.admiral.ee. 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 2022 fiscal year, in comparison to 2021.

Statement of Financial Position

(in thousands of euros)	Note	31.12.2022	31.12.2021
Assets			
Due from credit institutions	7	20,111	4,696
Due from investment companies	7	13,266	18,292
Financial assets at fair value through profit or loss	8	7,933	9,998
Loans and receivables	9	34,634	16,097
Inventories		48	48
Other assets	10	2,230	1,903
Investment into subsidiaries	28	4,180	4,180
Tangible fixed assets	11	1,850	1,644
Right-of-use asset	11	2,684	3,147
Intangible fixed assets	12	3,095	3,070
Total assets		**90,031**	**63,075**
Liabilities			
Financial liabilities at fair value through profit or loss	8	214	637
Liabilities and prepayments	13	4,350	1,381
Subordinated debt securities	16	1,827	1,827
Lease liabilities	15	2,949	3,375
Total liabilities		**9,340**	**7,220**
Equity			
Share capital	19	2,586	2,586
Statutory reserve capital		259	259
Retained earnings		77,846	53,010
Total equity		**80,691**	**55,855**
Total liabilities and equity		**90,031**	**63,075**

Notes on pages 72 to 137 are an integral part of the Financial Statements.

Statement of Comprehensive Income

(in thousands of euros)	Note	2022	2021
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers		70,462	36,882
Brokerage and commission fee revenue		1,880	1,935
Brokerage and commission fee expense		-28,832	-18,439
Other trading activity related income		753	156
Other trading activity related expense		0	-4
Net income from trading	**21**	**44,263**	**20,530**
Other income similar to interest		137	185
Interest income calculated using the effective interest method		698	251
Interest expense	15, 16	-210	-229
Other income	22	528	2,624
Other expense	23	-10	-52
Net gains on exchange rate changes		1,130	867
Net loss from financial assets at fair value through profit or loss		-362	-349
Personnel expenses	24	-4,828	-4,638
Operating expenses	25	-14,826	-16,482
Depreciation of tangible and intangible assets	11,12	-1,202	-687
Depreciation of right-of-use assets	11	-483	-533
Profit before income tax		**24,835**	**1,487**
Income tax	17	0	-567
Net profit for the reporting period		**24,835**	**920**
Comprehensive income for the reporting period		**24,835**	**920**
Basic earnings per share	19	61.47	2.28

Notes on pages 72 to 137 are an integral part of the Financial Statements.

Statement of Cash Flows

(in thousands of euros)	Note	2022	2021
Cash flow from operating activities			
Net profit for the reporting period		24,835	920
Adjustments for non-cash income or expenses:			
Depreciation of tangible and intangible assets	11,12	1,686	1,220
Gains on the sale of tangible assets	11	10	10
Interest and similar income		-836	-436
Interest expense		210	229
Corporate income tax expenses		0	567
Other financial income and expenses		-767	-2,409
Operating cash flows before working capital changes		**25,138**	**101**
Changes in operating assets and liabilities:			
Change in amounts due from investment companies	7	5,026	-3,172
Change in trade receivables	9	5,227	-7,974
Change in other assets	10	-327	-513
Change in derivative assets	8	-93	378
Change in payables and prepayments	13	2,970	-5,936
Change in the derivative liabilities	8	-424	418
Changes in inventories		0	-48
Operating cash flows before interest and tax		**37,517**	**-14,855**
Interest received		570	316
Interest paid		-146	-229
Corporate income tax paid	17	0	-567
Net cash from/used in operating activities		**37,941**	**-17,226**

continued on next page →

(in thousands of euros)	Note	2022	2021
Cash flow from investing activities			
Disposal of tangible and intangible assets	11	0	11
Purchase of tangible and intangible assets	11,12	-1,443	-2,974
Loans granted	9	-25,283	-2,757
Repayments of loans granted	9	1,413	1,489
Acquisition of financial assets at fair value through profit or loss (investment portfolio)		-4,418	-2,123
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)		6,804	3,680
Proceeds from disposal of associates	28	0	2,228
Acquisition of shares	28	0	-1
Investment in to associates		-484	0
Net cash used in investing activities		**-23,411**	**-448**
Cash flow from financing activities			
Dividends paid	19	0	-2,742
Repayment of principal element of lease liabilities	15	-510	-453
Net cash used in financing activities		**-510**	**-3,195**
TOTAL CASH FLOWS		**14,020**	**-20,869**
Cash and cash equivalents at the beginning of the period	**7**	**4,696**	**25,727**
Change in cash and equivalents		**14,020**	**-20,869**
Effect of exchange rate changes on cash and cash equivalents		**1,395**	**-162**
Cash and cash equivalents at the end of the period	**7**	**20,111**	**4,696**

Notes on pages 72 to 137 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 31.12.2019	**2,586**	**259**	**35,938**	**38,783**
Dividends paid	0	0	-1,371	-1,371
Profit for the reporting period	0	0	20,265	20,265
Total comprehensive income for the reporting period	**0**	**0**	**20,265**	**20,265**
Balance as at 31.12.2020	**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**

For more information of share capital refer to Note 19.

Notes on pages 72 to 137 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 2022 was approved for publication on 31.03.2023 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.
Accounting policies 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. In addition to the information complying with International Financial Reporting Standards, financial statements include information on risk management, own funds and capital adequacy that must be disclosed pursuant to part IV of Regulation (EU) 2019/2033 that is presented in Note 5.

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	Profit or loss before tax (in thousands of euros)	Income tax on profit or loss (in thousands of euros)	Amount of public subsidies received
Admiral Markets AS/Jordan LLC	Jordan, investment services	3,774	28	-136	-7	0
Admiral Markets Canada Ltd.	Canada, investment services	0	0	-270	0	0

The key accounting policies used in the financial statements are outlined below. These policies have been used consistently in all the years presented, unless otherwise stated. These financial statements have been prepared under the historical cost convention, except for the cases when described otherwise in the following accounting policies.

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 2022 and ended on 31 December 2022. The Company's functional currency is the euro. The annual financial statements are presented in thousands of euros, unless otherwise stated.

Subsidiaries and associates

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).

An associate is an entity over which the Admiral Markets AS has significant influence but which it does not control. Generally, significant influence is assumed to exist when the Company holds between 20% and 50% of the voting rights.
In the financial statements, investments in associates are accounted for using the equity method. Under this method, the investment is initially recognised at cost which is thereafter adjusted for post-acquisition changes in the investor's share of the investee's equity (changes both in the profit/loss of the associate as well as other equity items) and with elimination or depreciation/amortisation of the differences between fair values and carrying amounts of the investee's assets, liabilities and contingent liabilities as determined in the purchase analysis. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets.

When the Company’s share of losses in the associate accounted under the equity method exceeds the carrying amount of the associate, the carrying amount of the investment is reduced to zero and such long-term loans granted to the associate that in substance form a part of the investment are written down. Further losses are carried off-balance sheet. When the Company has guaranteed or incurred obligations on behalf of the associate, the respective liability as well as the loss under the equity method are recorded in the statement of financial position. Other receivables from the associate are recorded at amortised cost less a provision for impairment. An investment in the assets and liabilities of the acquired associate and goodwill that arose on acquisition is presented as a net amount in the statement of financial position line “Investments in associates”.

At the end of each reporting period, it is assessed whether there is any indication that the recoverable amount of the investment has fallen below its carrying amount. If any such indications exist, an impairment test is performed. To determine the recoverable amount of the investment, the principles described in section “Impairment of tangible and intangible fixed assets” are used.

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.

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 approach is symmetrical, 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 prepayments 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 & 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 other trading activity related income received, or receivable represents the transaction price for the services identified as distinct performance obligations. 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 2022, 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 IFRS, amendments to existing standards and the interpretations of the standards have been published by the time of compiling these financial statements which became mandatory for the Company's reporting periods beginning on or after 1 January 2022. The overview of these standards and the potential impact of applying the new standards and interpretations are stated below.

(a) Adoption of new or revised standards and interpretations.
There are no new or revised standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2022 that have a material impact on the Company.

(b) New accounting pronouncements
Certain new or revised standards and interpretations have been issued that are mandatory for the Company's annual periods beginning on or after 1 January 2023, and which the Company has not early adopted.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023).

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Company expects that there will not be a material impact on Company's financial position, performance nor
cash flows.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024; not yet adopted by the EU).

These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The Company expects that there will not be a material impact on Company's financial position, performance nor cash flows.

The Company intends to apply the aforementioned standards and interpretations as at the date of entry into force, subject to them being adopted by the European Union.

There are no other new or revised standards or interpretations that are not yet effective that would be expected to have a material impact on the Company. Other new or revised standards or interpretations that are not yet effective:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28
- Amendments to IFRS 17 and an amendment to IFRS 4
- Amendments to IAS 8: Definition of Accounting Estimates
- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12
- IFRS 17, Insurance Contracts
- Transition option to insurers applying IFRS 17 - Amendments to IFRS 17
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- IFRS 14, Regulatory Deferral Accounts

Note 4.
Use of estimates, assumptions and judgements

Preparation of financial statements in accordance with the IFRS 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 highly likely 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 licences or decommissioning.

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.

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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 fewer 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)	31.12.2022	31.12.2021
Paid-in share capital	2,586	2,586
Other reserves	259	259
Retained earnings of previous periods	53,011	52,090
Intangible assets	-3,095	-3,070
Total Tier 1 capital	**52,761**	**51,865**
Subordinated debt securities	1,824	1,827
Total Tier 2 capital	**1,824**	**1,827**
Net own funds for capital adequacy	**54,585**	**53,692**

As of 31.12.2022, the own funds of Admiral Markets AS amounted to EUR 54.6 million (31.12.2021: EUR 53.7 million).

At the end of the reporting period, in accordance with information provided internally to key management, Admiral Markets AS capital adequacy ratio was 363% (31.12.2021: 299%) and has complied with all regulatory capital requirements under IFR in 2022 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)	Note	31.12.2022	31.12.2021
Due from credit institutions and investment companies	7	33,377	22,988
Financial assets at fair value through profit or loss	8	7,933	9,998
Incl bonds		5,480	7,632
Incl equity investments and convertible loans		2,236	2,242
Incl derivatives		217	124
Loans granted	9	31,186	7,528
Other receivables	9	3,447	8,569
Total financial assets		**75,943**	**49,083**

Due from credit institutions and investment companies (in thousands of euros)

Rating (Moody's)	Credit institutions	Investment companies	Total 31.12.2022	Credit institutions	Investment companies	Total 31.12.2021
Aa1 - Aa3	12,003	0	12,003	3,054	0	3,054
A1 - A3	140	0	140	105	0	105
Baa1 - Baa3	6,422	0	6,422	781	0	781
Ba1 - Ba3	0	0	0	0	0	0
Non-rated	46	0	46	534	18,292	18,826
Cash In transfer	1,500	13,266	14,766	222	0	222
Total (Note 7, except cash)	**20,111**	**13,266**	**33,377**	**4,696**	**18,292**	**22,988**

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 AA-. 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 and investment institutions without external credit rating, however management monitors based on available market information and historical cooperation their credit quality constantly and no significant problems have occurred or have been identified with the counterparties.

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 2022, the loans granted balance has increased – 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 balance sheet financial assets. Other receivables in the amount EUR 3,447 thousand (31.12.2021: EUR 8,569 thousand) are mainly office rent deposits and claims against related parties. As at 31.12.2022 and 31.12.2021 there were no such overdue receivables. Management estimates that these receivables bear in substance low credit risk, as all receivables are assessed to be in Stage 1 and with 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.

Other financial assets (settlements with employees and other short-term receivables) have been settled after the balance sheet date or bear very low credit risk based on management assessment.

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 pledge-able 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)	31.12.2022	31.12.2021
Aaa	3,893	6,027
Aa1	1,587	714
Aa2	0	891
Total	**5,480**	**7,632**

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 1,002 thousand (31.12.2021: EUR 499 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 a result of the passthrough arrangement, the assets are classified as off-balance sheet. Admirals bears the credit risk associated with these accounts in case the credit institution is unable to fulfil its obligations, however the risk is considered marginal as Admirals uses strong counterparties for maintenance of client's funds.

As at 31.12.2022 and 31.12.2021, off-balance sheet cash and cash equivalents in credit institutions were divided by ratings as follows:

Rating of bonds (Moody's)

(in thousands of euros)	31.12.2022	31.12.2021
Aa1 - Aa3	163	343
A1 - A3	66	23
Baa1 - Baa3	172	49
B1 -B3	11	0
Total	**412**	**415**

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 of Admirals:

31.12.2022 (in thousands of euros)	Note	EUR	USD	GBP	JPY	CAD	CHF	Other	Total
Due from credit institutions and from investment companies	7	32,443	947	-57	2	0	0	43	33,378
Financial assets at fair value through profit or loss (excluding derivatives)	8	649	5,497	0	1	1,002	0	784	7,933
Loans and receivables	9	34,634	0	0	0	0	0	0	34,634
Total financial assets		**67,726**	**6,444**	**-57**	**3**	**1,002**	**0**	**827**	**75,945**
Subordinated debt	16	1,827	0	0	0	0	0	0	1,827
Other financial liabilities	13	4,341	1	7	2	0	0	0	4,351
Lease liabilities	15	2,949	0	0	0	0	0	0	2,949
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**

31.12.2021 (in thousands of euros)	Note	EUR	USD	GBP	JPY	CAD	CHF	Other	Total
Due from credit institutions and from investment companies	7	19,605	2,115	969	0	1	229	70	22,989
Financial assets at fair value through profit or loss (excluding derivatives)	8	598	7,716	2	0	499	0	1,182	9,997
Loans and receivables	9	15,963	3	0	0	130	0	0	16,096
Total financial assets		**36,166**	**9,834**	**971**	**0**	**630**	**229**	**1,252**	**49,082**
Subordinated debt	16	1,827	0	0	0	0	0	0	1,827
Other financial liabilities	13	1,376	0	0	0	0	0	5	1,381
Lease liabilities	15	3,375	0	0	0	0	0	0	3,375
Total financial liabilities		**6,578**	**0**	**0**	**0**	**0**	**0**	**5**	**6,583**
Long positions of trading portfolio		94,769	194,443	56,452	9,524	15,560	19,037	18,276	408,061
Short positions of trading portfolio		112,609	236,282	22,963	36,701	6,530	2,465	22,279	439,829
Net open foreign currency position		**11,748**	**-32,005**	**34,460**	**-27,177**	**9,660**	**16,801**	**-2,756**	**10,731**

In the last years, the currency with the largest position was USD, which has the greatest effect on Admirals profitability. The highest intraday fluctuation (3.1%) was last recorded at the beginning of COVID-19 pandemic (2020). The EUR/USD fluctuation exceeded 2% in four other days.

Due to EUR/USD intraday maximum fluctuations of 3.1%, which was the largest in recent years, the management has assessed it as a reasonable basis for the sensitivity analysis (3%).

(in thousands of euros)	USD	GBP	JPY	CHF	CAD
Exchange rate change in relation to EUR +/- 3%					
2022	1,476	294	269	285	261
(in thousands of euros)	**GBP**	**USD**	**JPY**	**CHF**	**CAD**
Exchange rate change in relation to EUR +/- 3%					
2021	1,034	960	815	504	290

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.

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 31.12.2022 and 31.12.2021 (in thousands of euros):

	31.12.2022			31.12.2021	
Equity / Index	**Long positions**	**Short positions**	**Equity / Index**	**Long positions**	**Short positions**
[DAX40]	21,380	21,136	[DAX40]	37,362	20,362
[DJI30]	12,045	10,602	[DJI30]	30,530	16,207
[NQ100]	8,092	12,389	[NQ100]	12,534	16,593
[SP500]	5,599	7,114	[SP500]	9,142	5,076
[CAC40]	6,059	2,058	[CAC40]	3,441	4,739
Other equities and indices	11,785	18,306	Other equities and indices	19,904	24,796
Total	**64,960**	**71,605**	**Total**	**112,913**	**87,773**

The following sensitivity analysis identifies the impact of the largest stock index changes on the profit/loss arising from trading positions. Similarly with the currency risk, the largest possible volatility was also analysed. The largest intraday fluctuations of stock indices in recent years occurred at the beginning of 2020, in connection with the implementation of the COVID-19 quarantine measures and amounted to about 15%. Considering how extraordinary the measures implemented at that time were, Admirals decided to continue the sensitivity analysis at the 10% level.

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

	[DAX40]	[DJI30]	[NQ100]	[SP500]
2022	24	144	152	430
	[DAX40]	**[DJI30]**	**[SP500]**	**[NQ100]**
2021	1,700	1,432	407	406

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 (in thousands of euros).

	31.12.2022			31.12.2021	
Commodity	**Long positions**	**Short positions**	**Commodity**	**Long positions**	**Short positions**
BRENT	5,128	5,724	SILVER	1,983	4,612
SILVER	1,595	1,964	BITCOIN	1,325	1,558
NGAS	926	1,241	ETHEREUM	645	845
CRUDOIL	592	649	PLATINUM	471	668
Other commodities	1,071	1,312	Other commodities	3,098	3,370
Total	**9,312**	**10,890**	**Total**	**7,522**	**11,053**

The following sensitivity analysis is also based on the largest intraday fluctuation of ca 5% (in thousands of euros).

(in thousands of euros)	BRENT	SILVER	NGAS	CRUDOIL
2022	596	369	315	57
(in thousands of euros)	**SILVER**	**BITCOIN**	**ETHEREUM**	**PLATINUM**
2021	131	12	10	10

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 31.12.2022 and 31.12.2021, the Admiral Markets AS had no overdue payables.

31.12.2022 (in thousands of euros)	Note	On demand	0 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total	Carrying amount
Assets held for managing liquidity risk by contractual maturity dates								
Due from credit institutions and investment companies	7	33,377	0	0	0	0	33,377	33,377
Financial assets at fair value through profit or loss (excluding derivatives)	8	0	2,084	2,146	3,633	0	7,863	7,716
Financial assets at fair value through profit or loss (derivatives)	8	0	217	0	0	0	217	217
Loans and receivables	9	0	7	34,251	1,075	46	35,379	34,633
Assets total		**33,377**	**2,308**	**36,397**	**4,708**	**46**	**76,836**	**75,943**
Liabilities by contractual maturity dates								
Subordinated debt securities	16	0	0	146	2,411	0	2,557	1,827
Other financial liabilities	13	4,351	0	0	0	0	4,351	4,351
Lease liabilities	15	0	130	392	2,606	0	3,128	2,949
Financial liabilities at fair value through profit or loss (derivatives)	8	214	0	0	0	0	214	214
Total liabilities		**4,565**	**130**	**538**	**5,017**	**0**	**10,250**	**9,341**

31.12.2021 (in thousands of euros)	Note	On demand	0 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total	Carrying amount
Assets held for managing liquidity risk by contractual maturity dates								
Due from credit institutions and investment companies	7	22,989	0	0	0	0	22,989	22,989
Financial assets at fair value through profit or loss (excluding derivatives)	8	0	4,144	2,270	3,525	0	9,939	9,874
Financial assets at fair value through profit or loss (derivatives)	8	0	124	0	0	0	124	124
Loans and receivables	9	0	108	10,188	6,046	0	16,341	16,097
Assets total		**22,989**	**4,376**	**12,458**	**9,571**	**0**	**49,393**	**49,083**
Liabilities by contractual maturity dates								
Subordinated debt securities	16	0	146	2,558	0	0	2,704	1,827
Other financial liabilities	13	0	1,381	0	0	0	1,381	1,381
Lease liabilities	15	0	126	381	2,681	430	3,618	3,375
Financial liabilities at fair value through profit or loss (derivatives)	8	0	637	0	0	0	637	637
Liabilities total		**0**	**2,290**	**2,939**	**2,681**	**430**	**8,340**	**7,220**

Interest Rate Risk

In 2022 and 2021, 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)	31.12.2022	31.12.2021	Note
Due from credit institutions and investment companies (except cash and cash in transit)	33,377	22,988	7
Financial assets and liabilities at fair value through profit or loss (bonds)	5,480	7,632	8
Loans Granted	31,186	7,528	9
Total assets	**70,043**	**38,148**	
Subordinated debt securities	1,827	1,827	16
Total Liabilities	**1,827**	**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.

31.12.2022		
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**

31.12.2021		
Cash (except cash on hand and cash in transit) and clients' bank accounts distributed by countries	**Balance sheet balances**	**Off-balance sheet balances**
United Kingdom	9,885	0
Germany	5,620	0
Estonia	4,053	233
Denmark	1,414	0
Switzerland	682	0
Other Countries	1,334	182
Total	**22,988**	**415**

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:

31.12.2022 (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
Due from investment companies 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**	

31.12.2021 (in thousands of euros)	Gross amount in statement of financial position	Off-setting amount under agreement	Net Amount	
Financial assets				
Due from investment companies	18,292	0	18,292	7
Due from investment companies Financial assets at fair value through profit and loss (derivatives)	127	127	0	8
Total	**18,419**	**127**	**18,292**	
Financial liabilities				
Financial liabilities at fair value through profit and loss (derivatives)	637	127	510	8
Total	**637**	**127**	**510**	

Note 6.
Assessment of fair value of financial assets and liabilities

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

(in thousands of euros)	Assessment of fair value using				
	Total	Level 1	Level 2	Level 3	Notes
Financial assets recognised at fair value through profit or loss:					
Bonds	5,480	5,480	0	0	8
Convertible loan	1,002	0	0	1,002	8
Equity investments at fair value through profit or loss	1,234	783	0	451	8
Derivatives:					
Currency pairs	73	0	73	0	8
CFD derivatives	137	0	137	0	8
Other derivatives	7	0	7	0	8
Total	**7,933**	**6,263**	**217**	**1,453**	

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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	1,163	0	0	1,163	9
Total	**67,974**	**0**	**33,377**	**34,597**	
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**	

Quantitative data disclosed on the assessment of the fair value hierarchy as at 31.12.2021:

	Assessment of fair value using				
(in thousands of euros)	**Total**	**Level 1**	**Level 2**	**Level 3**	**Notes**
Financial assets recognised at fair value through profit or loss:					
Bonds	7,632	7,632	0	0	8
Convertible loan	499	0	0	499	8
Equity investments at fair value through profit or loss	1,743	1,182	0	561	8
Derivatives:					
Currency pairs	4	0	4	0	8
CFD derivatives	88	0	88	0	8
Other derivatives	32	0	32	0	8
Total	**9,998**	**8,814**	**124**	**1,060**	
Financial liabilities recognised at fair value through profit or loss:					
Derivatives:					
Currency pairs	33	0	33	0	8
CFD derivatives	283	0	283	0	8
Other derivatives	321	0	321	0	8
Total	**637**	**0**	**637**	**0**	

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Financial assets recognized at amortised cost:					
Due from credit institutions	4,474	0	4,474	0	7
Due from investment companies	18,292	0	18,292	0	7
Cash in transit	0	0	0	0	7
Loans	7,568	0	0	7,568	9
Loans and receivables from group companies	8,338	0	0	8,338	10
Other financial assets	191	0	0	191	9
Total	**39,085**	**0**	**22,988**	**16,097**	
Financial liabilities recognized at amortised cost:					
Other financial liabilities	860	0	0	860	13
Subordinated debt securities	1,827	0	0	1,827	16
Total	**2,687**	**0**	**0**	**2,687**	

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 2

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 at the balance sheet date. Management is monitoring closely the investment performance and receives reporting 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 carrying value of the subordinated debt securities are a close approximation of their fair value at the balance sheet date.

Other financial assets and liabilities have been incurred in the course of 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.
Dues from Credit Institutions & Investment Companies

(in thousands of euros)	31.12.2022	31.12.2021
Demand and term deposits with maturity less than 3 months	18,611	4,474
Demand deposits on trading accounts	13,266	18,292
Cash in transit	1,500	222
Total	**33,377**	**22,988**

*Cash and cash equivalents in the statement of cash flows

Note 8.
Financial Assets and Liabilities at fair value through Profit or Loss

Instrument	31.12.2022		31.12.2021		
(in thousands of euros)	Asset	Liability	Asset	Liability	Note
Bonds	5,480	0	7,632	0	6
Convertible loan	1,002	0	499	0	6
Equity investments at fair value through profit or loss	1,234	0	1,743	0	6
Currency pairs	73	64	4	33	6
CFD derivatives	137	129	88	283	6
Other derivatives	7	21	32	321	6
Total	**7,933**	**214**	**9,998**	**637**	

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 2022 and 31 December 2021 are set below:

Instrument	31.12.2022		31.12.2021	
(in thousands of euros)	Current assets	Non-current assets	Current assets	Non-current assets
Bonds	2,992	2,488	6,365	1,267
Convertible loan	0	1,002	0	499
Equity investments at fair value through profit or loss	0	1,234	0	1,743
Total	**2,992**	**4,724**	**6,365**	**3,509**

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

Note 9.
Loans and Receivables

(in thousands of euros)	31.12.2022	31.12.2021	Note
Financial assets			
Trade receivables	0	13	
Doubtful receivables	0	0	
Settlements with employees	36	70	
Loans granted	31,186	7,528	6, 27
Receivables from group companies	2,248	8,338	27
Other short-term receivables	1,163	148	
Total	**34,634**	**16,097**	

Please refer to Note 5, section credit risk for information regarding credit quality and expected credit losses.

	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	
Total	**31,186**	**30,138**	**1,048**				**259**	**6,27**

	31.12.2021 (in thousands of euros)	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivable 31.12.2021	Note
		Up to 1 year	2-5 years					
Loan 1	55	55	0	2%	04.2022	EUR	0	
Loan 2	2,300	0	2,300	2%	12.2023	EUR	0	
Loan 3	5	5	0	12 month Euribor + 4%	12.2022	EUR	8	
Loan 4	63	63	0	22%	07.2022	EUR	0	
Loan 5	2,500	0	2,500	2%	12.2023	EUR	1	
Loan 6	1,000	0	1,000	2%	11.2024	EUR	0	
Loan 7	60	0	60	8%	07.2026	EUR	3	
Loan 8	150	0	150	3%	07.2026	EUR	2	
Loan 9-25	1,395	1,395	0	15%	04.2022-12.2022	EUR	26	
Total	**7,528**	**1,518**	**6,010**				**40**	**6,27**

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)	31.12.2022	31.12.2021	Note
Prepaid expenditure of future periods	1,078	810	
Prepayments to suppliers	5	9	
Prepaid taxes	1,147	1,084	14
Total	**2,230**	**1,903**	

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 31.12.2020			
Cost	2,919	5,170	8,089
Accumulated depreciation and amortisation	-1,305	-957	-2,262
Carrying amount	**1,614**	**4,213**	**5,827**
Acquisition	489	0	489
Non-current assets sold	-26	0	-26
Write-off	-294	-652	-946
Depreciation/amortisation charge	-139	-414	-553
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**

The Company non-current assets increased in 2022 due to new floors were added. In 2021 one floor contract in Estonia was terminated. 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)	Licence	Intangible assets generated internally	Other intangible assets	Projects in progress	Total
Balance as at 31.12.2020					
Cost	512	627	59	0	1,198
Accumulated depreciation and amortisation	-123	-251	0	0	-374
Carrying amount	**389**	**376**	**59**	**0**	**824**
Acquisition of non-current assets	175	0	0	2,369	2,544
Write-off of non-current assets	0	0	-59	0	-59
Depreciation/amortisation charge	-114	-125	0	0	-239
Balance as at 31.12.2021					
Cost	687	627	0	2,369	3,683
Accumulated depreciation and amortisation	-237	-376	0	0	-613
Carrying amount	**450**	**251**	**0**	**2,369**	**3,070**
Acquisition of non-current assets	229	0	0	539	768
Write-off of non-current assets	-56	0	0	0	-56
Depreciation/amortisation charge	-144	-599	0	0	-743
Reclassifications	0	2,369	0	-2,369	0
Balance as at 31.12.2022					
Cost	860	2,997	0	539	4,396
Accumulated depreciation and amortisation	-325	-976	0	0	-1,301
Carrying amount	**535**	**2,021**	**0**	**539**	**3,095**

In 2022, 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, 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 & Prepayments

Type of liability (in thousands of euros)	31.12.2022	31.12.2021	Note
Financial liabilities			
Liabilities to trade creditors	640	561	
Payables to related parties	3,245	258	27
Interest payable	1	1	16
Other accrued expenses	58	40	
Subtotal	**3,944**	**860**	
Non-financial liabilities			
Payables to employees	220	245	
Taxes payable	186	276	14
Subtotal	**406**	**521**	
Total	**4,350**	**1,381**	

Note 14.
Tax prepayments and liabilities

(in thousands of euros)	31.12.2022		31.12.2021		Note
	Prepaid taxes	Taxes payables	Prepaid taxes	Taxes payables	
Value-added tax	147	0	0	91	
Corporate income tax	0	8	0	3	
Individual income tax	0	62	0	65	
Social security tax	0	106	0	104	
Unemployment insurance payments	0	6	0	7	
Contributions to funded pension	0	4	0	5	
Other tax receivables/ liabilities in foreign countries	0	0	81	0	
Prepayments account	1,000	0	1,003	0	
Total	**1,147**	**186**	**1,084**	**275**	**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 2021 applied a 2.8% 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 2022 and 31 December 2021 are set below:

Lease liabilities (in thousands of euros)	
Balance at 01.01.2021	**4,397**
Adjustments (incl. terminations)	-652
Lease payments made during the year	-453
Interest expense	83
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**

* 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 2022 and 31 December 2021 are set below:

(in thousands of euros)	31.12.2022	31.12.2021
Short-term office lease liabilities	468	443
Long-term office lease liabilities	2,481	2,932
Total	**2,949**	**3,375**

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
Subordinated bonds (ISIN:EE3300111251)	2017	1,827	8%	28.12.2027

The total number of bondholders at the end of the year was 365. Bondholder structure according to the holders´ groups as at 31.12.2022 was the following:

Subordinated debt	Private persons	Legal persons
Subordinated bonds (ISIN:EE3300111251)	78%	22%

In 2022, 138 transactions in the amount of EUR 259 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)	
Accrued interest on subordinated debts as at 31.12.2020	**1**
Interest calculated for 2021	151
Paid out during 2021	-151
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**

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 2022 Admiral Markets AS didn't pay dividends to parent company Admirals Group AS (2021: EUR 2,742 thousand) and there is no accompanying income tax liability (2021: EUR 567 thousand).

Income tax (in thousands of euros)	2022	2021
Income tax expense associated with dividends payment	0	567
Total corporate income tax	**0**	**567**

Conditional corporate income tax

As at 31.12.2022, the Company's retained earnings amounted to EUR 77,846 thousand (31.12.2021: EUR 53,010 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 31.12.2022 EUR 51,515 thousand (31.12.2021: EUR 23,449 thousand), and the corresponding income tax would have amounted to EUR 12,879 thousand (31.12.2021: EUR 5,862 thousand).

Note 18.
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.

Off-balance sheet assets (in thousands of euros)	31.12.2022	31.12.2021
Bank accounts	412	415
Stock	136	237
Total	**548**	**652**

Note 19.
Share Capital

	31.12.2022	31.12.2021
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	61.47	2.28

As at 31.12.2022, 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.

Basic earnings per share are calculated as follows:

	31.12.2022	31.12.2021
Profit attributable to the equity holders of the Company ((in thousands of euros)	24,835	920
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	61.47	2.28

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 2022 and 2021, 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)	2022	2021
Indices CFD's	31,727	13,936
Currency CFD's	21,193	9,673
Commodities CFD's	12,134	12,675
Other (crypto, bonds, ETF, shares, others)	5,408	598
Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	**70,462**	**36,882**
Commission fee revenue from clients	1,880	1,935
Brokerage and commission fee expense	-28,832	-18,439
Other trading activity related income	753	156
Other trading activity related expenses	0	-4
Net income from trading	**44,263**	**20,530**

Due to high volatility in financial markets during 2022, the Company witnessed a significant improvement in results. In 2022, the Company's net trading income went up 116% in comparison with previous year.

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 with 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 deposits and withdrawals, special trading account fee like "swap-free Islamic accounts".

All payment methods are free for clients, except for Skrill deposits, which charge 0.9% (minimum $1) and Skrill for clients has 2 free withdrawals every month and next 1% min 1EUR/USD. Bank transfer fee also charged from 3rd client's withdrawal and depends on the country of residence.

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:

I. spreads (the differences between the "offer" price and the "bid" price);

II. net results (gains offset by losses) from Company's market making activities;

III. fees and commissions charged by the Company to its clients; and

IV. 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

(in thousands of euros)	2022	2021	Note
Software development and support	12	358	
Intra-group income	390	375	27
Other income	126	1,891	
Other income total	**528**	**2,624**	

The Company provided software development and support service to third parties amounted to EUR 12 thousand (2021: EUR 358 thousand). In 2022 other income includes income from the sales of SportID International OU shares. In 2021 other income also includes net income from sales of associate company Vorld OÜ.

Note 23.
Other expenses

(in thousands of euros)	2022	2021
Cost of goods and services	-10	-52
Other expense total	**-10**	**-52**

Note 24.
Personnel expenses

The remuneration for employees including social security taxes amounted to EUR 4,533 thousand (2021: EUR 4,685 thousand) and the remuneration for the management amounted to EUR 316 thousand (2021: EUR 61 thousand).

(in thousands of euros)	2022	2021
Employees (headquarters of Admiral Markets AS)	-4,533	-4,685
Remuneration of the Management Board and Supervisory Board	-316	-61
Vacation pay reserve	21	108
Total	**-4,828**	**-4,638**

Admiral Markets AS had 92 employees at the end of 2022 (2021: 105 employees).

There were no direct pension contribution expenses in 2022 and 2021.

Note 25.
Operating expenses

Type of expense (in thousands of euros)	2022	2021	Note
Marketing expenses	-8,762	-9,186	
IT expenses	-2,616	-3,056	
Other outsourced services	-200	-98	
Bank charges	-68	-53	
VAT expenses	-291	-452	
Rent and utilities expenses	-160	-145	
Legal and audit services	-563	-566	
Regulative reporting services	-101	-75	
Transport and communication costs	-162	-206	
Travelling expenses	-186	-101	
Supervision fee of the Financial Supervision Authority	-134	-157	
Small tools	-99	-79	
Other operating expenses	-809	-399	
Intra-group expense	-675	-1,909	27
Total operating expenses	**-14,826**	**-16,482**	

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 2022 - 2021. The Company's management estimates that in 2022 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:

(a) owners that have significant impact on the Company and the companies related to them;

(b) executive and key 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 Tsikhilov has the ultimate control over the Company

Revenue

(in thousands of euros)	Relation	2022	2021
Revenue from brokerage and commission fees*	Companies in the same consolidation Group	60,274	43,456
Services	Companies in the same consolidation Group	390	409
Services	Key management and companies related to them	0	373
Interest income	Parent company	130	116
Interest income	Companies in the same consolidation Group	462	9
Interest income	Key management and companies related to them	5	10
Total transactions with related parties		**61,261**	**44,373**

*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	2022	2021
Commission fees	Companies in the same consolidation Group	-28,150	-17,700
Services	Parent company	-510	-365
Services	Companies in the same consolidation Group	-165	-1,544
Services	Key management and companies related to them	0	-387
Total transactions with related parties		**-28,825**	**-19,996**

Loans and Receivables

(in thousands of euros)	31.12.2022	31.12.2021	Note
Loans to parent company	11,106	5,800	
Loans to other companies in the same consolidation Group	21,592	636	
Loans to key management and companies related to them	103	120	
Receivables from parent company	44	0	
Receivables from other companies in the same consolidation Group	2,504	8,353	
Receivables from key management and companies related to them	37	96	
Total receivables from related parties	**35,386**	**15,005**	**8,9**

Payables

(in thousands of euros)	31.12.2022	31.12.2021	Note
Payables to parent company	146	110	13
Payables to other companies in the same consolidation Group	3,099	106	13
Payables to key management and companies related to them	0	44	
Total payables to related parties	**3,245**	**260**	

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)	31.12.2022	31.12.2021	Interest rate	Interest receivable 31.12.2022	Interest receivable 31.12.2021	Due date	Currency
Loan 1	2,500	2,500	2%	13	13	12.2023	EUR
Loan 2	1,000	1,000	2%	5	5	11.2024	EUR
Loan 3	2,300	2,300	2%	0	0	12.2023	EUR
Loan 4	5,000	0	2%	14	0	11.2023	EUR
Total	**10,800**	**5,800**		**32**	**18**		

Loans to other companies in the same consolidation Group (in thousands of euros)	31.12.2022	31.12.2021	Interest rate	Interest receivable 31.12.2022	Interest receivable 31.12.2021	Due date	Currency
Loan 1	0	150	3%	0	2	07.2026	EUR
Loan 2	0	486	2%	0	13	12.2022	EUR
Loan 3	200	0	3%	2	0	08.2023	EUR
Loan 4	5,000	0	3%	0	0	12.2023	EUR
Loan 5	10,000	0	3%	221	0	12.2023	EUR
Loan 6	5,000	0	3%	0	0	12.2023	EUR
Total	**20,200**	**636**		**223**	**15**		

Loans to key management and companies related to them (in thousands of euros)	31.12.2022	31.12.2021	Interest rate	Interest receivable 31.12.2022	Interest receivable 31.12.2021	Due date	Currency
Loan 1	0	5	12 month Euribor + 4%	0	8	12.2022	EUR
Loan 2	55	55	2%	1	0	04.2023	EUR
Loan 3	48	60	8%	3	0	07.2026	EUR
Total	**103**	**120**		**4**	**8**		

Note 28. Subsidiaries

	Country	Ownership interest 31.12.2022	Ownership interest 31.12.2021	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 2022 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 2022.
The Management Board confirms that Management Report of Admiral Markets AS on pages 10 to 65 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 66 to 137 presents a true and fair view of the Company's assets, liabilities, financial position and financial results according to the IFRS as they are adopted by the European Union and contains description of the main risks and doubts.

31.03.2023

Chairman of the Management Board:

Sergei Bogatenkov

Member of the Management Board:

Andrey Koks

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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 2022, 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 31 March 2023.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- 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, which include significant accounting policies 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.

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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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 § 59[1] 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 2022 to 31 December 2022 are disclosed in the management report.

Our audit approach

Overview

Materiality	Overall audit materiality is EUR 764 thousand, which represents approximately 5% of the Company's average profit before tax for years 2020 to 2022.
Key audit matters	Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers

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.

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Overall Company materiality	EUR 764 thousand
How we determined it	Approximately 5% of the Company's average profit before tax for years 2020 to 2022
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 3 years' average of profit before tax as the Company's results are volatile by nature and 3 years' average better reflects Company's operating volumes.

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
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 "Accounting policies and estimates used in preparing the financial statements" and Note 21 "Net income from trading") The Company provides its clients various Forex and Contract for Difference (CFD) products with leverage. 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.	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. 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. We have performed the following detailed testing: • 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;

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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.

- 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.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises Highlights 2022, To the investors of Admirals, Management report and Allocation of income according to EMTA classificators (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.

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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.

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.

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- 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.

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 format of the financial statements with the requirements of the European Single Electronic Reporting format

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 2022 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 6 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

/signed/

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

31 March 2023
Tallinn, Estonia

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Proposal for profit distribution

Management Board proposes the General Meeting of shareholders to transfer the profit in the amount of EUR 24,835 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.

31.03.2023

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 classificators

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

EMTAK code	Title of EMTAK group	2022
66121	Security and commodity contracts brokerage	20 530 614

Markets go up and down. We are going forward.