

admirals

2023

Unaudited interim report

Admiral Markets AS



Admiral Markets AS

Unaudited interim report 2023

Commercial Registry no.	10932555
Address	Maakri 19/1, Tallinn, 10145
Telephone	+372 6 309 300
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

Highlights 2023

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

New applications increased by

77%

Active clients increased by

62%

New clients increased by

43%

Active accounts increased by

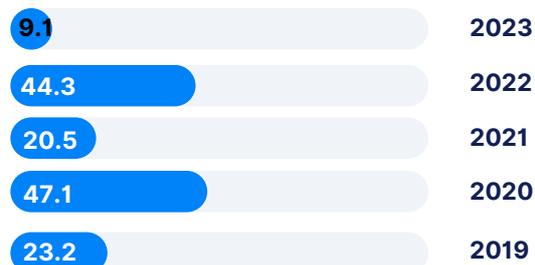
57%

*Earnings before interest, taxes, depreciation and amortisation.

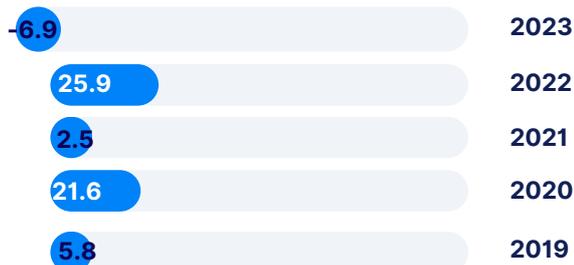
**Active clients represent clients who traded at least once in the respective half of the year.

***Active accounts represent accounts where via which at least one trade had been concluded within in the respective year.

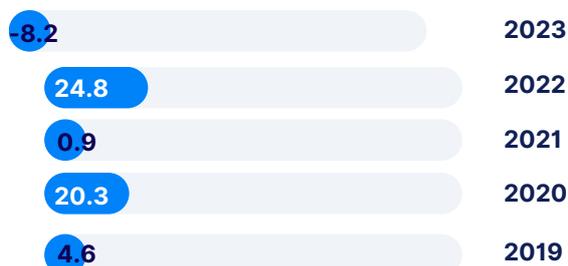
Net trading income 9.1 EUR million



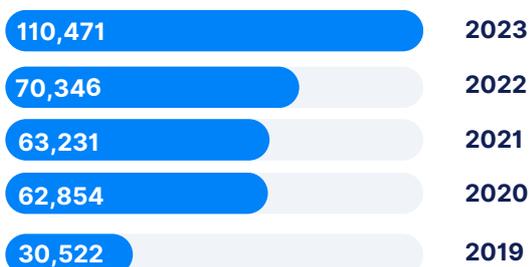
EBITDA* EUR -6.9 EUR million



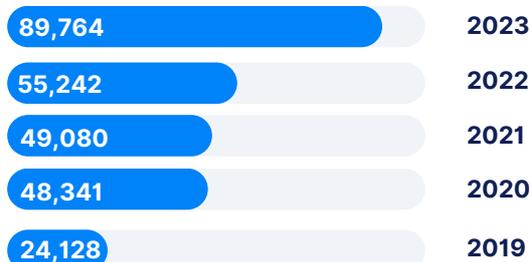
Net profit (-loss) -8.2 EUR million



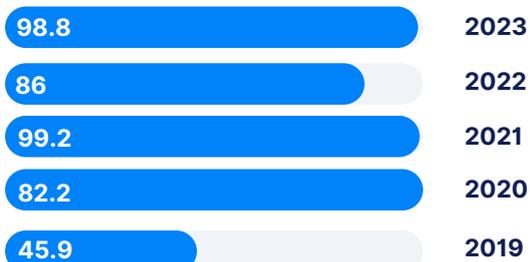
Active accounts*** 110,471



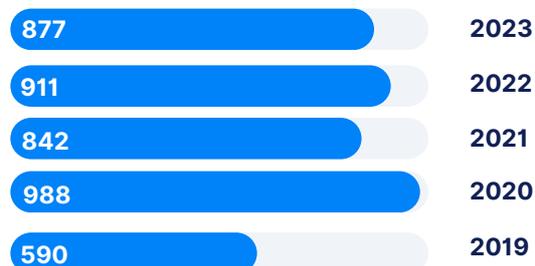
Active clients** 89,764



Client assets EUR 98.8 million



Value of trades EUR 877 billion



Number of trades 56 million



Management Board declaration

The unaudited interim report of Admiral Markets AS consists of the management report and financial statements.

The data and the additional information provided by Admiral Markets AS in the 2023 interim report are true and complete.

The accounting policies adopted in the preparation of the financial statements are in accordance with the International

Financial Reporting Standards as adopted by the European Union and give a true and fair view of the financial position, financial performance, and cash flow of the entity. The financial statements of the interim report of 2023 are unaudited.

✓ digitally signed

Sergei Bogatenkov, CEO and Chairman of the Management Board Admiral Markets AS. Tallinn, 29.02.2024

To the investors of Admirals

Dear investors!

Reflecting on the remarkable achievements of Admirals in 2023, I am filled with immense pride as the CEO of this extraordinary company. Being recognised as the second most successful company in Estonia and the most competitive service company is a testament to our commitment to excellence and innovation.

The year 2022 surpassed all expectations, yielding extraordinarily good results that fuelled our continued dedication to development and investments. Today, as the FinTech landscape undergoes radical transformations propelled by AI, for example, the need for coordinated changes within our sector is more apparent than ever, compelling us to reassess our strategic timeline for the ambitious 2030 vision.

Our performance is inherently connected to ever shifting dynamics of market movements. The year brought unexpected changes and while adapting to the circumstances, we took proactive measures to optimise every aspect of our operations. Looking forward, we are confident that the optimisations implemented in response to the challenges of 2023 will pave the way for a remarkable 2024. Our collective efforts and resilience position us well to navigate the evolving landscape, ensuring that our vision for 2030 remains not only intact but fortified.

In 2023, the rising number of believers in our strong leadership, client-centricity, innovative products, and high-tech capabilities has led to a record growth in active customer numbers. This surge indicates a collective investment in financial freedom, and we are delighted to play a pivotal role in this journey.

The period of relative stability allowed people to focus on preparing for the future, aligning with our commitment to strategic optimisation. We executed outstanding expansion efforts, venturing into new markets and regions across the globe. This strategic move lays a profound groundwork for future success and the effective implementation of our 2030 strategy. The diversification of our reach not only enhances our resilience in the face of economic uncertainties but also positions us strategically for long-term growth.

I express my profound appreciation to our investors, partners, regulators, and dedicated team, whose unwavering support has played an extraordinary role in our journey. Admirals is advancing with a wealth of experience, robust partnerships, and a motivated team. As we pursue our ambitious goals, we have a meticulously crafted plan and all the necessary elements in place to bring it to fruition. The future lies within our grasp, and we eagerly anticipate embarking on this journey. Together, we are poised to overcome challenges, embrace opportunities, and chart a course for continued success.

Sergei Bogatenkov
CEO and Chairman of the Management Board

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Management Report

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



Our company

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

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

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

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

The licensed investment companies constituting the consolidation group include Admiral Markets AS, Admiral Markets UK Ltd, Admirals AU Pty Ltd, Admirals Europe Ltd (previous business name Admiral Markets Cyprus Ltd), Admiral Markets AS/ Jordan LLC, Admirals SA (PTY) LTD, Admiral Markets Canada Ltd., Admirals KE Limited, Admirals SC Ltd, license application has been submitted for Admirals MENA Ltd (the United Arab Emirates).

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, the Financial Services Authority (FSA) for the Seychelles, and Securities and Commodities Authority (SCA) for the United Arab Emirates.

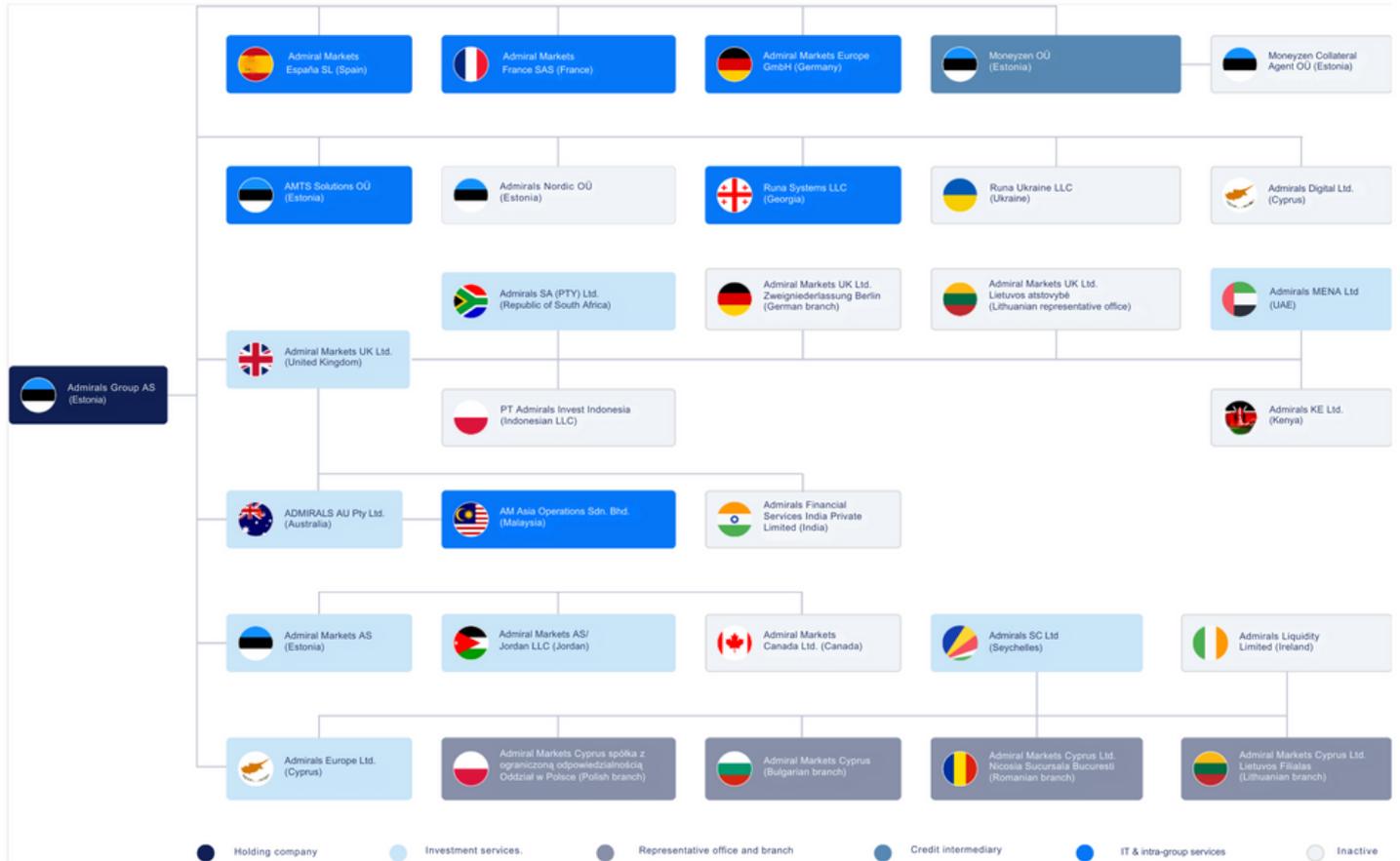
No business activities have been conducted yet in Kenya and the United Arab Emirates.

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

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

Admirals Group AS Structure

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



Management

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

In the 2023, the remuneration of the management, including social security taxes, totalled EUR 313 thousand (2022: EUR 316 thousand).

Supervisory Board of Admiral Markets AS

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



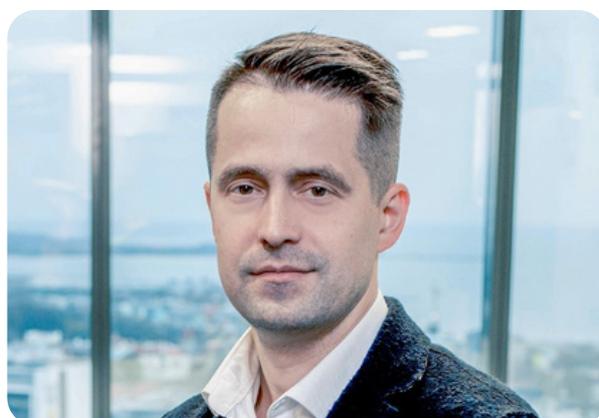
Alexander Tsikhilov
Chairman of the Supervisory Board



Anatolii Mikhalchenko
Member of the Supervisory Board



Anton Tikhomirov
Member of the Supervisory Board



Dmitri Lauš
Member of the Supervisory Board

Management Board of Admiral Markets AS

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



Sergei Bogatenkov

Chairman of the Management Board



Andrey Koks

Member of the Management Board

Our People

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

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

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

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

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

At the end of 2023, the Group had 290 employees (in 2022: 294 employees)

Development & Recognition of Our People

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

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

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

2023 Overview

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

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

Launch of Admirals Platform

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

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

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

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

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

New Services

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

Admirals Esports

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

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

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

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

Opening an office in Nigeria

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

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



Marketing

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

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

Search Engine Optimisation (SEO)

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

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

Social

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

Education

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

In 2023, we held more than 3700 events ranging from 10 people power courses to online conferences with more than 1000 attendees across 23 regions with more than 50 000 unique users in total.

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

ESG

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

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

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

93%

Satisfaction rate due to Educational programs offered

3700 events

Key Events in 2023

Our Initiatives

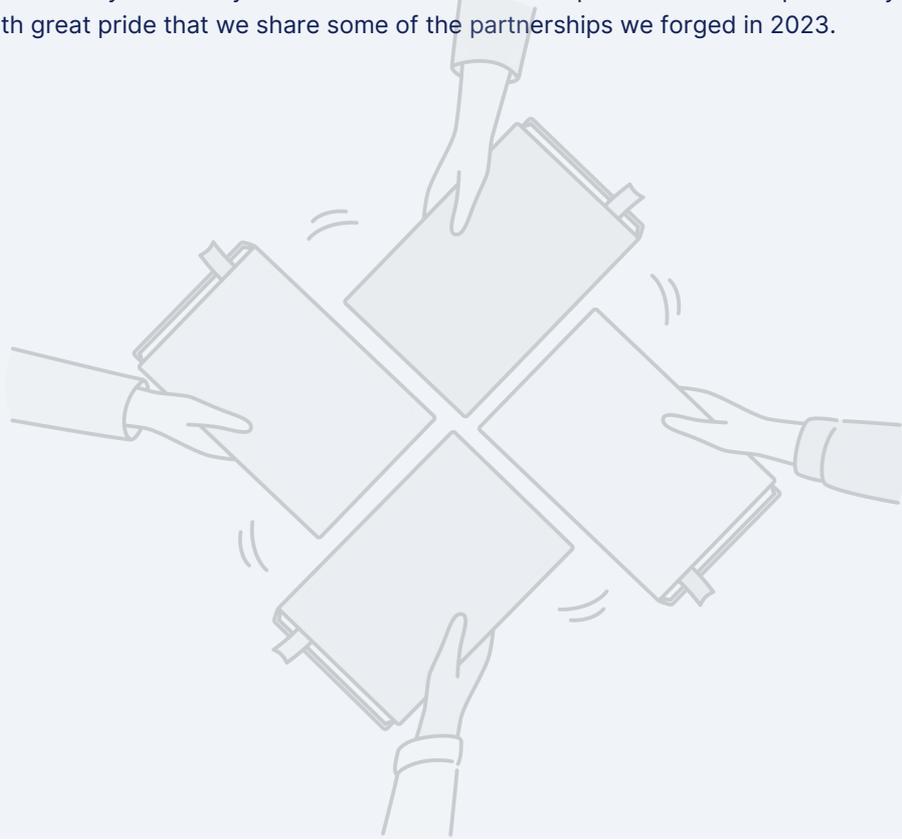
The Group places a high priority on fostering a sense of unity, a commitment that finds expression in our CSR (Corporate Social Responsibility) initiatives and diverse collaborative projects with sponsorships.

Gestures of Goodwill & Corporate Social Responsibility

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

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

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



FCI Levadia

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



Student Exchange

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



Eesti Kontsert

By supporting culture, Admirals is creating meaningful engagement in the society. Admirals continued its cooperation with Eesti Kontsert, the most well-established cultural organisation and promoter of Estonian music and culture. Eesti Kontsert organizes 1000 concerts and various musical events annually in Estonia and abroad. Admirals is proud to be a part of this vibrant cultural initiative.



The Money Wisdom Board Game

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



Collaborative Success with Students

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

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

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

Visit from Saare Arenduskeskus

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



Fourth year of supporting National Contest of Young Inventors

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

Awards

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

Germany



Focus Money
"Recommended by investors: Highly recommended"



Deutsches Kundeninstitut "BEST CFD Broker" 2023

Spain



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

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

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

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

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

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



Trends & The Impact on our Future

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

Rising inflation rates

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

Geo-political factors

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

Technical development

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

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

Competitor actions

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

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



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

Economic environment

Significant Events

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



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

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

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

Global Economy

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

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

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

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

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

United States

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

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

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

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

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



United Kingdom

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

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

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

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

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



China

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

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

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

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

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

The Euro Area

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

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

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

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

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

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

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

Estonia

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

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

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



The Outlook for 2024

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



Financial Review

Main Financial Indicators of Admiral Markets AS

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

Business volumes (in millions of euros)	2023	2022	Change 2023 vs 2022	2021	2020	2019
Due from credit institutions and investment companies	19.2	33.4	-43%	40.3	40.3	26.5
Debt securities	3.4	5.5	-38%	8.7	8.7	9.3
Shareholders' equity	69.9	80.7	-13%	57.7	57.7	38.8
Total assets	74.9	90.0	-16%	71.4	71.4	47.2
Off-balance sheet assets (client assets)	0.3	0.5	-40%	3.0	3.0	2.7
Number of employees	69	92	-25%	141	141	147

Equations used for the calculation of ratios:

EBITDA margin, % = EBITDA / Net trading income

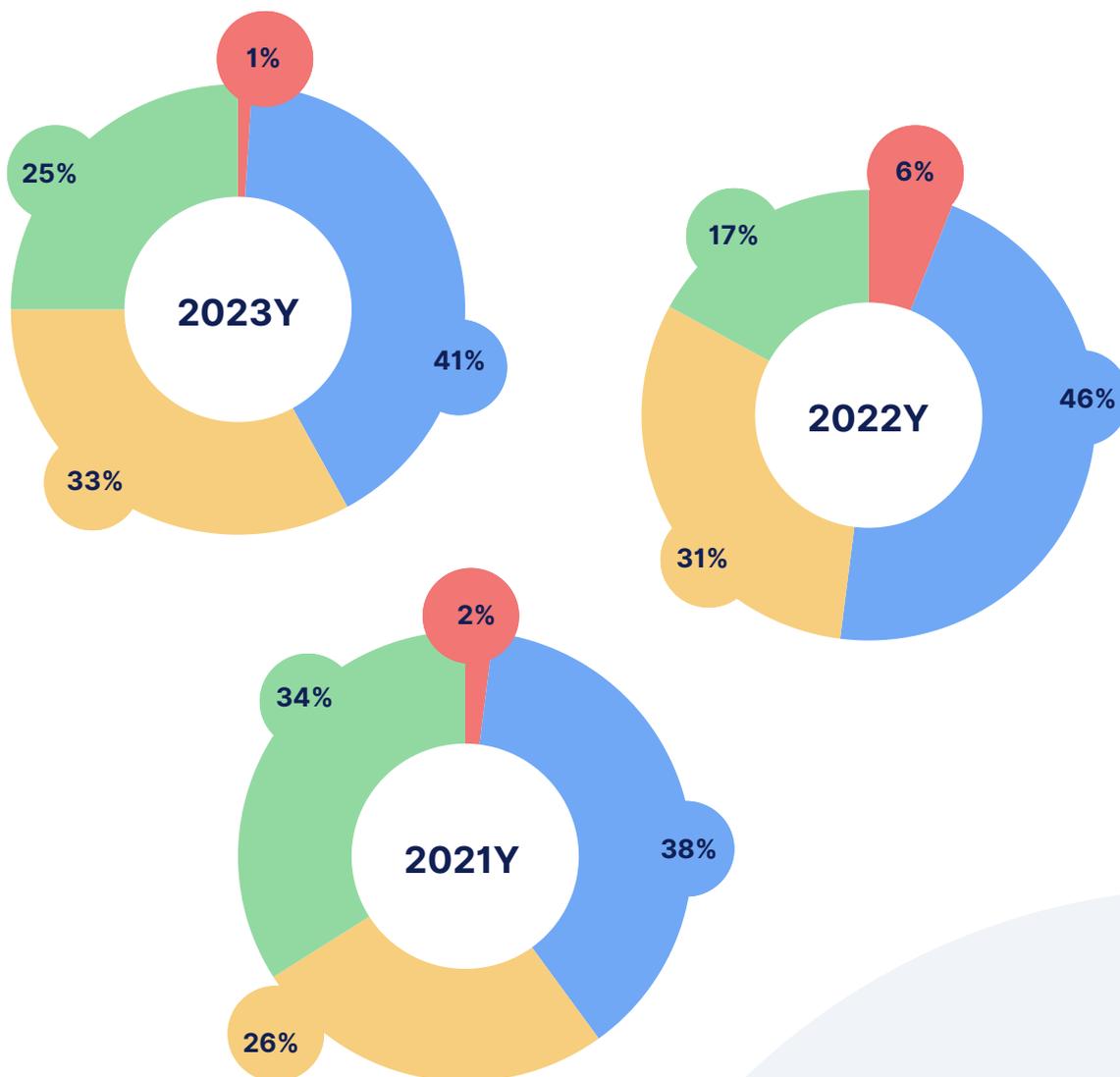
EBIT margin, % = EBIT / Net trading income

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

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

Net Trading Income

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



Expenses

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

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

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

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

Net Profit (Loss)

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

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

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

Statement of Financial Position

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

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

The Company's non-current assets totalled EUR 4.4 million. Intangible assets consist mainly of the development costs of Trader's Room 3 and another license. Also, since 2021, the Company has started to capitalise developments of Mobile App, Cards, Asset management, Copy Trading.

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

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

Key Financial Ratios

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

Equations used for the calculation of ratios:

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

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

Equity ratio = average assets / average equity

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

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

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

Client Trends

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

The number of active clients in the Group was up by 62% to 89,764 clients compared to period 2022 and up by 83% compared to same period in 2021. The number of new applications in the Group went up by 77% to 266,779 applications compared to the same period of 2022 and up by 116% compared to the same period in 2021. The Group's client assets increased by 15% year-on-year to 98.8 million EUR in 2023.

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

	2023	2022	Change 2023 vs 2022	2021	2020	2019
Income statement						
Net trading income, mln EUR	40.9	69.0	-41%	35.7	62.2	33.5
Operating expenses, mln EUR	50.3	44.7	13%	37.8	40.6	28.1
EBITDA, mln EUR	-6.5	27.4	-124%	2.6	23.4	6.9
EBIT, mln EUR	-9.7	24.5	-140%	0.5	21.7	5.6
Net profit, mln EUR	-9.7	24.3	-140%	0.1	20.7	5.2
Business volumes						
EBITDA margin, %	-16%	40%	-56	7%	38%	20%
EBIT margin, %	-24%	36%	-60	1%	35%	17%
Net profit margin, %	-24%	35%	-59	0.4%	33%	16%
Cost to income ratio, %	123%	65%	58	106%	65%	84%
Business volumes						
Due from credit institutions and investment companies, mln EUR	60.0	72.0	-17%	45.7	53.2	33.7
Debt securities, mln EUR	3.4	5.5	-38%	7.6	8.7	9.3
Shareholders' equity, mln EUR	70.4	82.9	-15%	59.3	61.1	42.4
Total assets, mln EUR	82	98.2	-16%	71.9	75.2	52.0
Off-balance sheet assets (client assets), mln EUR	98.8	86.0	15%	99.2	82.2	45.9
Number of active clients	89,764	55,242	62%	49,080	48,341	24,128
Number of active accounts	110,471	70,346	57%	63,231	62,854	30,523
Number of employees	290	294	-1%	300	340	284

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

Capitalisation

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

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

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

Own Funds

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

Capital Requirements

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

Capital Adequacy

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

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

Interim Financial Statements

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



Statement of Financial Position

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

Statement of Comprehensive Income

(in thousands of euros)	Note	2023	2022
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers		41,777	70,462
Brokerage and commission fee revenue		1,668	1,880
Brokerage and commission fee expense		-34,656	-28,832
Other trading activity related income		339	753
Net income from trading	12	9,128	44,263
Other income similar to interest		172	137
Interest income calculated using the effective interest method		1,044	698
Interest expense		-184	-210
Other income		877	528
Other expense		10	-10
Net gains on exchange rate changes		-214	1,130
Net loss from financial assets at fair value through profit or loss		61	-362
Personnel expenses		-4,634	-4,828
Operating expenses	13	-12,168	-14,826
Depreciation of tangible and intangible assets		-1,259	-1,202
Depreciation of right-of-use assets		-484	-483
(Loss) / Profit before income tax		-7,651	24,835
Income tax		-535	0
Net (loss) / profit for the reporting period		-8,186	24,835
Comprehensive income for the reporting period		-8,186	24,835
Basic and diluted earnings per share	10	-20.26	61.47

Statement of Cash Flows

(in thousands of euros)	2023	2022
Cash flow from operating activities		
Net (loss) / profit for the reporting period	-8,186	24,835
Adjustments for non-cash income or expenses:		
Depreciation of tangible and intangible assets	1,744	1,686
Gains on the sale of tangible assets	0	10
Interest and similar income	-1,216	-836
Interest expense	184	210
Corporate income tax expenses	535	0
Other financial income and expenses	92	-767
Operating cash flows before working capital changes	-6,847	25,138
Changes in operating assets and liabilities:		
Change in amounts due from investment companies	4,252	5,026
Change in trade receivables	-2,600	5,227
Change in other assets	1,259	-327
Change in derivative assets	-84	-93
Change in payables and prepayments	-3,371	2,970
Change in the derivative liabilities	4	-424
Changes in inventories	-263	0
Operating cash flows before interest and tax	-7,650	37,517
Interest received	1,039	570
Interest paid	-129	-146
Corporate income tax paid	-535	0
Net cash from/used in operating activities	-7,275	37,941

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(in thousands of euros)	2023	2022
Cash flow from investing activities		
Purchase of tangible and intangible assets	-752	-1,443
Loans granted	-6,926	-25,283
Repayments of loans granted	7,052	1,413
Acquisition of financial assets at fair value through profit or loss (investment portfolio)	-7,551	-4,418
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)	9,133	6,804
Subordinated debt securities	-473	0
Investment in to associates	0	-484
Net cash used in investing activities	483	-23,411
Cash flow from financing activities		
Dividends paid	-2,619	0
Repayment of principal element of lease liabilities	-526	-510
Net cash used in financing activities	-3,145	-510
TOTAL CASH FLOWS	-9,937	14,020
Cash and cash equivalents at the beginning of the period	20,111	4,696
Change in cash and equivalents	-9,937	14,020
Effect of exchange rate changes on cash and cash equivalents	1	1,395
Cash and cash equivalents at the end of the period	10,175	20,111

Statement of Changes in Equity

(in thousands of euros)	Share capital	Statutory reserve capital	Retained earnings	Total
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
Dividends paid	0	0	-2,619	-2,619
Loss for the reporting period	0	0	-8,186	-8,186
Total comprehensive income for the reporting period	0	0	-8,186	-8,186
Balance as at 31.12.2022	2,586	259	67,041	69,886

Notes to the Interim Financial Statements

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



Note 1. General information

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

Admiral Markets AS have subsidiaries in Canada and Jordan.

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

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

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

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

Note 2. Risk management

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

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

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

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

Note 3.

Due from credit institutions and investment companies

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

* Cash and cash equivalents in the statement of cash flows

Note 4.

Financial assets and liabilities at fair value through profit or loss

Instrument (in thousands of euros)	31.12.2023		31.12.2022		
	Asset	Liability	Asset	Liability	Note
Bonds	3,362	0	5,480	0	6
Convertible loan	6	0	1,002	0	6
Company own bonds	1,351	0			
Equity investments at fair value through profit or loss	1,333	0	1,234	0	6
Currency pairs	33	20	73	64	6
CFD derivatives	243	6	137	129	6
Other derivatives	25	191	7	21	6
Total	6,353	217	7,933	214	

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

Note 5.

Loans and receivables

(in thousands of euros)	31.12.2023	31.12.2022
Financial assets		
Settlements with employees	9	36
Loans granted	31,574	31,186
Receivables from group companies	3,848	2,248
Other short-term receivables	1,842	1,163
Total	37,274	34,634

	31.12.2023 (in thousands of euros)	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivable 31.12.2023
		Up to 1 year	2-5 years				
Loan 1	55	55	0	2%	04.2024	EUR	0
Loan 2	74	74	0	15%	06.2024	EUR	6
Loan 3	10,000	10,000	0	3%	12.2024	EUR	0
Loan 4	10,000	10,000	0	3%	12.2024	EUR	424
Loan 5	5,700	5,700	0	2%	12.2024	EUR	0
Loan 6	5,713	5,713	0	2%	12.2024	EUR	0
Loan 7	31	0	31	8%	07.2026	EUR	0
Total	31,574	31,543	31				430

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

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

Note 6.

Liabilities and prepayments

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

Note 7.

Leases

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

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

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

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

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

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

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

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

Note 8.

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	1,353	8%	28.12.2027

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

The total number of bondholders at the end of the year was 333.

Bondholder structure according to the holders' groups as at 31.12.2023 was the following:

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

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

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

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

Note 9.

Off-balance sheet assets

Off-balance sheet assets are funds of these clients who use the trading systems mediated by Admiral Markets AS. Because of the specific feature of the system, Admiral Markets AS deposits these funds in personalized accounts in banks and in other investment companies. The Company does not use client funds in its business operations and accounts for them off-balance sheet.

(in thousands of euros)	31.12.2023	31.12.2022
Bank accounts	255	412
Stock	0	136
Total	255	548

Note 10.

Share capital

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

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

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

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

Basic earnings per share are calculated as follows:

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

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

Note 11.

Segment reporting

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

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

Note 12.

Net income from trading

(in thousands of euros)	2023	2022
Indices CFD's	17,129	31,727
Currency CFD's	13,787	21,193
Commodities CFD's	10,444	12,134
Other (crypto, bonds, ETF, shares, others)	418	5,408
Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	41,778	70,462
Commission fee revenue from clients	1,667	1,880
Brokerage and commission fee expense	-34,656	-28,832
Other trading activity related income	339	753
Net income from trading	9,128	44,263

Note 13.

Operating expenses

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

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

Note 14.

Transactions with related parties

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

- (a) owners that have significant impact on the Company and the companies related to them;
- (b) executive and 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	2023	2022
Revenue from brokerage and commission fees*	Companies in the same consolidation Group	25,000	60,274
Services	Companies in the same consolidation Group	408	390
Services	Key management and companies related to them	111	0
Interest income	Parent company	213	130
Interest income	Companies in the same consolidation Group	611	462
Interest income	Key management and companies related to them	4	5
Total transactions with related parties		26,347	61,261

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

Expenses

(in thousands of euros)	Relation	2023	2022
Commission fees	Companies in the same consolidation Group	-35,955	-28,150
Services	Parent company	-467	-510
Services	Companies in the same consolidation Group	0	-165
Total transactions with related parties		-36,422	-28,825

Loans and receivables

(in thousands of euros)	31.12.2023	31.12.2022
Loans to parent company	11,413	11,106
Loans to other companies in the same consolidation Group	22,603	21,592
Loans to key management and companies related to them	31	103
Receivables from parent company	0	44
Receivables from other companies in the same consolidation Group	2,526	2,504
Receivables from key management and companies related to them	9	37
Total receivables from related parties	36,582	35,386

Payables

(in thousands of euros)	31.12.2023	31.12.2022
Payables to parent company	86	146
Payables to other companies in the same consolidation Group	700	3,099
Total payables to related parties	786	3,245

Terms and conditions

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

Outstanding balances are unsecured.



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