

admirals

2022

# Unaudited Consolidated Interim Report

Admirals Group AS



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## Unaudited Consolidated Interim Report 2022

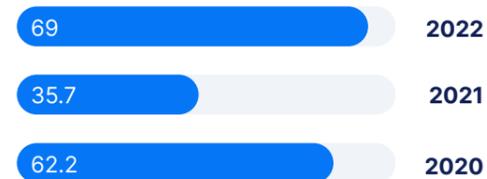
Commercial Registry no.	11838516
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E-mail	info@admiralmarkets.com
Main area of activity	Holding company
Beginning and end date of interim report period	01. January - 31. December
Chairman of the Management Board	Sergei Bogatenkov
Members of the Management Board	Andrey Koks Andreas Ioannou
Chairman of the Supervisory Board	Alexander Tsikhilov
Members of the Supervisory Board	Anton Tikhomirov Anatolii Mikhalchenko Dmitri Laush Fedor Ragin Priit Rohumaa
Auditor	PricewaterhouseCoopers AS

The logo for Admirals, featuring the word "admirals" in a white, lowercase, sans-serif font. A small blue circle is positioned above the letter 'i'.

# Highlights 2022

- Group net trading income was 69.0 EUR million (2021: EUR 35.7 million and 2020: EUR 62.2 million).
- EBITDA<sup>1</sup> was 26.6 EUR million (2021: EUR 1.0 million and 2020: EUR 23.4 million).
- Net profit was 23.5 EUR million (2021: EUR 0.1 million and 2020: EUR 20.7 million).
- Number of active clients<sup>2</sup> in Group went up by 13% to 55,242 clients comparing to period 2021 and up by 14% compared to same period 2020 (2021: 49,080, 2020: 48,341 active clients).
- Number of active accounts<sup>3</sup> in Group went up by 11% to 70,346 accounts compared to same period of 2021 and up by 12% compared to same period 2020 (2021: 63,231 and 2020: 62,854).
- 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).

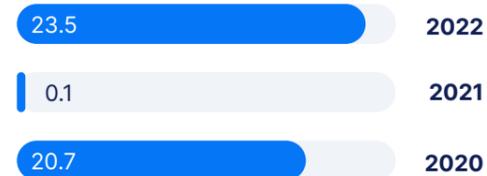
## Net trading income, EUR million



## EBITDA<sup>1</sup>, EUR million



## Net profit, EUR million



- <sup>1</sup> Earnings before interest, taxes, depreciation and amortization
- <sup>2</sup> Active clients represent clients who traded at least once in the respective year
- <sup>3</sup> Active accounts represent accounts via which at least one trade has been concluded in the respective year

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

Net profit **increased** by

# 23400%

Active clients **increased** by

# 13%

EBITDA **increased** by

# 2560%

Active accounts **increased** by

# 11%

Group net trading income **increased** by

# 93%

New applications **increased** by

# 22%



# Management Board Declaration

The unaudited consolidated interim report of Admirals Group AS consists of the management report and financial statements.

The data and the additional information provided by Admirals Group AS in the consolidated interim report in the 2022 are true and complete.

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

The financial statements of the interim report of 2022 are unaudited.

✓ digitally signed

**Sergei Bogatenkov, CEO and Chairman of the Management Board Admirals Group AS**  
Tallinn, 28.02.2023

## To the Investors of Admirals

Dear investors,

As a global FinTech community, Admirals have always stood for the values that connect people and cultures all around the world. Financial freedom is one of the next great objectives of humankind and we believe that it should be within reach for everybody and everywhere. This is striving Admirals to shape the way forward.

Our vision is to be the global pioneer in financial inclusion that lets people access effortless, affordable, and secure financial products and services through an ecosystem that meets 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 truly global player. We are fast, flexible, and courageous.

I am proud to say that in terms of business, 2022 has been beyond exceptional for Admirals. Amid uncertain times, Admirals set a profit record for operation. The net trading income of Admirals Group AS was 69 million euros (2021: 35,7 million euros) and the net profit of the Group was 23,5 million euros (2021: 0,1 million euros).

At the same time, we have established a strong cross-cultural team operating from 18 different countries all over the world. We are a global company with a local focus, trusted by customers across all continents and we are ambitious for more. We are constantly making sure that Admirals offers existing and future customers the best mix of products and experiences, across all geographies and channels.

The strong results of 2022 set a powerful 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 has a sense of belonging.

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

One of the milestones in our success is our 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 future success.

The past years have shaken the values, processes, and setups in every aspect of our daily lives. 2022 proved that togetherness, bold decisions, and a constant appetite for more can 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 strongly focused on the

development of IT and infrastructure, making sure that continuous R&D investments provide us with tools for further growth. We keep pace with the endless integration of AI possibilities and the development of machine learning that will allow our high performance to succeed to new levels. Our systems are fully trouble-proof while functioning securely and to the highest possible standards.

Contributing meaningfully towards society is one of the cornerstones of our business. We think about the environment, actions and influence we can create as a global leader. We have always emphasized the importance of sharing our success with organizations and initiatives who 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 toward 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 Admirals Group AS**

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

Learn.  
Trade.  
Invest.

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# Management Report

The following chapter outlines the founding and licensing history and growth of Admirals Group 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 have mostly targeted experienced traders, but since this year we have also strengthened our position in the beginner's segment. Therefore, the Company focuses on the improvement of the general trading skills of experienced traders and the training of new enthusiasts as well.

Admiral Markets AS role is that of 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). The companies

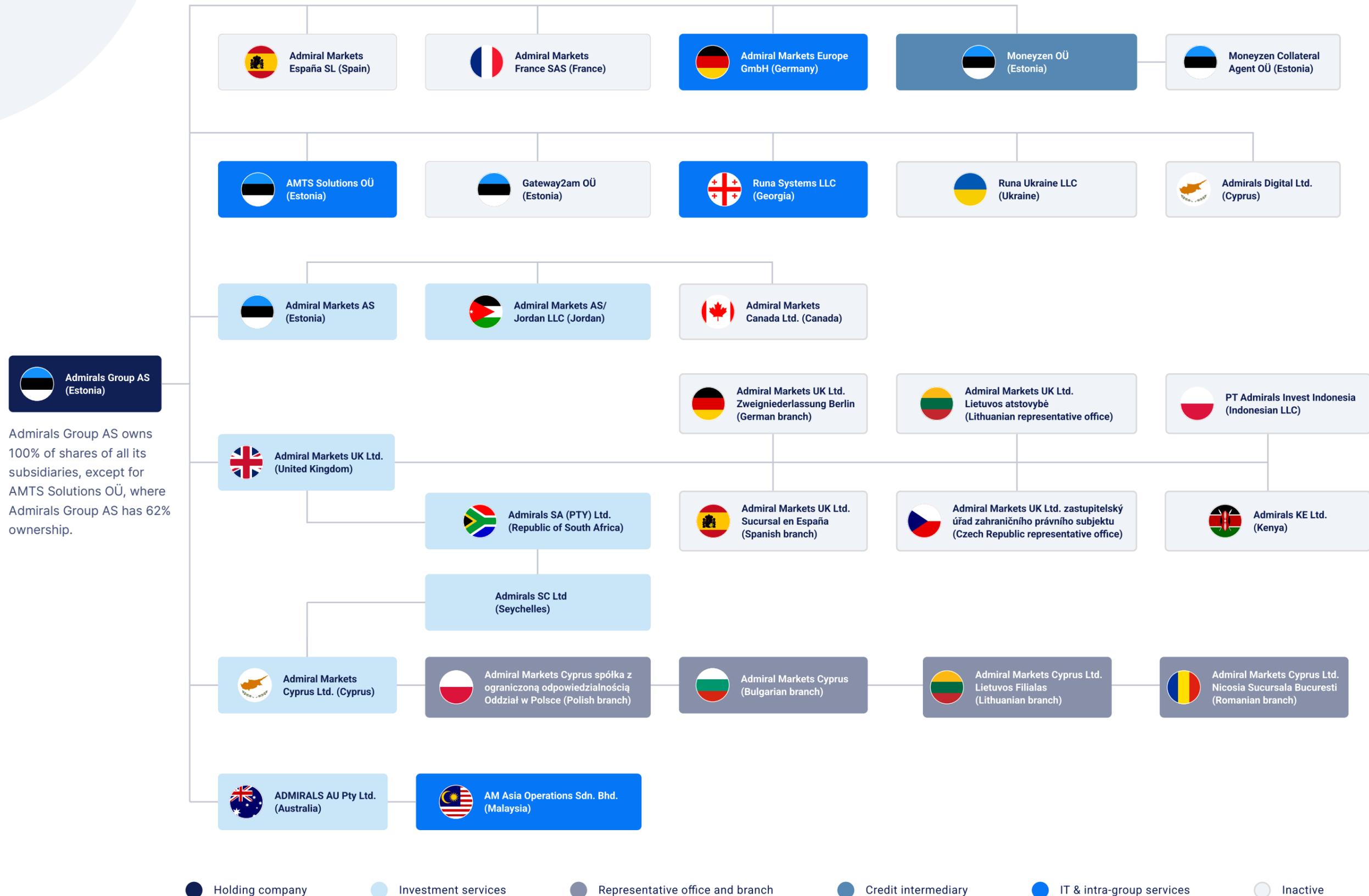
belonging to the Group have nine licenses from the Estonian Financial Supervisory Authority (EFSA) for Estonia, the Financial Conduct Authority (FCA) for the UK, the Australian Securities and Investments Commission (ASIC) for Australia, the Cyprus Securities and Exchange Commission (CySEC) for Cyprus, 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 Limited, and Admirals KE Limited are inactive at the moment.

# Admirals Group AS structure

The structure of Admirals Group 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

# Management

Admirals Group AS is managed by a three-member Management Board and supervised by a six-member Supervisory Board.

In 2022, the remuneration of the management, including social security taxes, totalled EUR 1,062 thousand (2021: EUR 1,153 thousand).

## Supervisory Board of Admirals Group AS

The members of the Supervisory Board of Admirals Group AS at the time of preparation of the interim report are Alexander Tsikhilov, Anton Tikhomirov, Anatolii Mikhalchenko, Dmitri Laush, Fedor Ragin, Priit Rohumaa.



**Alexander Tsikhilov**

Chairman of the Supervisory Board



**Anatolii Mikhalchenko**

Member of the Supervisory Board



**Anton Tikhomirov**

Member of the Supervisory Board



**Fedor Ragin**

Member of the Supervisory Board



**Priit Rohumaa**

Member of the Supervisory Board



**Dmitri Laush**

Member of the Supervisory Board

## Management Board of Admirals Group AS

The members of the Management Board of Admirals Group AS at the time of preparation of the interim report are Sergei Bogatenkov, Andrey Koks and Andreas Ioannou.



**Sergei Bogatenkov**

CEO and Chairman of the Management Board



**Andrey Koks**

Member of the Management Board



**Andreas Ioannou**

Member of the Management Board

## Our People

The main aim of Admirals today and in the future is to be an enjoyable place to work. We care about the well-being and everyday experience of Admirals employees located across the globe.

The main keywords regarding the Admirals team in 2022 were engagement, communication, collaboration, recognition, adaptation, and development of our global talents. We focused on reviewing our existing policies and launching new ones to provide more transparency on collaboration principles within the company. The new policies included an introduction to a code of conduct, remote work policies, and a review of all office security policies. We integrated capacious data collection, analysis, and prediction into our workflows, all of which contributed towards improving the Admirals employee experience. A total of 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, the Group had 294 employees (in 2021: 300 employees).

Admirals also resumed 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 engagement survey into a continuous investigation and management health check through quarterly engagement surveys. Based on the results collected, a new tool was introduced to monitor people's motivations and work-related challenges. As a result, this would instantly offer an insight into the above matters for HR and the management, where the results were analysed via bi-weekly check-ins.

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 Group relaunched the monthly HR newsletter in an updated format with a high satisfaction rate to keep everyone up to date and bring people closer together.

In 2022, Admirals introduced a hybrid working 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 recognized by the company'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 introduced the kudos initiative to recognise the efforts of its employees and to promote a culture of recognition.

Admirals also launched a training program called "Financial Essentials" which was introduced to promote the development of industry knowledge in finance, followed by an Admirals internship program.

We offered students and young professionals the opportunity to work within a global team, gain valuable professional knowledge, and the opportunity to develop their skills.

We aligned and organized our events globally to foster a sense of team spirit. These events included: Children's Day, Knowledge Day, and Summer Day, to name a few.

As the Group is determined to support the well-being of its people, Healthy Week was launched at Admirals' hubs to promote a healthy lifestyle and sense well-being.

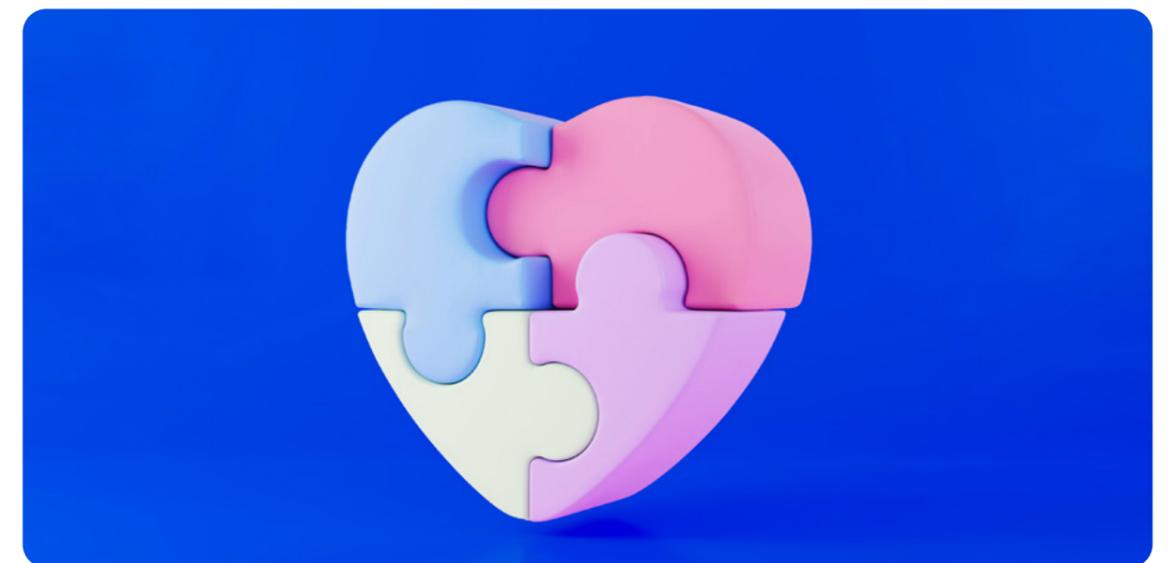
We are grateful for the hard work, contribution, and efforts to promote a sense of togetherness among our people and look forward to 2023.

## Key Events in 2022

### Our Initiatives

Admirals values togetherness and this is incorporated into CSR activities, various sponsorship and collaboration projects.

## Gestures of Goodwill & Corporate Social Responsibility



The past few years have revealed great results, which have occurred because of reviewing the health situation, work conditions, and the business environment, and making improvements accordingly.

Our views and understanding of safety and humanity are ever-changing. We have had to discover and implement new ways to help our customers, partners and react rapidly to the changing nature of business and the customer experience in the FinTech world. But we, as Admirals, have been operative and flexible. We have held it together as a team and proved that in the spirit of togetherness everything is possible.

Over a period of last few years, certain topics have risen to the surface that have been in the shadows for some time but are still crucial regarding the well-being of ourselves and our loved ones. Mental health has become a serious and urgent matter that needs our attention now more than ever before.

Admirals has always showed support for the organisations, people and initiatives that stand for the higher values of humanity. We believe that supporting such causes should be the mission of companies who have witnessed success. It is a great honour to share some of the partnerships that 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 organization and promoter of Estonian music culture. We believe that music plays a significant role in promoting mental well-being and thus, we encourage our employees to attend concerts and music events organized by Eesti Kontsert.

## Board Game

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

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 Wisdom" board game and more games will be sent to Estonian schools.





# Native Trading and Investing

Native Trading and Investing are the defining products of our future launched by Admirals in 2022. The main goal is to provide our clients with a clear and intuitive interface for trading and investing from their browser, combining our existing trading technologies with a totally new clear and intuitive UI. It is available online, so there is no need to download any app or alternative software platforms. However, it's much more than creating just a "web trading interface". It embodies the redesign of the Dashboard,

where focus shifts from Metatrader settings to a client-centric dashboard – with an overview of products and special offers, figures for the client's financials, clear navigation and well-thought UX. From the User Experience perspective, our clients do not need to spend time on opening trade accounts, logging into the trade terminal with a password and so on. Instead, they will enjoy getting news, insights and trading ideas from Admirals, and more importantly easy access to trading.

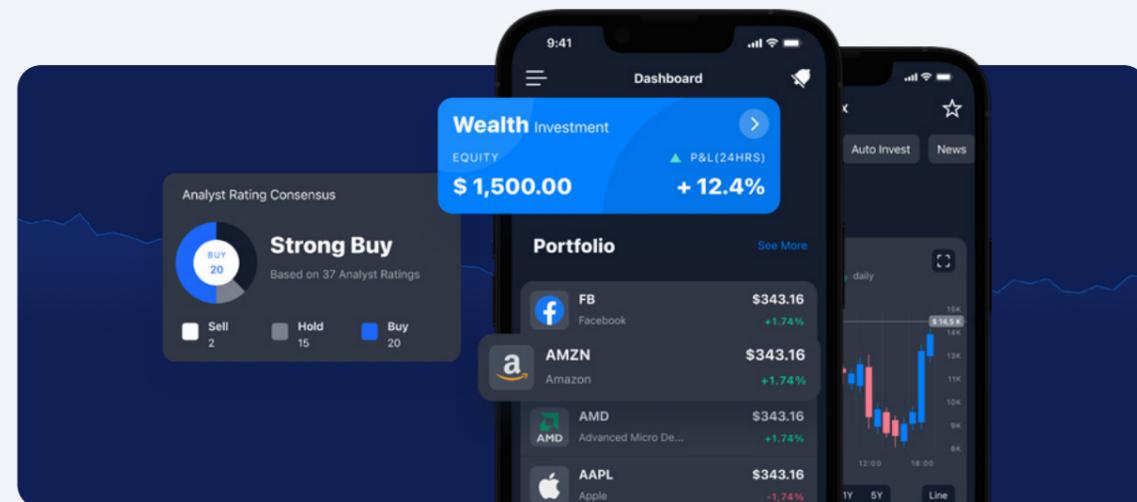
# Development of our Mobile App

We strive to be a leading fintech hub, valued for our variety and accessibility in trading, investing, social trading, and financial added value services. Our Mobile App is the ultimate tool - allowing any person to trade on the go from anywhere.

The Group contributed further to the development of the Mobile App, with focus on the retail customers. In the past, Admirals have been focused on experienced traders. However, with our strategy and the 2030 vision, we have expanded our horizons and have become inclusive towards beginner level traders, which aligns with our objective to provide financial freedom to 10 million people. To enable this, the Group enables simple products and services,

supported by a premium customer experience and the incorporation of modern technology. One may start their financial journey by simply purchasing stocks with Admirals. The Company therefore maintains its focus on providing financial literacy and the tools to enter the financial markets, bringing together all the necessary means towards building a reputable financial hub.

Adding Fractional Shares into the Mobile App is a noteworthy benchmark for 2022. It is a very successful feature and at least half of our clients use it on a daily basis. We have also begun 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.

Throughout the years, Admirals have always emphasised the importance of maintaining a high performance and remaining digitally mature, as companies that make effective use of IT can gain a competitive advantage over their rivals by being more efficient, more responsive to customers, and more agile in the marketplace.

Admirals proceeded with large-scale investments into the development of IT to maintain its high performance and digital maturity. Many outstanding success stories were completed to continue the ambitious journey to enable 10 million people to experience financial freedom by 2030.

A great deal of effort was dedicated 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 of cyber threats in the world.

Also, client communication technological solutions were enhanced by bringing new service providers into the mix of existing ones to reduce costs, improve quality and business continuity of the company.

We transformed the VOIP infrastructure, where we enhanced it 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 Group'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 set up its presence in Africa. Establishing its first hub, in South Africa signifies the conclusion of one of the primary milestones in the company's 10-year vision, which is to provide financial freedom to 10 million people by 2030. Admirals have become a global financial hub, which is not only providing innovative 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 expanded licenses in Africa as the Capital Markets Authority (CMA) has licensed Admirals Kenya Limited as a non-dealing online forex trading broker under the Capital Markets Regulations. In being granted this license, we can contribute towards achieving

sustainable growth in Africa and will allow 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 Organization of Canada (IIROC). With this, Admirals achieved its first license in North America. This license aims 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 look to see how the local market takes up the product offering and what unique selling points the Group can provide, which will differentiate themselves from the more traditional offerings in Canada.



Cape Town office

# Marketing & Rebranding

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 2022.



## Search Engine Optimisation (SEO)

In 2022, the importance of SEO skyrocketed, helping to increase visibility, drive targeted traffic, establish brand credibility, improve user experience, and stay ahead of the competition, all while being 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 of 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 promoted our app offering on both the Apple store and Google Play store.

We also boosted our display campaigns, started Performance Max campaigns and captured users across different devices and platforms such as Facebook, Google, LinkedIn, and other Apps.

## Education

As education has always been one of the foundations of our strategy and approach towards financial freedom, many improvements were made.

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

To provide market updates, we launched daily sessions with Admirals' analysts and introduced educational resources catered towards traders and investors of all levels. We currently offer access to our educational resources, in 15 different languages. During 2022, there were over 80,000 traders and investors participating 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 requires a greater emphasis on personalisation and the use of data and technology to target and engage consumers. This can 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 to go above and beyond the trends in 2023.

## 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 Admirals Group 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 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.



# 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.

### Wind energy in Tuppadahalli, India.

This initiative supports lean 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.

### Forest protection in Rimba Raya, Indonesia.

The Rimba Raya Biodiversity Reserve is home to some of the last remaining endangered Bornean orangutans. It acts as a buffer zone between palm oil plantations and the Tanjung Puting National Park. The area acts as an ideal habitat to several animal and plant species, including proboscis 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 before.

### 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 Action through clean drinking water in Sierra Leone.

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 CO2 emissions per year.

Thus, it not only contributes to climate action but also impacts gender equality. Women and girls 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.

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 stay satisfied with boiling their water over an open fire. In turn, the smoke produced from this process can cause 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.



### [Carbon Offset & Tree Planting.](#)

This is an international carbon offset project combined with additional regional commitment. For every tonne of CO2 offset, an additional tree is planted in Germany and can thus contribute to our forests adapting to climate change.

### [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 way in a sustainable way.

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 used.
- 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.
- Engage 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 the same 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 Admirals Group AS**

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

For years, we have been issuing scholarships to outstanding students looking to focus on IT and/or economics. Admirals sponsor the kood/Jõhvi 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 young people; hence we created the first children's board game "Compass of Money Wisdom" in Estonia.

Admirals remain the primary sponsor of Eesti Kontsert, a high-level music and event organizer. We also sponsor better living conditions for a family of Polar bears in the Tallinn Zoo. Last but not least, our team is truly diverse in terms of ethnicity, gender, talent, and personality – which we continue to encourage.

Admirals aim to become a responsible and conscious industry leader. We believe that 46% of our colleagues being women is a great achievement in creating an equitable workforce, and we will make sure that we will get better and better with all the ESG goals we set for our future. Our actions not only impact the environment we live in but each member of our community.

## Governance

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

## Strategic objectives

**Admirals - Your trustful financial partner all the way.**

*"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 Admirals Group 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-based offerings. We have been referred to as a 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 in all continents, with offices in 18 different 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 on a constant basis. Connecting the world with our expertise and offer is dedicated to our global presence via the most regulated authorities in the world.

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

Admirals have always stressed the importance of a long-term strategy. In the following years, the Group will focus on revenue growth, active user growth, developing the technology and financial ecosystem to deliver Platform as a Service, and finding synergy with new partners to promote rapid expansion. 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 are determined to continue empowering the idea of financial inclusion and freedom everywhere.

# 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 contributes 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



**TRADERS'**  
"Best Financial Analyst" 2022



**Área de Inversión**  
"Best Broker" 2022

# New Trends & The Impact on our Future

The overall goal at Admirals is to enable 10 million people to achieve financial freedom by 2030. To achieve the long-term goal, the Group is navigating through the unfolding trends related to business and taking them into careful consideration. Knowing and analysing those factors helps to manage the operating risks. Hereby we describe the key takeaways regarding the matter:

- **Geopolitics and transformation of Power**

2022 has ruptured the sense of security for people living in Europe and beyond. 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, Admirals has undergone significant expansion in Africa, obtaining licenses in South Africa and Kenya. Ongoing conflicts in Africa, such as the Ethiopian civil war, may cause insecurities and market movements in the region. We are carefully monitoring the geopolitical crisis in Taiwan which may have implications for the future of the global world order. The relations between the 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 significantly. The economy has tightened, and this will also affect the future of investing and trading.

Therefore, regarding the global situation of the economy, people’s priorities and behavioural patterns have changed. Taking into consideration Maslow’s Hierarchy of Needs, the basic needs are more prevalent than before. Google trends implicate 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 in general, the economy being one of them. We are following the triumph of digital revolution and the client behavior towards digitalisation with high attention.

We must also take the level of marketing expenditures and the effectiveness of marketing in attracting new clients into consideration as one of the trends to influence the industry.

# 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 and the rest of the world.

Not only has the human cost become severe, but the economic shockwaves have reverberated across the world. Global inflation, which had already been running high heading into 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 recession. This statistic illustrates how precariously close the global economy is to slipping into recession for the second time in three years.

Looking forward to the year ahead, inflation, which has shown signs of peaking 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 at the time of conducting this report.

## 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 Fed 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 finalising its official exit.

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, announcing 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 forecast to reach 4.3% in 2023.

However, 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, in an effort to prevent Covid 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 past 18 months.

Heading into 2023, whilst the relaxation of tough Covid 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 who, before the Russian invasion of Ukraine, relied on Russia for roughly a third of both its natural gas and crude oil supply.

A combination of sanctions and Russia sporadically shutting off supply to Europe put 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 which 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 appeared that matters could escalate, very quickly for consumers and economies around the world.

However, with 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 which many economies will likely struggle with in 2023.

# Financial review

## Main consolidated financial indicators of Admirals Group AS

Income statement (in millions of euros)	2022	2021	Change 2022 vs 2021	2020
Net trading income	69.0	35.7	93%	62.2
Operating expenses	44.7	37.8	18%	40.6
EBITDA	26.6	1.0	2560%	23.4
EBIT	23.7	-1.0	2470%	21.7
Net profit (loss)	23.5	0.1	23400%	20.7
EBITDA margin, %	39%	3%	36	38%
EBIT margin, %	34%	-3%	37	35%
Net profit (loss) margin, %	34%	0.4%	33.6	33%
Cost to income ratio, %	65%	106%	-41	65%

Business volumes (in millions of euros)	2022	2021	Change 2022 vs 2021	2020
Due from credit institutions and investment companies	72.0	45.7	58%	53.2
Debt securities	5.5	7.6	-28%	8.7
Shareholders' equity	82.9	59.3	40%	61.1
Total assets	98.2	71.9	37%	75.2
Off-balance sheet assets (client assets)	86.0	99.2	-13%	82.2
Number of employees	294	300	-2%	340

### 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

## Key Financial Ratios

	2022	2021	Change 2022 vs 2021	2020
Net profit per share, EUR	9.5	0.1	9.4	8.3
Return on equity, %	33.1%	0.2%	32.9	39.9%
Equity ratio	1.2	1.2	0	1.2
Return on assets, %	27.6%	0.2%	27.4	32.5%
Short-term liabilities current ratio	10.6	12.4	-1.8	8.6

### 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.

Client trends	2022	2021	2020
New clients	16,113	19,128	28,475
Active accounts	78,790	65,251	87,369
New applications	151,116	123,714	93,703

Admirals received positive results based upon client's levels of activity. Below are active clients and active accounts who have made at least one trade in the respective year.

Client activity	2022	2021	2020
Active clients	55,242	49,080	48,341
Active accounts	70,346	63,231	62,854

	2022	2021	Change	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	0.5%	1,385

The number of active clients in the Group was up 13% to 55,242 clients compared to 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.

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.

# Capitalisation

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

As of 31.12.2022, the own funds of Admirals Group AS amounted to EUR 57.4 million (31.12.2021: EUR 58.9 million).

## Own funds

(in thousands of euros)	31.12.2022	31.12.2021
Paid-in share capital	250	250
Own shares	-131	-106
Other reserves	-203	122
Retained earnings of previous periods*	58,448	58,288
Intangible assets	-5,481	-4,151
<b>Total Tier 1 capital</b>	<b>52,883</b>	<b>54,403</b>
Subordinated debt securities	4,525	4,528
<b>Total Tier 2 capital</b>	<b>4,525</b>	<b>4,528</b>
<b>Net own funds for capital adequacy</b>	<b>57,408</b>	<b>58,931</b>

## Capital Requirements

(in thousands of euros)	21.12.2022	31.12.2021
<b>Fixed overheads requirement</b>	<b>9,041</b>	<b>8,827</b>
Risk to client	759	841
Risk to market	8,824	9,448
Risk to firm	6,196	9,544
<b>Total K-Factor requirement</b>	<b>15,779</b>	<b>19,833</b>

## Capital Adequacy

	31.12.2022	31.12.2021
Capital adequacy	364%	297%
Tier 1 capital ratio	335%	274%

At the end of the reporting period, Admirals Group AS was well capitalised, the capital adequacy level was 364% (31.12.2021: 297%), and met all regulatory capital requirements.

# Condensed Consolidated Interim Financial Statements

This chapter outlines the assets, liabilities, equity, income and cash flow of the Group for the 2022 fiscal year, in comparison to 2021.



## Condensed consolidated statement of financial position

(in thousands of euros)	Note	31.12.2022	31.12.2021
<b>Assets</b>			
Cash	3	12	7
Due from credit institutions	3	55,477	25,373
Due from investment companies	3	16,528	20,294
Financial assets at fair value through profit or loss	4	7,011	9,501
Loans and receivables	5	4,643	3,348
Inventories		48	106
Other assets		3,162	2,373
Tangible fixed assets	6	2,296	2,228
Right-of-use assets	6	3,160	3,817
Intangible assets	7	5,841	4,835
<b>Total assets</b>		<b>98,178</b>	<b>71,882</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	4	294	637
Liabilities and prepayments	8	6,982	3,291
Deferred tax liability		0	31
Subordinated debt securities	10	4,570	4,559
Lease liabilities	9	3,435	4,056
<b>Total liabilities</b>		<b>15,281</b>	<b>12,574</b>

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Equity			
Share capital	12	250	250
Own shares		-315	-105
Statutory reserve capital		25	25
Currency translation reserve		-699	23
Retained earnings		83,600	59,099
<b>Total equity attributable to owners of the parent</b>		<b>82,891</b>	<b>59,292</b>
Non-controlling interest		6	16
<b>Total equity</b>		<b>82,897</b>	<b>59,308</b>
<b>Total liabilities and equity</b>		<b>98,178</b>	<b>71,882</b>

## Condensed consolidated 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		70,654	37,063
Brokerage and commission fee revenue		2,017	2,138
Brokerage and commission fee expense		-3,472	-2,954
Other trading activity related income		839	196
Other trading activity related expense		-1,062	-732
<b>Net income from trading</b>	<b>14</b>	<b>68,976</b>	<b>35,711</b>
Other income similar to interest		86	185
Interest income calculated using the effective interest method		201	128
Interest expense		-444	-426
Other income		1,568	3,428
Other expenses		-746	-164
Net losses on exchange rate changes		-846	-301
Losses from financial assets at fair value through profit or loss		-490	-357
Personnel expenses		-12,969	-11,499
Operating expenses	15	-28,846	-24,252
Depreciation of tangible and intangible assets	6,7	-2,005	-1,062
Depreciation of right-of-use assets	6	-863	-973

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<b>Profit before income tax</b>	<b>23,590</b>	<b>418</b>	
Income tax	-99	-269	
<b>Profit for the reporting period</b>	<b>23,491</b>	<b>149</b>	
<b>Other comprehensive income:</b>			
Items that subsequently may be reclassified to profit or loss:			
Unrealized exchange rate differences	-691	734	
<b>Total other comprehensive income/(loss) for the reporting period</b>	<b>-691</b>	<b>734</b>	
<b>Total comprehensive income for the reporting period</b>	<b>22,800</b>	<b>883</b>	
Net profit attributable to the owners of the parent	23,501	146	
Net profit attributable to non-controlling interest	-10	3	
<b>Profit for the reporting period</b>	<b>23,491</b>	<b>149</b>	
Total comprehensive income attributable to the owners of the parent	22,809	880	
Total comprehensive income attributable non-controlling interest	-10	3	
<b>Comprehensive income for the reporting period</b>	<b>22,799</b>	<b>883</b>	
Basic and diluted earnings per share	12	<b>9.54</b>	<b>0.06</b>

## Condensed Consolidated Statement of Cash Flow

(in thousands of euros)	Note	2022	2021
<b>Cash flow from operating activities</b>			
Net profit for the reporting period		23,492	149
<b>Adjustments for non-cash income or expenses:</b>			
Depreciation of tangible and intangible assets	6,7	2,861	2,035
Gains or losses on the sale of tangible assets		10	10
Interest and similar income		-287	-313
Interest expense		444	426
Corporate income tax expenses		99	269
Other financial income and expenses		1,565	-1,266
Other corrections		821	0
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>29,012</b>	<b>1,310</b>
Changes in operating assets and liabilities:			
Change in receivables and prepayments relating to operating activities	5	-2,624	-839
Change in payables and prepayments relating to operating activities		3,880	-3,217
Change in derivative assets	4	-170	379
Change in the derivative liabilities	8	-343	418
Change in amounts due from investment companies	3	3,766	-4,051

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Changes in inventories	58	-69
Change in other assets	-789	-543
<b>Operating cash flows before interest and tax</b>	<b>32,790</b>	<b>-4,399</b>
Interest received	297	320
Interest paid	-362	-338
Corporate income tax paid	-99	-836
<b>Net cash from/used in operating activities</b>	<b>32,626</b>	<b>-7,465</b>
<b>Cash flow from investing activities</b>		
Disposal of tangible and intangible assets	6,7	0
Purchase of tangible and intangible assets	6,7	-3,319
Loans granted	5	-83
Repayments of loans granted	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	3,875
Acquisition of subsidiaries, net of cash paid	0	-787
Disposal of subsidiary, net of cash received	0	10
Proceeds from disposal of associates	0,000	2,290
Investment in to associates	0	-3
<b>Net cash used in investing activities</b>	<b>397</b>	<b>-2,348</b>

<b>Cash flow from financing activities</b>			
Dividends paid	12	0	-2,704
Proceeds from subordinated debt securities issued		0	2,718
Payments for repurchase of own shares		-210	0
Repayment of principal element of lease liabilities	9	-905	-1,001
<b>Net cash used in financing activities</b>		<b>-1,115</b>	<b>-987</b>
<b>TOTAL CASH FLOWS</b>			
		<b>31,908</b>	<b>-10,800</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>25,380</b>	<b>36,998</b>
<b>Change in cash and equivalents</b>		<b>31,908</b>	<b>-10,800</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>-1,799</b>	<b>-817</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>55,489</b>	<b>25,380</b>

## Condensed Consolidated Statement of Changes in Equity

(in thousands of euros)	Share capital	Own shares (-)	Statutory reserve capital	Retained earnings	Currency translation reserve	Total equity attributable to owners	Non-controlling interest	Total equity
<b>Balance as at 31.12.2020</b>	<b>250</b>	<b>-114</b>	<b>25</b>	<b>61,657</b>	<b>-711</b>	<b>61,107</b>	<b>10</b>	<b>61,117</b>
Dividends paid	0	0	0	-2,704	0	-2,704	0	-2,704
Sale of own shares	0	9	0	0	0	9	0	9
Contribution of noncontrolling interest into subsidiary's share capital	0	0	0	0	0	0	3	3
Net profit for the reporting period	0	0	0	146	0	146	3	149
Other comprehensive income for the reporting period	0	0	0	0	734	734	0	734
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>146</b>	<b>734</b>	<b>880</b>	<b>3</b>	<b>883</b>
<b>Balance as at 31.12.2021</b>	<b>250</b>	<b>-105</b>	<b>25</b>	<b>59,099</b>	<b>23</b>	<b>59,292</b>	<b>16</b>	<b>59,308</b>
Other changes in equity	0	0	0	790	0	790	0	790
Repurchase of own shares	0	-210	0	210	0	0	0	0
Net profit for the reporting period	0	0	0	23,501	0	23,501	-10	23,491
Other comprehensive income for the reporting period	0	0	0	0	-692	-692	0	-692
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,501</b>	<b>-692</b>	<b>22,809</b>	<b>-10</b>	<b>22,799</b>
<b>Balance as at 31.12.2022</b>	<b>250</b>	<b>-131</b>	<b>25</b>	<b>83,600</b>	<b>-669</b>	<b>82,891</b>	<b>6</b>	<b>82,897</b>

For more information about share capital refer to Note 12.

# Notes of the Condensed Consolidated Interim Financial Statements

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



## Note 1. General information

ADMIRALS GROUP AS (previous business name Admiral Markets Group AS) is a holding company which has been incorporated since 30.12.2009. ADMIRALS GROUP AS was established in 2009 with the aim of incorporating financial companies from different countries to form a multinational group of companies operating under a joint trademark - Admirals (hereinafter collectively referred to as "Admirals" or "the Group"). Admirals Group AS is a limited liability company incorporated in and domiciled in Estonia. The address of its registered office is Maakri 19/1, Tallinn, Estonia.

The condensed consolidated interim financial statements of Admirals Group AS have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the Group's consolidated annual report as of 31 December 2021. The accounting policies used in the preparation of the condensed consolidated interim financial report are the same as the accounting policies used in the annual report for the year ended 31 December 2021.

The condensed consolidated interim financial statements are unaudited and do not contain all the information required for the preparation of consolidated annual financial statements. The condensed consolidated interim financial statements are presented in thousands of euros unless otherwise stated.

## Note 2. Risk management

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 Admiral Markets through minimizing damages and reducing the volatility of results.

Risk management is part of the internal control system of Admirals. Risk management procedures and the basis of assessment are set out in the Group's internal rules and internal risk management policy. In accordance with the established principles Admiral Markets 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 are 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 Admiral Markets.

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. Dues from Credit Institutions & Investment Companies

	31.12.2022	31.12.2021
Cash*	12	7
Demand and term deposits with maturity less than 3 months*	53,749	25,062
Demand deposits on trading accounts	16,528	20,294
Cash in transit*	1,728	311
<b>Total</b>	<b>72,017</b>	<b>45,674</b>

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

## Note 4. Financial Assets & Liabilities at fair value through Profit or Loss

Instrument	31.12.2022		31.12.2021	
	Asset	Liability	Asset	Liability
Bonds	5,480	0	7,632	0
Equity investments at fair value through profit or loss	1,234	0	1,743	0
Currency pairs	90	139	4	33
CFD derivatives	147	134	88	283
Other derivatives	60	21	34	321
<b>Total</b>	<b>7,011</b>	<b>294</b>	<b>9,501</b>	<b>637</b>

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

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	
	Current assets	Non-current assets	Current assets	Non-current assets
Bonds	2,960	2,520	6,365	1,267
Equity investments at fair value through profit or loss	0	1,234	0	1,743
<b>Total</b>	<b>2,960</b>	<b>3,754</b>	<b>6,365</b>	<b>3,010</b>

The Group assesses the assets and liabilities on fair value hierarchy which are recorded in the financial statements at the end of each reporting period:

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

	Assessment of fair value using				
	Total	Level 1	Level 2	Level 3	Notes
<b>Financial assets recognised at fair value through profit or loss:</b>					
Bonds	5,480	5,480	0	0	8
Equity investments at fair value through profit or loss	1,234	167	0	1,067	8
Derivatives:					
Currency pairs	90	0	90	0	8
CFD derivatives	147	0	147	0	8
Other derivatives	60	0	60	0	8
<b>Total</b>	<b>7,011</b>	<b>5,647</b>	<b>297</b>	<b>1,067</b>	

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	Assessment of fair value using				Notes
	Total	Level 1	Level 2	Level 3	
<b>Financial liabilities recognised at fair value through profit or loss:</b>					
Derivatives:					
Currency pairs	139	0	139	0	8
CFD derivatives	134	0	134	0	8
Other derivatives	21	0	21	0	8
<b>Total</b>	<b>294</b>	<b>0</b>	<b>294</b>	<b>0</b>	
<b>Financial assets recognised at amortised cost:</b>					
Cash	12	12	0	0	7
Due from credit institutions	53,749	0	53,749	0	7
Due from investment companies	16,528	0	16,528	0	7
Cash in transit	1,728	0	1,728	0	7
Loans	189	0	0	189	9
Other financial assets	4,454	0	0	4,454	9
<b>Total</b>	<b>76,660</b>	<b>12</b>	<b>72 005</b>	<b>4,643</b>	
<b>Financial liabilities recognized at amortised cost:</b>					
Other financial liabilities	5,548	0	0	5,548	13
Subordinated debt securities	4,570	0	0	4,570	16
<b>Total</b>	<b>10,118</b>	<b>0</b>	<b>0</b>	<b>10,118</b>	

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

	Assessment of fair value using				Notes
	Total	Level 1	Level 2	Level 3	
<b>Financial Assets recognised at fair value through profit or loss:</b>					
Bonds	7,632	7,632	0	0	
Equity investments at fair value through profit or loss	1,743	1,182	0	561	
Derivatives:					
Currency pairs	4	0	4	0	
CFD derivatives	88	0	88	0	
Other derivatives	34	0	34	0	
<b>Total</b>	<b>9,501</b>	<b>8,814</b>	<b>126</b>	<b>561</b>	
<b>Financial Liabilities recognised at fair value through profit or loss:</b>					
Derivatives:					
Currency pairs	33	0	33	0	
CFD derivatives	283	0	283	0	
Other derivatives	321	0	321	0	
<b>Total</b>	<b>637</b>	<b>0</b>	<b>637</b>	<b>0</b>	

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	Assessment of fair value using				Notes
	Total	Level 1	Level 2	Level 3	
<b>Financial Assets recognized at amortised cost:</b>					
Cash	7	7	0	0	3
Due from credit institutions	25,062	0	25,062	0	3
Due from investment companies	20,294	0	20,294	0	3
Cash in transit	311	311	0	0	3
Loans	1,603	0	0	1,603	5
Other financial assets	1,745	0	0	1,745	5
<b>Total</b>	<b>49,022</b>	<b>318</b>	<b>45,356</b>	<b>3,348</b>	

<b>Financial Liabilities recognized at amortised cost:</b>					
Other financial liabilities	2,175	0	0	2,175	8
Subordinated debt securities	4,559	0	0	4,559	10
<b>Total</b>	<b>6,734</b>	<b>0</b>	<b>0</b>	<b>6,734</b>	

### 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 on the balance sheet date. Management is monitoring closely the investment performance and receives reports from investees which serves as the basis of their assessment at balance sheet date.

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

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

## Note 5. Loans & Receivables

	31.12.2022	31.12.2021
<b>Financial assets</b>		
Trade receivables	1,732	456
Settlements with employees	46	72
Loans granted	185	1,564
Other short-term receivables	882	1,256
Other long-term receivables	1,798	0
<b>Total</b>	<b>4,643</b>	<b>3,348</b>

	31.12.2022	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	47	0	47	8%	07.2026	EUR	0
<b>Total</b>	<b>185</b>	<b>138</b>	<b>47</b>				<b>4</b>

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.

	31.12.2021	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivables 31.12.2021
		Up to 1 year	2-5 years				
Loan 1	55	55	0	2%	04.2022	EUR	0
Loan 2-8	531	531	0	15%	04.2022-11.2022	EUR	11
Loan 9-17	752	752	0	15%	11.2022-12.2022	EUR	13
Loan 18	112	112	0	15%	11.2022	EUR	2
Loan 19	5	5	0	12 month Euribo +4%	12.2022	EUR	8
Loan 20	49	49	0	3%	12.2022	EUR	2
Loan 21	60	0	60	8%	07.2026	EUR	3
<b>Total</b>	<b>1,564</b>	<b>1,504</b>	<b>60</b>				<b>39</b>

## Note 6. Tangible & Right-of-use Assets

	Other equipment	Right-of-use assets (office properties)	Total
<b>Balance as at 31.12.2020</b>			
Cost	3,508	6,364	9,872
Accumulated depreciation and amortisation	-1,509	-1,612	-3,121
<b>Carrying amount</b>	<b>1,999</b>	<b>4,752</b>	<b>6,751</b>
<b>Balance as at 31.12.2021</b>			
Acquisition / new lease contracts	811	603	1,414
Non-current assets sold	-15	0	-15
Exchange differences	28	0	28
Write-off	-312	-565	-877
Depreciation/amortisation charge	-595	-973	-1,568
<b>Balance as at 31.12.2021</b>			
Cost	4,020	6,402	10,422
Accumulated depreciation and amortisation	-1,792	-2,585	-4,377
<b>Carrying amount</b>	<b>2,228</b>	<b>3,817</b>	<b>6,045</b>

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	Other equipment	Right-of-use assets (office properties)	Total
Acquisition / new lease contracts	972	255	1,227
Non-current assets sold	-10	0	-10
Exchange differences	14	0	14
Write-off	-286	-28	-314
Derecognised from the sale of subsidiary	-275	-21	-296
Corrections	-174	0	-174
Depreciation/amortisation charge	-633	-863	-1,496
<b>Balance as at 31.12.2022</b>			
Cost	4,261	6,608	10,870
Accumulated depreciation and amortisation	-1,965	-3,448	-5,414
<b>Carrying amount</b>	<b>2,296</b>	<b>3,160</b>	<b>5,456</b>

## Note 7. Intangible Assets

	Licences	Intangible assets manufactured internally	Other intangible assets	Internal projects in progress and advances	Total
<b>Balance as at 31.12.2020</b>					
Cost	619	627	59	0	1,305
Accumulated depreciation and amortisation	-181	-251	0	0	-432
<b>Carrying amount</b>	<b>438</b>	<b>376</b>	<b>59</b>	<b>0</b>	<b>873</b>
Acquisition of non-current assets	642	1,086	0	2,759	4,487
Exchange differences	4	-3	0	0	1
Write-off of non-current assets	0	0	-59	0	-59
Depreciation/amortisation charge	-210	-257	0	0	-467
<b>Balance as at 31.12.2021</b>					
Cost	1,265	1,710	0	2,759	5,734
Accumulated depreciation and amortisation	-391	-508	0	0	-899
<b>Carrying amount</b>	<b>874</b>	<b>1,202</b>	<b>0</b>	<b>2,759</b>	<b>4,835</b>
Acquisition of non-current assets	294	751	0	1,302	
Exchange differences	1	49	0	0	50
Derecognised from the sale of subsidiary	-56	0	0	0	-56
Corrections	-20	2369	0	-2369	-20

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Write-off of non-current assets	-89	0	0	0	-89
Depreciation/amortisation charge	-257	-1,107	0	0	-1,364
<b>Balance as at 31.12.2022</b>					
Cost	1,388	4,880	0	1,692	-7,960
Accumulated depreciation and amortisation	-503	-1,616	0	0	-2,119
<b>Carrying amount</b>	<b>885</b>	<b>3,264</b>	<b>0</b>	<b>1,692</b>	<b>5,841</b>

## Note 8. Liabilities and prepayments

	31.12.2022	31.12.2021
<b>Financial liabilities</b>		
Liabilities to trade creditors	3,485	1,802
Other accrued expenses	2,063	373
<b>Subtotal</b>	<b>5,548</b>	<b>2,175</b>
<b>Non-financial liabilities</b>		
<b>Payables to employees</b>	<b>402</b>	<b>443</b>
<b>Taxes payable</b>	<b>1,032</b>	<b>673</b>
<b>Subtotal</b>	<b>1,434</b>	<b>1,116</b>
<b>Total</b>	<b>6,982</b>	<b>3,291</b>

## Note 9. Leases

The Group leases office premises. 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 Group. In applying to IFRS 16 for the first time, the Group applied a single discount rate to its portfolio of leases with reasonably similar characteristics and used a 2% incremental

borrowing rate to all its lease liabilities as permitted by the standard. For new lease agreements from 2021 applied a 2.8% borrowing rate, which was close to market price rates.

Please see Note 6 for analyses of the movements in right-of-use assets.

The table below analyses the movement in lease liabilities:

	Lease liabilities
<b>Balance at 31.12.2020</b>	<b>4,948</b>
Additions*	603
Adjustments (incl. terminations)	-592
Lease payments made during the year	-1,001
Interest expense	98
<b>Balance at 31.12.2021</b>	<b>4,056</b>
Additions*	255
Adjustments (incl. terminations)	-49
Lease payments made during the year	-905
Interest expense	78
<b>Balance at 31.12.2022</b>	<b>3,435</b>

\* 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:

	31.12.2022	31.12.2021
Short-term office lease liabilities	685	827
Long-term office lease liabilities	2,750	3,229
<b>Total</b>	<b>3,435</b>	<b>4,056</b>

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

## Note 10. 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.

In 2021, Admirals Group AS issued 27,016 subordinated debt securities and listed these on 21.12.2021 on the Nasdaq Tallinn Stock Exchange. The maturity date for the bonds is 2031.

Subordinated debt	Issuance year	Amount	Interest rate	Maturity date
Subordinated bonds (ISIN:EE3300111251)	2017	1,827	8%	28.12.2027
Subordinated bonds (ISIN:EE3300001999)	2021	2,702	8%	05.02.2031

The total number of bondholders at the end of the year was 472. 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%
Subordinated bonds (ISIN:EE3300001999)	57%	43%

In 2022, 174 transactions in the amount of EUR 138 thousand were made with Admiral Markets AS bonds and 83 transactions in the amount of EUR 481 thousand were made with Admirals Group AS bonds.

Interest expenses on subordinated bonds for each reporting period and accrued interest liabilities as at the end of each reporting period are 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	
<b>Accrued interest on subordinated debts as at 31.12.2020</b>	<b>1</b>
Interest calculated for 2021	341
Paid out during 2021	-254
<b>Accrued interest on subordinated debts as at 31.12.2021</b>	<b>88</b>
Interest calculated for 2022	362
Paid out during 2022	-362
<b>Accrued interest on subordinated debts as at 31.12.2022</b>	<b>88</b>

## Note 11. Off-balance Sheet Assets

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

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

Off-balance sheet assets	31.12.2022	31.12.2021
Bank accounts	66,987	79,391
Stock/shares	18,836	19,176
Cash in transit	<b>136</b>	<b>584</b>
<b>Total</b>	<b>85,959</b>	<b>99,151</b>

## Note 12. Share Capital

	31.12.2022	31.12.2021
Share capital	250	250
Number of shares (pc)	2,500,000	2,500,000
Nominal value of shares	0.1	0.1
Basic earnings per share	9.54	0.06
Diluted earnings per share	9.54	0.06

As at 31.12.2022, the share capital of the Group's parent company consists of 2,500,000 ordinary shares with a nominal value of EUR 0.1 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 and diluted earnings per share are calculated as follows:

	31.12.2022	31.12.2021
Profit attributable to the equity holders of the Company	23,492	149,000
Weighted average number of ordinary shares (pc)	2,500,000	2,500,000
Own shares	38,750	31,250
Weighted average number of shares used for calculating the earnings per shares (pc)	2,461,250	2,468,750
Basic earnings per share	9.54	0.06
Weighted average number of shares used for calculating the diluted earnings per shares (pc)	2,461,250	2,468,750
Diluted earnings per share	9.54	0.06

## Note 13. Segment Reporting

The Management Board members are the Group's chief operating decision-makers (CODM). Management has determined the operating segments based on the information reviewed by the Management Board members for the purposes of allocating resources and assessing performance.

The group's main business is the provision of investment services. The Group has defined

operating segments based on the reports used regularly by the Management Board to make strategic decisions. The Management Board assesses the performance of the business and allocation of resources based on geographical segments: EU, UK, Australia & Other. The geographical segments are grouped according to the location of Admirals offices and the data for each significant legal entity are disclosed separately.

The geographical breakdown of gross trading revenue (based on client origin) is as follows:

	2022	2021	Change
EU	87%	85%	2
UK	3%	8%	-5
Australia	1%	2%	-1
Other	9%	5%	4

The segmental information from the legal group structure perspective is disclosed below. Group subsidiaries with limited activities or business volumes have been aggregated and disclosed as "Other". The main subsidiaries in the group are Admiral Markets UK, Admiral Markets AS, Admirals AU Pty Ltd (previous business name Admiral Markets Pty Ltd), Admiral Markets Cyprus and Admiral Markets AS (Jordan). The table below also includes intercompany eliminations.

The segmental breakdown of gross trading revenue as per the asset class is disclosed in Note 14.

Since 2022 the other company information include: Admiral Markets Cyprus sp. z o.o. Oddział w Polsce, Admiral Markets Cyprus - Bulgaria Branch, Admiral Markets Cyprus Ltd Nicosia Sucursala Bucuresti, Admirals KE Ltd, Admirals SA (PTY) Ltd, Admirals SC Ltd, ADMIRAL MARKETS CANADA LTD, Admiral Markets España SI., Admiral Markets Europe GmbH, Admiral Markets France, Am Asia Operations SDN BHD, AMTS Solutions OÜ, Gateway2am OÜ, Runa Systems, MoneyZen OÜ, PT. Admirals Invest Indonesia, Runa Ukraine LLC, Runa Systems LLC (Georgia) and Admirals Digital Limited.

On a legal entity level, the management monitors the components included in the below table and has EBITDA, EBIT and PBT as performance indicators and total assets and own funds together with debt securities as the key indicators for balance sheet.

2022	Admirals Group AS	Admiral Markets AS	Admiral Markets UK	Admiral Markets PTY	Admiral Markets CY	Admiral Markets AS (Jordan)	Other	Elimination	Total
<b>Net trading income</b>	<b>0</b>	<b>44,263</b>	<b>6,013</b>	<b>9,352</b>	<b>5,485</b>	<b>3,774</b>	<b>81</b>	<b>7</b>	<b>68,976</b>
Incl. Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	0	70,462	-502	603	0	0	90	0	70,654
Incl. Commission and fee revenue from clients and brokerage fee according to WL agreement	0	2,632	11,285	17,053	6,074	4,735	24	-40,009	1,794
Incl. Commission and fee expense	0	-28,832	-4,770	-8,303	-589	-961	-33	40,016	-3,472
<b>Other income/expenses, Financial income/loss and Net gains/ losses on exchange rate changes</b>	<b>558</b>	<b>1,911</b>	<b>230</b>	<b>-243</b>	<b>-608</b>	<b>-1,277</b>	<b>4,145</b>	<b>-5,419</b>	<b>-703</b>
<b>Operating expenses incl. personnel and depreciation expenses</b>	<b>-302</b>	<b>-21,339</b>	<b>-6,198</b>	<b>-9,072</b>	<b>-4,787</b>	<b>-2,634</b>	<b>-5,677</b>	<b>5,326</b>	<b>-44,682</b>
<b>EBITDA</b>	<b>602</b>	<b>26,116</b>	<b>429</b>	<b>295</b>	<b>115</b>	<b>413</b>	<b>-1,353</b>	<b>-2</b>	<b>26,615</b>
<b>EBIT</b>	<b>602</b>	<b>24,431</b>	<b>240</b>	<b>245</b>	<b>89</b>	<b>-137</b>	<b>-1,627</b>	<b>-94</b>	<b>23,748</b>
<b>Profit Before Tax</b>	<b>256</b>	<b>24,835</b>	<b>46</b>	<b>37</b>	<b>90</b>	<b>-136</b>	<b>-1,451</b>	<b>-86</b>	<b>23,591</b>
<b>Total Assets</b>	<b>19,530</b>	<b>90,579</b>	<b>63,464</b>	<b>19,128</b>	<b>37,012</b>	<b>18,236</b>	<b>7,323</b>	<b>-157,093</b>	<b>98,178</b>
Incl. own cash and debt securities	1,349	39,270	48,669	12,452	27,747	10,023	5,111	-67,123	77,497
<b>Total Liabilities</b>	<b>15,278</b>	<b>9,340</b>	<b>11,699</b>	<b>11,761</b>	<b>5,976</b>	<b>5,526</b>	<b>5,633</b>	<b>-49,933</b>	<b>15,280</b>
Off-balance sheet client equity	0	549	41,287	3,371	29,529	9,464	1,760	0	85,959

Equations used for the calculation:

EBITDA – (earnings before interest, taxes, depreciation, and amortization) is an accounting measure calculated using a company's earnings, before interest expenses, taxes, depreciation, and amortization are subtracted, as a proxy for a company's current operating profitability.

EBIT - (earnings before interest and taxes) an indicator of a company's profitability. EBIT can be calculated as revenue minus expenses excluding tax and interest.

For 2021 period the other company information include: Admiral Markets Cyprus sp. z o.o. Oddział w Polsce, Admiral Markets Cyprus - Bulgaria Branch, Admiral Markets Cyprus Ltd Nicosia Sucursala Bucuresti, ADMIRAL MARKETS CANADA LTD, Admiral Markets España Sl., Admiral Markets Europe GmbH, Admiral Markets France, Am Asia Operations SDN BHD, AMTS Solutions OÜ, Gateway2am OÜ, Runa Systems, Admirals SA (PTY) Ltd, MoneyZen OÜ, PT. Admirals Invest Indonesia, Runa Ukraine LLC and Admirals Digital Limited.

2021	Admirals Group AS	Admiral Markets AS	Admiral Markets UK	Admiral Markets PTY	Admiral Markets CY	Admiral Markets AS (Jordan)	Other	Elimination	Total
<b>Net trading income</b>	<b>0</b>	<b>20,531</b>	<b>6,083</b>	<b>5,857</b>	<b>2,682</b>	<b>533</b>	<b>0</b>	<b>25</b>	<b>35,711</b>
Incl. Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	0	36,882	0	181	0	0	0	0	37,063
Incl. Commission and fee revenue from clients and brokerage fee according to WL agreement	0	2,088	7,186	10,145	3,048	633	0	-21,498	1,602
Incl. Commission and fee expense	0	-18,439	-1,103	-4,469	-366	-100	0	21,523	-2,954
<b>Other income/expenses, Financial income/loss and Net gains/ losses on exchange rate changes</b>	<b>2,859</b>	<b>3,297</b>	<b>-759</b>	<b>105</b>	<b>-123</b>	<b>-13</b>	<b>5,642</b>	<b>-8,514</b>	<b>2,494</b>
<b>Operating expenses incl. personnel and depreciation expenses</b>	<b>-285</b>	<b>-22,340</b>	<b>-5,205</b>	<b>-5,669</b>	<b>-2,517</b>	<b>-1,745</b>	<b>-5,714</b>	<b>5,689</b>	<b>-37,786</b>
<b>EBITDA</b>	<b>97</b>	<b>958</b>	<b>224</b>	<b>347</b>	<b>55</b>	<b>-1,122</b>	<b>422</b>	<b>12</b>	<b>993</b>
<b>EBIT</b>	<b>97</b>	<b>-262</b>	<b>116</b>	<b>296</b>	<b>44</b>	<b>-1,225</b>	<b>-50</b>	<b>-58</b>	<b>-1,042</b>
<b>Profit Before Tax</b>	<b>2,573</b>	<b>1,487</b>	<b>119</b>	<b>293</b>	<b>44</b>	<b>-1,225</b>	<b>-73</b>	<b>-2,800</b>	<b>418</b>
<b>Total Assets</b>	<b>13,486</b>	<b>63,076</b>	<b>7,795</b>	<b>12,846</b>	<b>7,080</b>	<b>5,202</b>	<b>2,700</b>	<b>-40,303</b>	<b>71,882</b>
Incl. own cash and debt securities	1,652	31,035	53,161	12,831	26,669	6,835	1,097	-79,974	53,306
<b>Total Liabilities</b>	<b>9,490</b>	<b>7,221</b>	<b>1,640</b>	<b>8,834</b>	<b>5,610</b>	<b>2,753</b>	<b>1,696</b>	<b>-24,670</b>	<b>12,574</b>
Off-balance sheet client equity	0	652	61,876	7,429	24,535	4,659	0	0	99,151

White Label (WL) is agreement between group counterparties, where Liquidity Provider provides required online trading facilities and related services and the partner facilitates mainly Forex, CFD and other transactions with its customers as principal by receiving and transmitting clients' orders and arranging the execution of its client's orders, as well as hedging clients' orders with liquidity provider.

## Note 14. Net Income from Trading

	2022	2021
Indices CFD's	31,814	13,936
Currency CFD	21,251	9,673
Commodities CFD's	12,167	12,676
Other (crypto, bonds, ETF, shares, others)	5,422	778
<b>Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers</b>	<b>70,654</b>	<b>37,063</b>
Commission fee revenue from clients	2,017	2,138
Brokerage and commission fee expense	-3,472	-2,954
Other trading activity related income	839	196
Other trading activity related expenses	-1,062	-732
<b>Net income from trading</b>	<b>68,976</b>	<b>35,711</b>

Due to high volatility in financial markets during 2022, the Group witnessed a significant improvement in results. In 2022, the Group's net trading income went up 93% in comparison with previous year.

Commission fee revenue from clients is recognised at a point in time. Two distinct account types implement a different pricing structure. One is a commission-free account with higher spreads for currency pairs, the other consists of a significantly lower spread for a fee.

Brokerage and commission fee expense contains commissions paid to introducing brokers, commissions paid to liquidity providers and fees paid to payment systems. The Group concludes cooperation agreements by introducing brokers who receive commissions which depend on the trade generated under the cooperation agreements. The Group 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 the next 1% min 1EUR/USD. Bank transfer fee is 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 Group.

The Group'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 Group's market making activities;
- III. fees and commissions charged by the Group 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 15. Operating Expenditure

Type of expense	2022	2021
Marketing expenses	-12,136	-12,561
IT expenses	-7,193	-4,451
Other outsourced services	-295	-169
VAT expenses	-987	-500
Rent of low-value leases and utility expenses	-612	-504
Legal and audit services	-3,149	-2,723
Regulative reporting services	-652	-1,062
Transport and communication costs	-252	-267
Travelling expenses	-394	-160
Other operating expenses	-2,198	-979
Small tools	-126	-124
Bank charges	-583	-434
Benefits for employees	-269	-149
Consulting services	0	-169
<b>Total operating expenses</b>	<b>-28,846</b>	<b>-24,252</b>

## Note 16.

# Transactions with Related Parties

The following entities have been considered as related parties at the moment of preparing the financial statements of the Group:

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

Mr. Alexander Tsikhilov has ultimate control over the Group.

### Revenue

		2022	2021
Services	Senior management and companies related to them	0	400
Interest income	Senior management and companies related to them	5	10
<b>Total transactions with related</b>		<b>5</b>	<b>410</b>

### Expenses

		2022	2021
Services	Senior management and companies related to them	364	710
<b>Total transactions with related parties</b>		<b>364</b>	<b>710</b>

### Loans and receivables

	31.12.2022	31.12.2021
Loans to senior management and companies related to them	103	120
Receivables from senior management and companies related to them	37	94
<b>Total transactions with related</b>	<b>140</b>	<b>214</b>

### Payables

	31.12.2022	31.12.2021
Payables to senior management and companies related to them	8	59
<b>Total receivables from related parties</b>	<b>8</b>	<b>59</b>

The payments made, bonuses and benefits granted to the management (gross) were EUR 1,062 thousand and EUR 1,153 thousand respectively in 2022 and 2021.



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