2022 Consolidated Annual Report

Admirals Group AS

(Translation of the Estonian original)

Admirals Group AS

Consolidated Annual Report 2022

Commercial Registry no.	11838516
Address	Maakri 19/1, Tallinn, 10145
Telephone	+372 6 309 300
E-mail	info@admiralmarkets.com
Main area of activity	Holding company
Beginning and end date of financial year	01. January - 31. December
Chairman of the Management Board	Sergei Bogatenkov
Members of the Management Board	Andrey Koks Andreas Ioannou
Chairman of the Supervisory Board	Alexander Tsikhilov
Members of the Supervisory Board	Anton Tikhomirov Anatolii Mikhalchenko Dmitri Lauš Fedor Ragin Priit Rohumaa
Auditor	PricewaterhouseCoopers AS

Translation of the company's consolidated annual report in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange and digitally signed.
Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports

admirals

Your trustful financial partner all the way

Highlights 2022

- The group net trading income was 69.0 million (2021: EUR 35.7 million and 2020: EUR 62.2 million)
- EBITDA* was EUR 27.4 million (2021: EUR 2.6 million and 2020: EUR 23.4 million).
- EBITDA margin was 40% (2021: 7% and 2020: 38%).
- Net profit was EUR 24.3 million (2021: EUR 0.1 million and 2020: EUR 20.7 million).
- Net profit margin was 35% (2021: 0.4% and 2020: 33%).
- Cost to income ratio was 65% (2021: 106% and 2020: 65%).
- Client assets EUR 86.0 million (2021 : EUR 99.2 million and 2020 : EUR 82.2 million).
- Number of active clients** in the Group went up by 13% to 55,242 clients compared to 2021 and is up by 14% compared to 2020 (2021: 49,080, 2020: 48,341 active clients).
- Number of active accounts*** in the Group went up by 11% to 70,346 accounts compared to 2021 and is up by 12% compared to period 2020 (2021: 63,231 and 2020: 62,854 active accounts).
- Number of new applications in the Group went up by 22% to 151,116 applications compared to 2021 and is up by 61% compared to 2020 (2021: 123,714 and 2020: 93,703 new applications).

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

Net profit increased by

24200%

Active clients increased by

13%

EBITDA increased by

954%

Active accounts increased by

11%

Group net trading income increased by

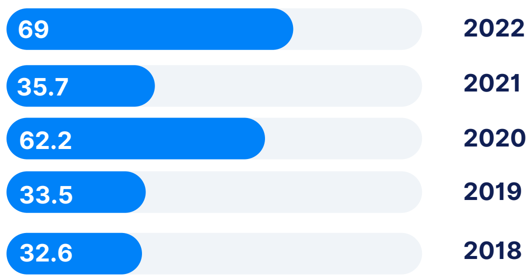
93%

New applications increased by

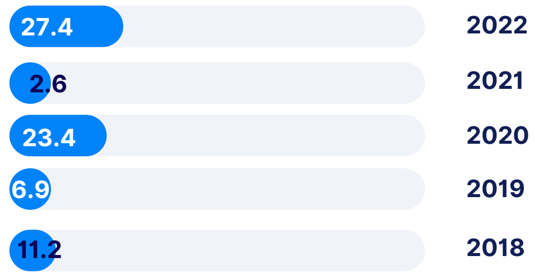
22%

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

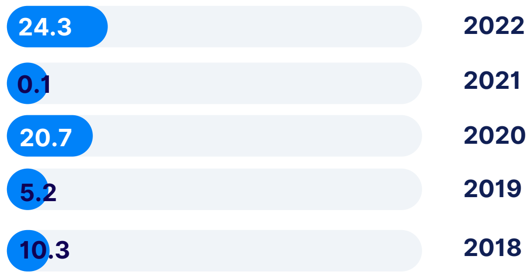
Net trading income EUR 69 EUR million



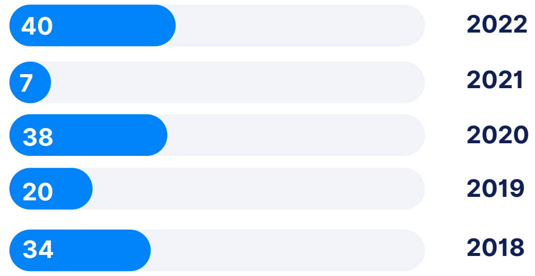
EBITDA* EUR 27.4 EUR million



Net profit 24.3 EUR million

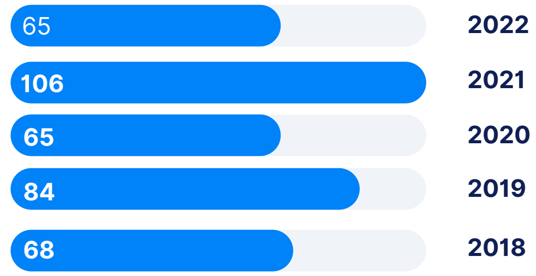


EBITDA margin 40%

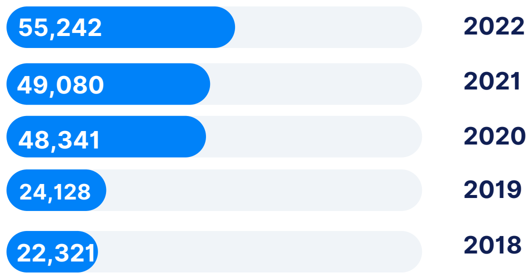


Net profit margin 35%

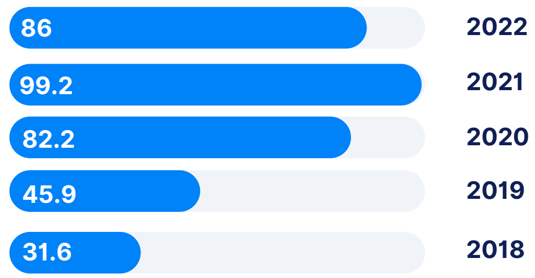
Cost to income ratio 65%



Active clients 55,242**



Client assets EUR 86 million



To the investors of Admirals

Dear Investors,

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

Our vision is to be the global pioneer in financial inclusion that 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 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 income of Admirals Group was 69 million euros (2021: 35,7 million euros), and the net profit of the Group was 24.3 million euros (2021: 0,1 million euros).

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

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

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

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

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

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

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

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

Sergei Bogatenkov
CEO and Chairman of the Management Board

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

Table of Contents

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

ADMIRALS GROUP AS (previous business name Admiral Markets Group AS) was founded in 2009 to incorporate financial companies from different countries to form a multinational group of companies operating under a joint trademark – Admirals (hereinafter referred to as "Admirals," or "the Group").

As a pioneer in financial markets since 2001, Admirals is a market leader in quality with a global digital presence. We create in-house software solutions for trading and investing, both B2C and B2B, making the financial markets accessible across the globe.

The main focus of the Group is the development of trading and investment services (mainly leveraged and derivative products) for 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.

Admirals is aiming to provide financial freedom to 10 million people by 2030. This means that the Group is also developing the required approach to target beginner-level and experienced clients in equal measure to make the overall goal attainable.

In addition to this, the Group focuses on educating experienced traders training new enthusiasts as well. By targeting new segments of clients, as a significant strategic approach, allows for further expansion of the business.

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.

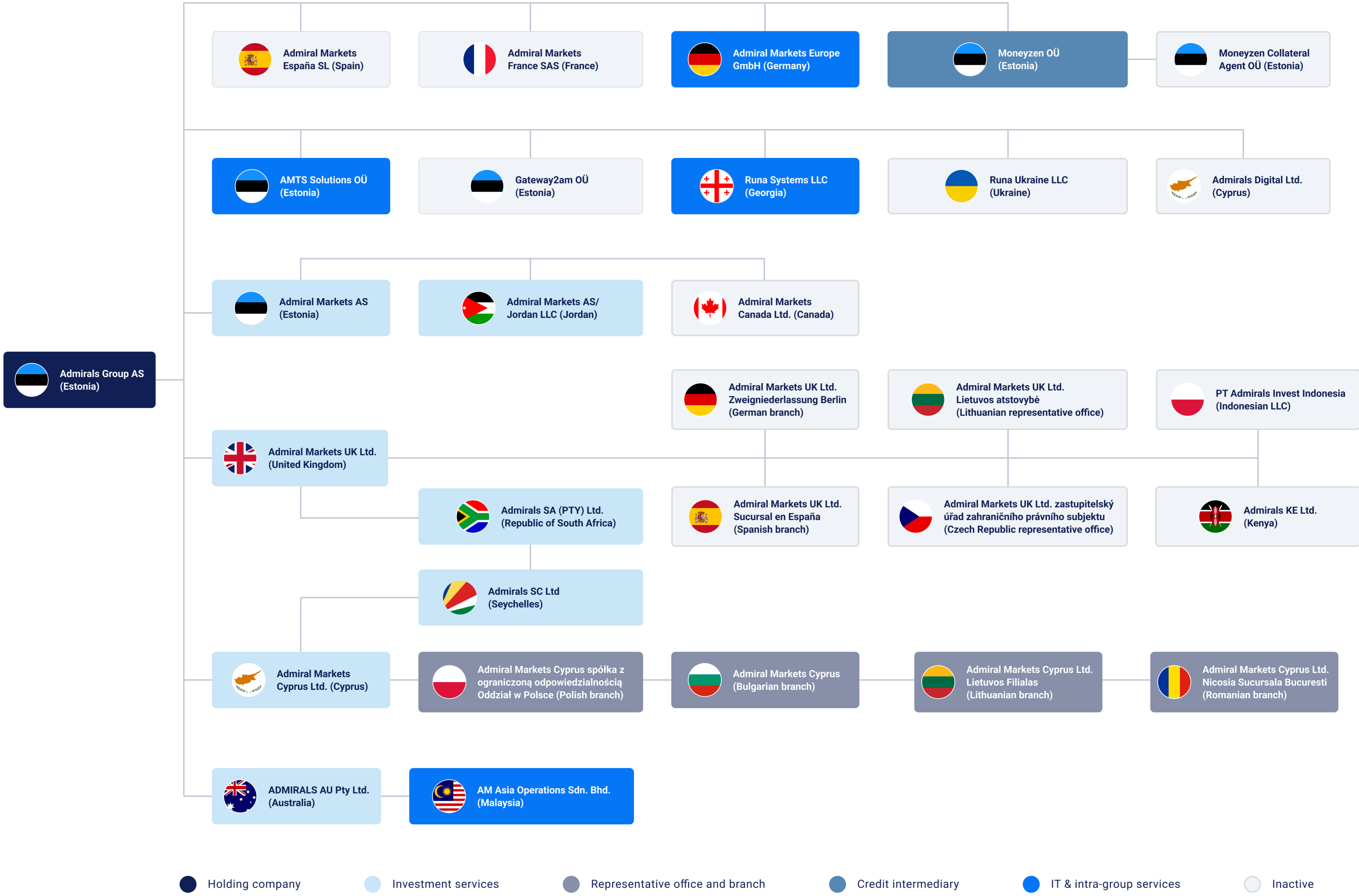
No business activities have been conducted yet in Kenya and Canada. Admiral Markets Cyprus and Admirals South Africa jointly entered into a takeover agreement of Admirals SC Ltd, incorporated in the Republic of Seychelles and licensed as a securities dealer by the Seychelles Financial Services Authority.

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 overall liquidity provider.

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


Admiral Markets España SL (Spain)
Admiral Markets France SAS (France)
Admiral Markets Europe GmbH (Germany)
Moneyzen OÜ (Estonia)
Moneyzen Collateral Agent OÜ (Estonia)
AMTS Solutions OÜ (Estonia)
Gateway2am OÜ (Estonia)
Runa Systems LLC (Georgia)
Runa Ukraine LLC (Ukraine)
Admirals Digital Ltd. (Cyprus)
Admiral Markets AS (Estonia)
Admiral Markets AS/ Jordan LLC (Jordan)
Admiral Markets Canada Ltd. (Canada)
Admirals Group AS (Estonia)
Admiral Markets UK Ltd. Zweigniederlassung Berlin (German branch)
Admiral Markets UK Ltd. Lietuvos atstovybė (Lithuanian representative office)
PT Admirals Invest Indonesia (Indonesian LLC)
Admiral Markets UK Ltd. (United Kingdom)
Admirals SA (PTY) Ltd. (Republic of South Africa)
Admiral Markets UK Ltd. Sucursal en España (Spanish branch)
Admiral Markets UK Ltd. zastupitelský úřad zahraničního právního subjektu (Czech Republic representative office)
Admirals KE Ltd. (Kenya)
Admirals SC Ltd (Seychelles)
Admiral Markets Cyprus Ltd. (Cyprus)
Admiral Markets Cyprus spółka z ograniczoną odpowiedzialnością Oddział w Polsce (Polish branch)
Admiral Markets Cyprus (Bulgarian branch)
Admiral Markets Cyprus Ltd. Lietuvos Filialas (Lithuanian branch)
Admiral Markets Cyprus Ltd. Nicosia Sucursala Bucuresti (Romanian branch)
ADMIRALS AU Pty Ltd. (Australia)
AM Asia Operations Sdn. Bhd. (Malaysia)
Holding company
Investment services
Representative office and branch
Credit intermediary
IT & intra-group services
Inactive

Awards

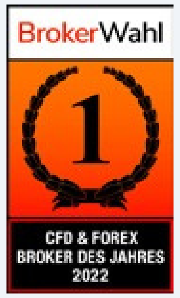
Over the years, Admirals has been an outstanding quality market leader, rewarded by various organisations. Not only do those awards speak volumes about Admirals' achievements, but they also differentiate the company from its competitors and contribute towards a positive company culture.

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

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

Germany

Deutsches Kundeninstitut "BEST CFD Broker" 2022



BrokerWahl "Forex & CFD Broker" 1st Place 2022

Jordan

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

Spain

TRADERS' "Best Broker" 2022

TRADERS' "Best Education" 2022

Área de Inversión "Best Broker" 2022

TRADERS' "Best Financial Analyst" 2022

Trading platforms and access to financial markets

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

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

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

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

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

Products

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

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

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

Our Products and Services

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

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

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

Our Clients

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

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

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

We are continuously providing live webinars to our clients. Here, we not only capture the ABCs of trading but also offer our clients the opportunity to freely explore risk-free trading possibilities with trading instruments using free demo accounts. Moreover, for the majority of clients, we are and remain their only trading provider, as the company supports a wide range of different trading-related services that cater to the needs of all clients.

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

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

Our People

The 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 Group. 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 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 Group.

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 Group's leadership and other team members is meaningful for employees and is one of the biggest motivators. This is why Admirals promotes a culture of offering constructive feedback and encouragement to their talents.

The Group 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 the 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

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

Gestures of Goodwill & Corporate Social Responsibility

The past years have produced extraordinary results. To achieve such outcomes, we have had to adapt our business environment, working conditions and policies regarding the general health and wellbeing of our employees.

Our understanding of safety and humanity have evolved. We have had to discover and implement new ways to support our customers, and partners and to rapidly react to the changing nature of business and customer experience in the FinTech industry. However, Admirals, have been operative and flexible. We have remained strong as a team and have proved that in the spirit of togetherness, everything is possible.

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

Admirals has always shown 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 that have witnessed success. It is a great honour to share some of the partnerships we carried out in 2022.

FCI Levadia

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

Language Studies

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

Eesti Kontsert

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

Board Game

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

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

Youth Chess Competition

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

Children's and Youth's Money Wisdom Day

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

Chess Olympics

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

2022 Overview

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

Fractional Shares

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

Crypto Expansion

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

Native Trading and Investing

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

This dashboard offers an overview of our products, special offers, clients financials, which has been made available from the user-friendly experience, simple navigation and well-thought UX.

From the user-experience perspective, our clients do not need to spend copious amounts of time opening trade accounts, to log in to the trade terminal with a password and so on. Instead, they will enjoy getting news, insights and trading ideas from Admirals much faster and as a result easier access to trading.

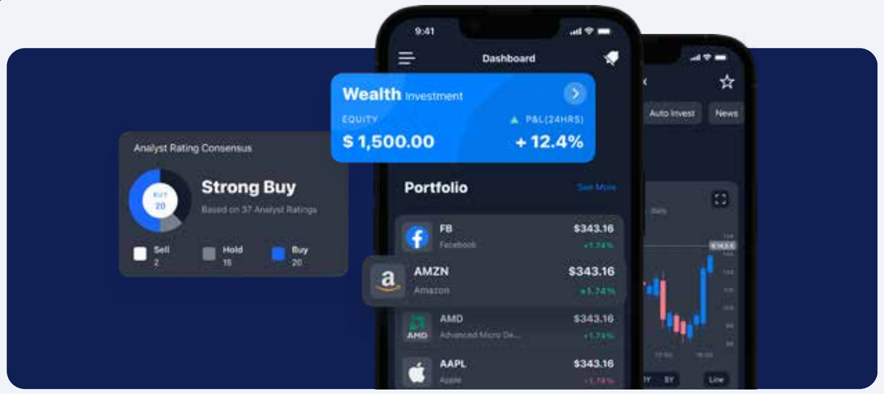
Further developments to our Mobile App

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

The Group contributed further to the development of the Mobile App, with focus on the retail customer. In the past, Admirals placed an initial focus on experienced traders. However, with our strategy and the 2030 vision, our horizons have expanded and we are now including beginner level traders, which aligns with the objective to provide financial freedom to 10 million people. To enable this, the Group provides simple products and services, supported by a premium customer experience, backed by modern technology.

One may start their financial journey by just purchasing stocks with Admirals, so the Group therefore focuses on providing educational resources centred around financial literacy and the tools required to enter the financial markets, bringing together all the necessary means to build a reputable financial hub.

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



IT Developments

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

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

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

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

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

We transformed the VOIP infrastructure, which was enhanced by migrating to one of the largest VOIP cloud providers in the world. Admirals systems now have a status page admirals.statuspage.io, which means that 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 announced its presence in Africa. Establishing its first hub in South Africa, the step signifies the conclusion of one of the key milestones in the Group's 10-year vision, which is to provide financial freedom to 10 million people by 2030. Admirals is becoming a global financial hub, which is not only providing smart financial solutions to its clients but is enabling access to the global financial markets from everywhere and at any time.

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

Furthermore in 2022, Admiral Markets Canada Limited became a registered investment dealer and member of the Investment Industry Regulatory Organisation of Canada (IIROC). As a result, Admirals achieved its first license in North America. The aim of this license is to provide execution-only services in Contracts-For-Difference (CFDs) to clients in Ontario and British Columbia at this first stage with a plan to increase the scope of the Admirals' activities in Canada over the coming year. Admirals looks 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.

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.

Cape Town office

Marketing

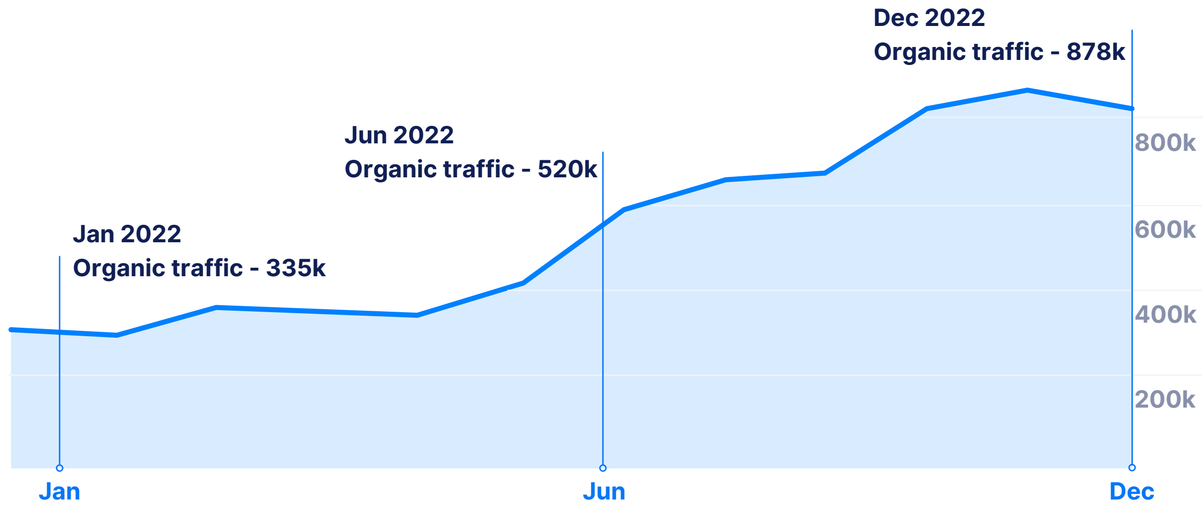
Marketing is an important aspect of any business. It is essential for identifying and meeting customer needs, promoting products and services, building brand identity, generating leads, and creating a competitive advantage, which ultimately helps Admirals to grow and succeed.

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

Our commitment towards humanity & environment

"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 as stated in our overall business model.

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

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

As a global player and a Group with presence all over the world, we are witnessing the social, economic, and environmental changes around us every day.

We believe that we can change the world – but only together. This is the mantra we follow when we consider our sustainability and ESG efforts.

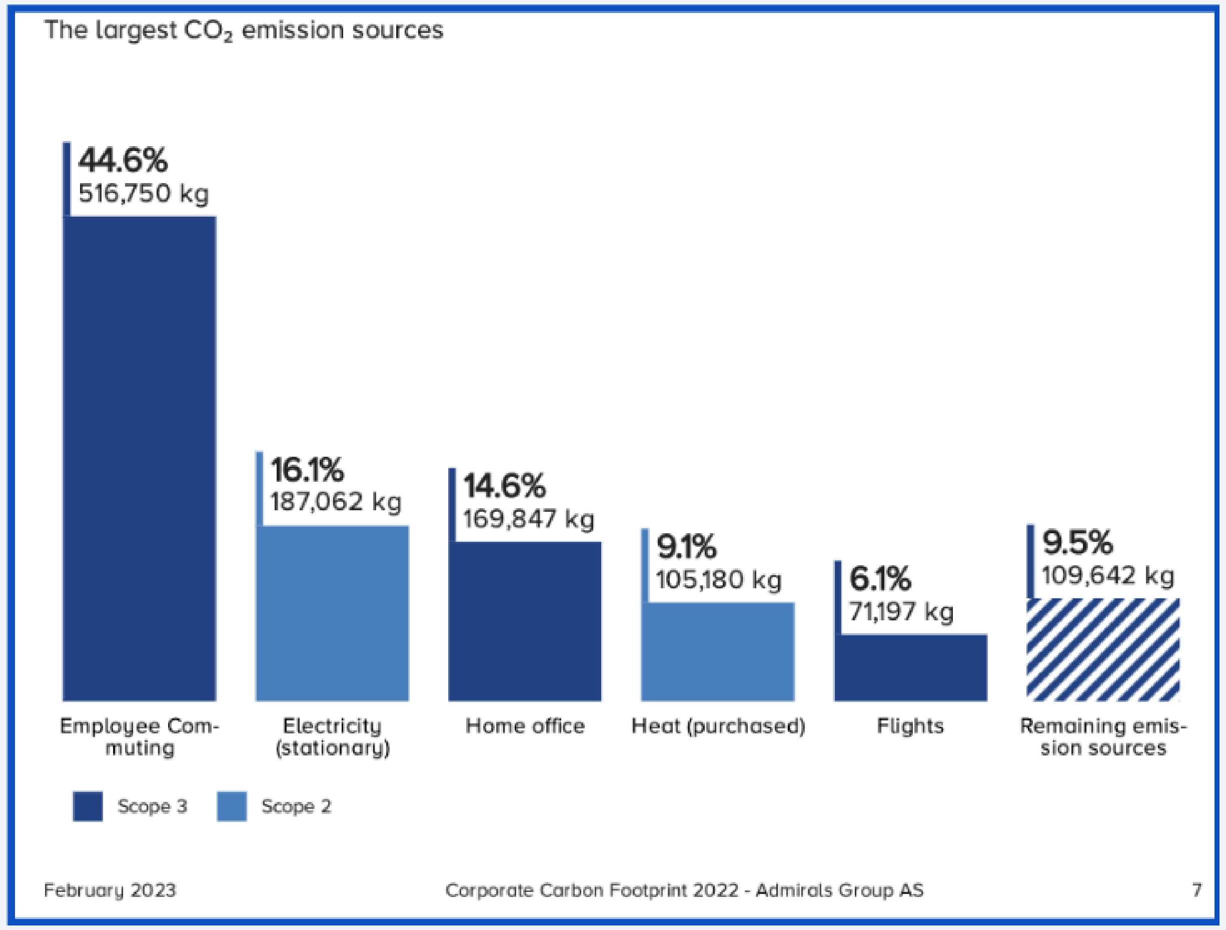
CO2 emission

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

Overall results: 1,159,678.41 kg CO_2

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

CO_2 emissions were calculated using the Group's consumption data and emission factors researched by ClimatePartner. Wherever possible, primary data were used. If no primary data were available, secondary data from highly credible sources were used. Emission factors were taken from scientifically recognized databases such as ecoinvent and DEFRA.



CCF Results Table: Admirals Group AS **Total results for the group Corporate Carbon Footprint 2022**		
Emission sources	**kg CO2**	**%**
Scope 1	**0.00**	**0.0**
Direct emissions from company facilities	0.00	0.0
Heat (self-generated)	0,00	0,0
Scope 2	**292,241.98**	**25.2**
Purchase electricity for own use*	187,062.03	16.1
Electricity (stationary)	187,062.03	16.1
Purchase heating, steam, and cooling for own use	**105,179.95**	**9.1**
Heat (purchased)	105,179.95	9.1
Scope 3	**867,436.43**	**74.8**
Employee commuting	**686,597.50**	**59.2**
Employee commuting	516,750.04	44.6
Home Office	169,847.46	14.6
Fuel- and energy-related activities	**81,420.01**	**7.0**
Upstream emissions electricity	63,417.54	5.5
Upstream emission heat	18,002.47	1.6
Business travel	**71,954.87**	**6.2**
Flights	71.197.40	6.1
Rental and private vehicles	757.47	0.1
Purchased goods and services	**27,464.04**	**2.4**
Electronic devices	26.577.15	2.3
Office paper	403.31	0.0
Water	370.04	0.0
Print product	113.54	0.0
Overall results	**1,159,678.41**	**100.00**

Our initiatives

Environmental

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

President Barack Obama.

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

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

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

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

Forest protection in Colombia, Mataven.

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

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

Wind energy in Tuppadahalli, India.

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

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

Forest protection in Rimba Raya, Indonesia.

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

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

Worldwide Carbon offset & Ocean Protection.

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

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

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

Sierra Leone is a largely rural country where households typically use wood fuel on inefficient three-stone fires to purify their drinking, cleaning, and washing water. This process results in the release of greenhouse gas emissions from the combustion of wood – however, these emissions can be avoided by using efficient borehole technology that does not require fuel to supply clean water.

The supported project is helping communities in the Kono region to restore 57 wells. In cooperation with the local population, damaged wells are repaired and regularly maintained, which secures the regional water supply.

The availability of clean drinking water eliminates the need to boil water, saving an average of 10,000 tonnes of CO_2 emissions per year. Thus, it not only contributes to climate action but also impacts gender equality. Girls and women are particularly affected by poor water conditions due to the responsibility of household water supply. Providing clean water through boreholes reduces their time spent collecting water and firewood, which can now be used for education or additional income.
Climate Partner 2022: https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1353/en

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

A simple and affordable supply of safe drinking water can do a lot here. That is why this project organises the chemical treatment of water using chlorine. The chloride solution is made on-site, and the water is conveniently available in small village shops or delivered to people's homes.
Climate Partner 2022 https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1078/en

Carbon Offset & Tree Planting.
This is an international carbon offset project combined with additional regional commitment. For every tonne of CO_2 offset, an additional tree is planted in Germany and can thus contribute to our forests adapting to climate change.
ClimatePartner 2022 https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1111/en

Wild Energy fosters community benefits in South Africa.
Close to the town of De Aar in South Africa, 96 wind turbines have been producing an average of 439,600 MWh of electricity per year since 2017, which is being fed into the South African grid.
The aim of the project is to harness the region's wind energy potential to balance its energy needs in a sustainable wayin a sustainable way.
Climate Partner 2023: https://fpm.climatepartner.com/tracking/project/details/16570-2108-1001/1387/en

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

- Expand our ESG-related products & investments to our clients.
- Increase the percentage of renewable energy 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 and financial literacy, culture and sports, and supporting green initiatives.

For years, we have been issuing scholarships to outstanding students looking to focus on IT and/or economics. Admirals sponsors the kood/Jõhvi, a coding school in Estonia, which helps adults of any age to maximise self-development and advance in a coding-focused career. We are dedicated to expanding the financial literacy of children and youth; hence we created the first children's board game "Compass of Money Wisdom" in Estonia.

Admirals remains the main sponsor of Eesti Kontsert, a high-level music and event organiser. We also sponsor better living conditions for a family of Polar bears in the Tallinn Zoo. Finally, our team is truly diverse in terms of ethnicity, gender, talent, and personality – which we continue to encourage.

Admirals aims to become industry leader responsibly and consciously. We believe that having 46% of our colleagues as females 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 are crucial to our success and overall impact on corporate governance. The rights and responsibilities within our organization are clearly defined. We strongly believe in and act towards maintaining a balance between profiting and stakeholder support. This is the core of true governance within a corporation.

Strategic objectives

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

Sergei Bogatenkov, CEO and Chairman of the Management Board of 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 offerings. We have been known as the quality market leader throughout the years. Today, Admirals consists of a team of approximately 300 professionals in 6 worldwide hubs, making it a truly global organisation.

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

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

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

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

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

Admirals - Your trustful financial partner all the way.

Trends & The Impact on our Future

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

• Geopolitics and transformation of Power

2022 has ruptured the sense of security for everyone in Europe, and throughout the rest of the world.

The war in Ukraine has had a vast influence on the economy and energy. At the same time, other major instabilities in the world may impact the future of the financial sector.

For example, 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 United States (US) and China will be shaping the world order.

• Economic Crisis

The IMF has described the ongoing situation in economics in their annual report of 2022 as "a crisis upon crisis." Geopolitical and social tensions have reached a new chapter, while inflation and interest rates have risen 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. Artificial Intelligence (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.

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

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 enmasse.
- 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 largest 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 supressed, 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-19 cases from spreading. However, following social unrest towards the end of the year, China abruptly abandoned the policy in December, leading to the reopening of the Chinese economy.

As well as limiting inflation in 2022, as seen above, China's approach to limiting the spread of COVID-19 also caused a significant slowdown in economic growth. China's property sector has also spent much of the year in perpetual crisis, with a string of property developers registering defaults over the past 18 months.

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

The Eurozone

After growing 5.3% in 2021, economic growth in the Eurozone is estimated to have slowed to 3.3% in 2022 and is forecast to be flat at 0% in 2023.

As with other economies, the Eurozone has spent much of 2022 grappling with high inflation and slowing economic growth.

Many Eurozone members have found themselves particularly exposed to the effects of Western sanctions on Russian oil and gas, which have played a part in exacerbating the cost-of-living crisis. An example of this is Germany 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	2019	2018
Net trading income	69.0	35.7	93%	62.2	33.5	32.6
Operating expenses	44.7	37.8	18%	40.6	28.1	22.0
EBITDA	27.4	2.6	954%	23.4	6.9	11.2
EBIT	24.5	0.5	4800%	21.7	5.6	10.9
Net profit	24.3	0.1	24200%	20.7	5.2	10.3
EBITDA margin, %	40%	7%	33	38%	20%	34%
EBIT margin, %	36%	1%	35	35%	17%	33%
Net profit margin, %	35%	0.4%	34.6	33%	16%	32%
Cost to income ratio, %	65%	106%	-41	65%	84%	68%

Business volumes (in millions of euros)	2022	2021	Change 2022 vs 2021	2020	2019	2018
Due from credit institutions and investment companies	72.0	45.7	58%	53.2	33.7	27.8
Debt securities	5.5	7.6	-28%	8.7	9.3	10.8
Shareholders' equity	82.9	59.3	40%	61.1	42.14	38.8
Total assets	98.2	71.9	37%	75.2	52.0	43.4
Off-balance sheet assets (client assets)	86.0	99.2	-13%	82.2	45.9	31.6
Number of active clients*	55,242	49,080	13%	48,341	24,128	22,321
Number of active accounts**	70,346	63,231	11%	62,854	30,523	27,993
Number of employees	294	300	-2%	340	284	228

Equations used for the calculation of ratios:

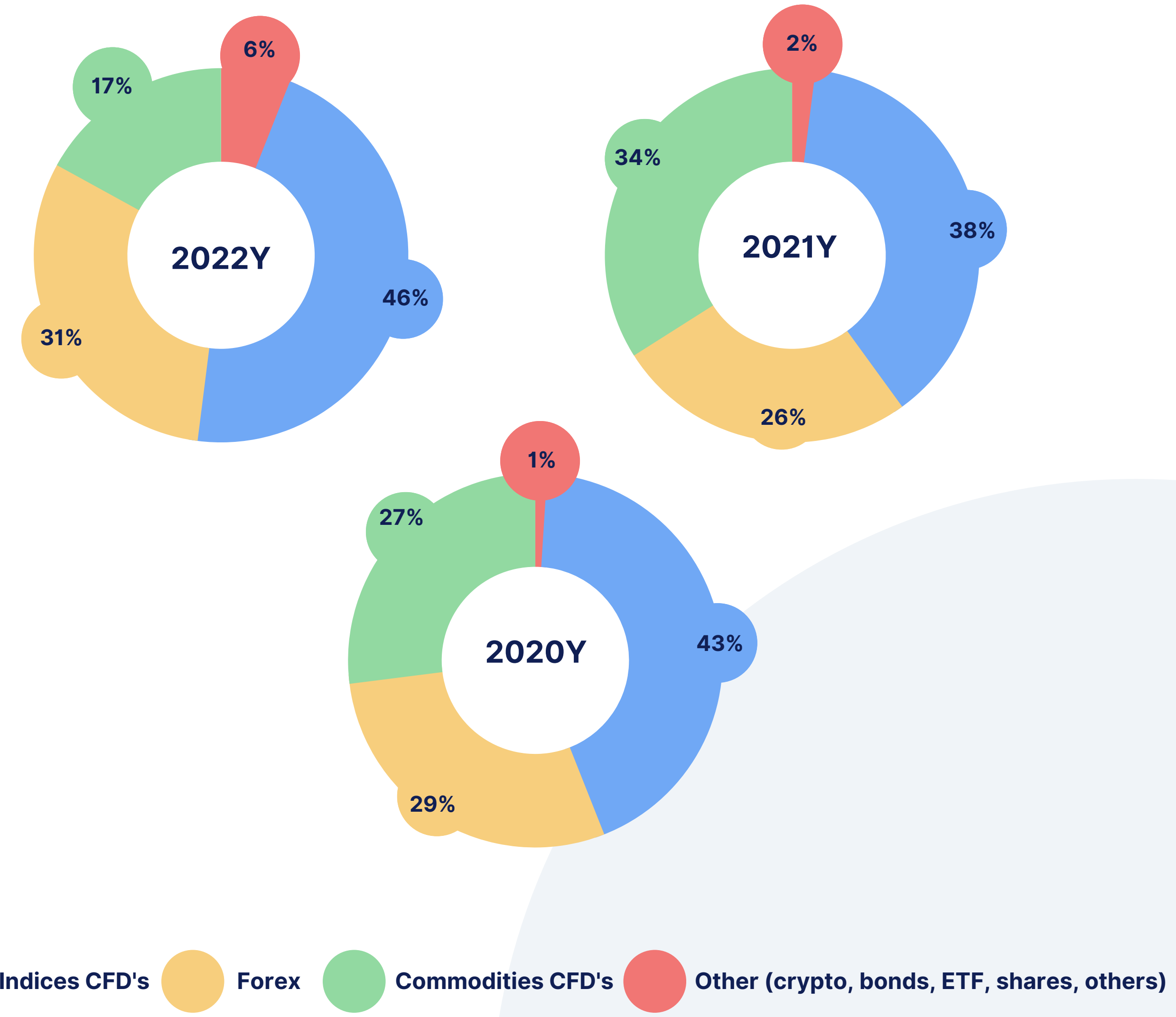
EBITDA margin, % = EBITDA / Net trading income
EBIT margin, % = EBIT / Net trading income
Net profit margin, % = Net profit / Net trading income
Cost to income ratio, % = Operating expenses / Net trading income

Statement of Comprehensive Income

Net Trading Income

Due to high volatility in financial markets during 2022, the Group witnessed a significant improvement in results. In 2022, the Group's net trading income increased to EUR 69.0 million, a rise of 93% from EUR 35.7 million the previous year. The number of active yearly clients increased by 13%. The value of trades went up 8% year-on-year in 2021, reaching EUR 911 billion. The number of trades increased by 13% to 59.0 million compared to 2021.

In 2022 Commodity CFDs products accounted for 17% of total gross trading income, a decrease of 17% year-on-year. Indices CFDs accounted for 46% of total gross trading income, an increase of 8% year-on-year. Forex accounted for 31% of total gross trading income, an increase of 5% year-on-year. Forex, Indices CFDs, and other shares increased mainly due to a 17% decrease in commodities CFDs. The share of other products, such as stocks, ETFs, etc. generated income, so made 6% of total gross income in 2022.



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

Gross revenue per geographical region:

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

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

Expenses

Operating expenses increased by 18%, which was mainly due to the increase in personnel, VAT, and IT costs.

The largest share of total operating expenses for the Group comes from personnel expenses. Personnel expenses increased by 13% to EUR 13 million in 2022, which accounts for 29% of total operating expenses. There was an increase in personnel expenses mostly due to the increase in bonuses, which connected with the Group 2022-year results. During 2022 Group employed 2% less employees, with a total of 294 employees by the end of 2022.

In 2022, marketing expenses were EUR 12.1 million which is a 4% decrease year-on-year and account for 27% of total operating expenses.

IT costs have increased by 60% due to large-scale IT investments and the development of product and trading platforms.

Depreciation and amortization expenses also increased, from EUR 2.0 million up to EUR 2.9 million in the year 2022. Right-of-use assets depreciation was almost the same because there were no significant changes for office rental space being accounted for as a financial lease asset.

Operating expenses by largest expense types:

Operating expenses by type (in millions of euros)	2022	2021	Change 2022 vs 2021
Personnel expenses	13.0	11.5	1.5
Marketing expenses	12.1	12.6	-0.5
IT expenses	7.2	4.5	2.7
Legal and audit expenses	3.2	2.7	0.5
VAT expenses	1.0	0.5	0.5
Amortization and depreciation	2.9	2.0	0.9
Regulative reporting services	0.7	0.9	-0.2
Rent of low-value leases and utility expenses	0.6	0.5	0.1
Transport and communication costs	0.3	0.3	0
Other outsourced services	0.3	0.2	0.1
Travelling expenses	0.4	0.2	0.2
Other	3.0	2.0	1.0
Total	**44.7**	**37.9**	**6.8**

The cost to income ratio decreased to 65% by the end of 2022 (2021: 106%). The reason for the decrease was mainly due to increase of net trading income but operating cost remain almost the same level.

Net Profit

The Group's net profit was EUR 24.3 million in 2022, a 24200% increase compared to EUR 0.1 million a year earlier. The Group's net profit margin also increased and was 35% compared to 0.4% the previous year.

The net profit per share of the Group was 9.9 at the end of 2022 (2021: 0.1).

Statement of Financial Position

(in millions of euros)	2022	2021	Change 2022 vs 2021	2020
Debt securities	5.5	7.6	-28%	8.7
Due from credit institutions and investment companies	72.0	45.7	58%	53.2
Total liabilities	15.3	12.6	21%	14.1
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

The Group has a strong balance sheet, with EUR 82.9 million of shareholders' equity. The Group's balance sheet is liquid as 79% of its balance sheet consists of liquid assets.

As of 31 December 2022, the assets of the Group totaled EUR 98.2 million. Ca 73% of assets are balances due from credit institutions and investment companies. Balances due from credit institutions and investment companies have increased by 58% in 2022. The debt securities portfolio only consists of high-quality liquid assets and accounts for 6% of total assets.

The Group's non-current assets increased in 2022 to EUR 13.3 million due to investments in intangible assets. Intangible assets consist mainly of the development costs of Mobile Apps, Native Trading, and other licenses. The tangible assets remain almost the same as the previous year's level.

Group's long-term debt consists of subordinated debt securities and finance lease EUR 7.3 million and makes up 7% of the balance sheet total. All other liabilities are short-term and are mainly liabilities to trade creditors and related parties, taxes payable, and payables to employees.

The off-balance sheet assets (client assets) of the Group decreased by 13% to EUR 86.0 million in 2022 (2021: EUR 99.2 million).

Key Financial Ratios

	2022	2021	Change 2022 vs 2021	2020
Net profit per share, EUR	9.9	0.1	9.8	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

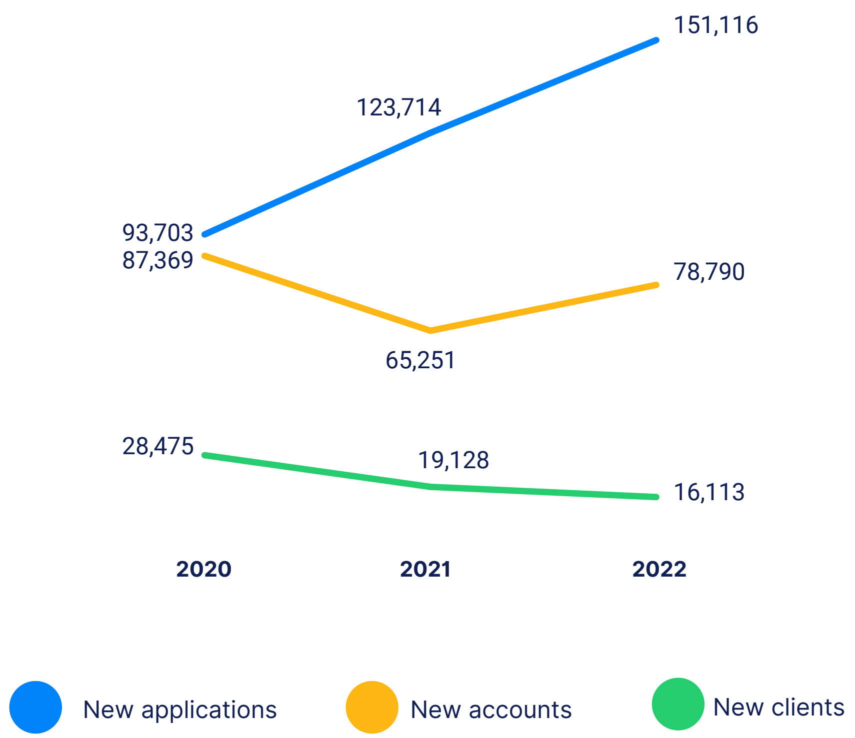
Equations used for the calculation of ratios:

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

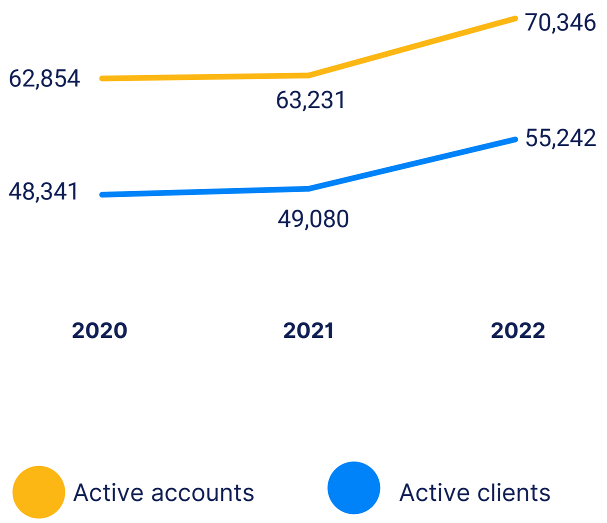
The ratios are calculated as an arithmetic average of closing balance sheet figures from the previous and current reporting period, and the indicators of the income statement are shown as at the end of the reporting period.

Client Trends

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



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



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

The number of active clients in the Group was up by 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.

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

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

Risk management

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

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

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

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

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

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

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

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

As of 31.12.2022, the own funds of Admirals amounted to 57,2 million EUR (31.12.2021: 58.9 million EUR).

At the end of the reporting period, Admirals was well capitalised, the capital adequacy level was 363% (31.12.2021: 297 %), and met all regulatory capital requirements in both 2022 and 2021.

Own Funds

(in thousands of euros)	31.12.2022	31.12.2021
Paid-in share capital	250	250
Own shares	-315	-105
Other reserves	-203	122
Retained earnings of previous periods	58,448	58,288
Intangible assets	-5,481	-4,151
Total Tier 1 capital	**52,699**	**54,404**
Subordinated debt securities	4,525	4,528
Total Tier 2 capital	**4,525**	**4,528**
Net own funds for capital adequacy	**57,224**	**58,932**

Capital Requirements

(in thousands of euros)	31.12.2022	31.12.2021
Fixed overheads requirement	**9,041**	**8,827**
Risk to client	759	841
Risk to market	8,824	9,448
Risk to firm	6,196	9,544
Total K-Factor requirement	**15,779**	**19,833**

Capital Adequacy

	31.12.2022	31.12.2021
Capital adequacy	363%	297%
Tier 1 capital ratio	334%	274%

admirals

Governance of Admirals

Admirals Group AS management is responsible for the organisational structure and technical functioning of Admirals Group AS. The Supervisory Board exercises strategic management and performs the supervisory function. The Management Board coordinates day-to-day operations and financial management.

To manage its activities, Admirals Group AS mainly employs specialists and experts under employment contracts, but it also outsources services from professionals in compliance with the terms and procedures laid down in the legislation, relevant guidelines, and established internal procedures based on the decisions made by the Supervisory Board and the Management Board.

The Group has diversity principles laid down in its internal regulatory documents (policies and procedures) and applies these whenever possible and to the maximum range. Currently, the composition of the management bodies is deemed complete and is diverse enough to include all necessary skills, capacities, and competencies.

Management of Admirals

At the time of the preparation of this report, the main shareholders of Admirals Group AS (holding over 10% of the voting rights represented by their shares) are:

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

The rest of the shareholders hold less than 2% each of the total number of shares.

Member of the Management Board Sergei Bogatenkov has been granted a share option with the right to acquire 2,500 ordinary shares of the Admirals Group AS and member of the Management Board Andreas Ioannou has been granted a share option with the right to acquire 500 ordinary shares of the Admirals Group AS.

Supervisory Board of Admirals Group AS

By the end of 2022 and at the time of preparation of the annual report, Admirals Group AS' Supervisory Board was composed of six members:

Alexander Tsikhilov

Chairman of the Supervisory Board

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

Anatolii Mikhalchenko

Member of the Supervisory Board

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

Anton Tikhomirov

Member of the Supervisory Board

Anton has been active in the industry since 1999 and has a managerial background in a financial brokerage. He joined Admirals during the company's merging with the local Russian broker. He has been developing Admirals' business activity in Spain and Latin America. Currently, responsibilities include the supervision of the regional structure as well as research and development of the Group's KPIs and other critical business metrics.

Fedor Ragin

Member of the Supervisory Board

Fedor joined Admirals in 2017. He obtained a Master's Degree in Business Administration from the International Management Institute of Saint Petersburg and a Master's Degree in Engineering from Leningrad Mechanical Institute. His work experience consists of 19 years teaching MBA/EMBA programs, managing a business school, strategic consulting, launching, and running startups, serving on the boards of private companies as an independent director, and Ph.D. research on founder succession.

Priit Rohumaa

Member of the Supervisory Board

Appointed a member of the board since 17.06.2020, Priit worked from 2009-2015 as the Chairman of the Management Board of Viru Keemia Grupp AS and from 2000 - 2009 as the Group's Chief Financial Officer and Deputy Chairman of the Management Board. In 2016 - 2020, he was the Chairman of the Supervisory of Eesti Raudtee and since June 2020 he has been the Chairman of the Supervisory Board of Ekspress Grupp.

Dmitri Lauš

Member of the Supervisory Board

Dmitri has accumulated a strong background in Financial Technology. Together with Alexander Tsikhilov, he founded the headquarters of Admirals in Estonia. He played an integral part in the Group's technological development and is responsible for the innovation and development of the Group`s talents. He obtained a Master's degree in Business Administration from IE University (Madrid, Spain).

Management Board of Admirals Group AS

By the end of 2022 and at the time of preparation of the annual report, Admirals Group AS was managed by a three-member Management Board:

Sergei Bogatenkov

Chairman of the Management Board

Sergei joined Admirals in 2014. He has gained over 10 years of proven experience in banking, consulting, and asset management. He holds a Bachelor's Degree in Economics and a Master's Degree in Corporate Finance from the Tallinn University of Technology. Previous positions in the following companies include Swedbank, Ernst&Young, and Bank of Estonia.

Andrey Koks

Member of the Management Board

Andrey joined Admirals in 2020. He has gained over 19 years of extensive experience working in the IT, with 6 years spent occupying managerial positions within the IT industry. Prior to joining Admirals, he held various positions in Symantec, and Kuehne+Nagel. In addition to his working background in IT, he holds a Bachelor's Degree in Information Communication Technology from the Estonian Entrepreneurship University of Applied Sciences.

Andreas Ioannou

Member of the Management Board

Andreas has been part of Admirals Group for the previous 5 years. In terms of background, he has 10 years of experience working in Corporate Law, specialising in EU legislation and numerous other jurisdictions, compliance and AML. He has also carried various senior positions in Meritservus/Meritkapital and Chesterfield International in Cyprus and the UK. He holds a Bachelor's Degree with honours in Law from the University of Liverpool and a Master's Degree in Law from Sheffield Hallam University.

Corporate Governance Report

Admirals Group AS pursues its business activities by complying with the Company's articles of association, national legislation, and the rules of good corporate governance practices. The bonds of Admirals Group AS and the investment firm Admiral Markets AS is traded on the Nasdaq Tallinn Stock Exchange, as required, in accordance with § 31^{2}2 (1) of the Accounting Act, to include a corporate governance report in the management report, which complies with the requirements of § 24^{2} (2) of the same Act. Managing Admirals Group AS must, in particular, adhere to the interests of Admirals Group AS and provide an adequate opportunity to an expert and interested party to obtain an overview of the management principles.

General Meeting of Shareholders

Admirals Group AS' highest governing body is the general meeting of shareholders through which the shareholders of Admirals Group AS carry out their rights according to the procedure and to the extent laid down in the legislation and articles of association of Admirals Group AS. Within the scope of competence of the General Meeting are amendment and approval of new articles of association, changing of the amount of share capital, recalling of members of the supervisory board and deciding on merger or restructuring of the company and other matters vested in it by virtue of legislation.

Supervisory Board

The members of the Supervisory Board are elected at the general meeting of Admirals Group AS. Persons who have sufficient knowledge and experience for participating in the work of the Supervisory Board are elected as members of the Supervisory Board.

Supervisory Board of Admirals Group AS:

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

In addition to the activities prescribed by the law, in 2022 the Supervisory Board gave its consent to the Management Board on issues that were outside its daily business operations and on issues described in law that require the consent of the Supervisory Board.

In the framework of regular meetings, the Supervisory Board received regular reviews of operational and financial results, risk and compliance reviews of Admirals Group AS, and investment companies that are part of the same consolidation group.

Based on the decisions of the Admirals Group AS General Meeting, the members of the Supervisory Board of Admirals Group AS in 2022 were:

1. Alexander Tsikhilov – Chairman of the Supervisory Board, term of office 09.06.2027.
2. Anatolii Mikhalchenko – term of office 28.09.2025.
3. Anton Tikhomirov – term of office 20.04.2026.
4. Fedor Ragin – term of office 09.06.2027.
5. Priit Rohumaa - term of office 17.06.2025.
6. Dmitri Lauš – term of office 01.07.2026.

The Supervisory Board has also the following committees functioning as means for better information collection, exchange, and counselling of the Supervisory Board:

- Nomination and Remuneration Committee
- Risk and Audit Committee
- Strategy and Culture Committee
- Investment Committee

The purpose of these committees is to gain a better overview of the work organisation of the companies belonging to the Admirals consolidation group and their internal regulations and to harmonise the behavioural culture within the Group. The meetings of the committees are held regularly, based on specific needs, but at the very least on a quarterly basis. The committees share the information they collect with the Supervisory Board; however, the committees have no decision-making authority.

Management Board

1. The Management Board manages and represents Admirals Group AS and organises daily operations of Admirals Group AS according to the conditions and procedures laid down in the legislation, Admirals Group AS articles of association, and decisions of the Supervisory Board and the General Meeting, acting most economically to adhere to Admirals Group AS' best interests.
2. Members of the Management Board are elected by the Supervisory Board. At the time of this report, the Management Board of Admirals Group AS has 3 members, including the chairman of the board.
3. The functions of members of the Management Board are:
   a. management of the daily business of Admirals Group AS;
   b. preparation of questions to be discussed at the Supervisory Board and general meeting;
   c. the preparation of the necessary projects and the implementation of the decisions and necessary measures of the general meeting, in particular, the management of internal control;
   d. other statutory obligations and rights related to the day-to-day business of the Group.
4. Based on the decisions of the Admirals Group AS Supervisory Board, the members of the Management Board of Admirals Group AS in 2022 were:
   a. Sergei Bogatenkov - term of office until 04.12.2024
   b. Andreyi Koks- term of office until 25.02.2024
   c. Andreas Ioannou- term of office until 25.02.2024
   d. Olga Lustsik - term of office until 30.06.2022
   e. Jens Chrzanowski - term of office until 31.08.2022
   f. Roman Krutyanskiy - term of office until 31.10.2022

Remuneration of the Management Board and the Supervisory Board

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

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

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

Financial Reporting and Auditing

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

Considering the proposals of the Management Board and the auditor's consent, under the resolution of the General Meeting of Admirals Group AS held on 29.08.2022, the Group's auditor for the 2022 annual report is company AS PricewaterhouseCoopers, registry code 10142876. Upon agreement with the auditing company, the fee to be paid to the auditor is not subject to disclosure and is treated as confidential.

During 2022, the Group's auditor has provided other assurance and advisory services permitted in accordance with the Auditors Activities Act in force in the Republic of Estonia.

Dividend policy

- Dividend distribution to the shareholders of the company is recognised as a liability in the financial statements from the moment the dividend payout is confirmed by the shareholders of the company.

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

Consolidated 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.

Consolidated Statement of Financial Position

(in thousands of euros)	Note	31.12.2022	31.12.2021
Assets			
Cash	7	12	7
Due from credit institutions	7	55,477	25,373
Due from investment companies	7	16,528	20,294
Financial assets at fair value through profit or loss	8	7,011	9,501
Loans and receivables	9	4,643	3,348
Inventories		48	106
Other assets	10	3,162	2,373
Tangible fixed assets	11	2,296	2,228
Right-of-use assets	11	3,160	3,817
Intangible assets	12	5,841	4,835
Total assets		**98,178**	**71,882**
Liabilities			
Financial liabilities at fair value through profit or loss	8	294	637
Liabilities and prepayments	13	6,982	3,291
Deferred tax liability	14	0	31
Subordinated debt securities	16	4,570	4,559
Lease liabilities	15	3,435	4,056
Total liabilities		**15,281**	**12,574**

continued on next page →

Equity			
Share capital	19	250	250
Own shares		-315	-105
Statutory reserve capital		25	25
Currency translation reserve		-669	23
Retained earnings		83,600	59,099
Total equity attributable to owners of the parent		82,891	59,292
Non-controlling interest		6	16
Total equity		**82,897**	**59,308**
Total liabilities and equity		**98,178**	**71,882**

Notes on pages 72 to 149 are an integral part of the Consolidated Financial Statements.

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
Net income from trading	**21**	**68,976**	**35,711**
Other income similar to interest		86	185
Interest income calculated using the effective interest method		201	128
Interest expense	15,16	-444	-426
Other income	22	2,358	3,428
Other expenses	23	-778	-164
Net losses on exchange rate changes		-846	-301
Losses from financial assets at fair value through profit or loss		-490	-357
Personnel expenses	24	-12,969	-11,499
Operating expenses	25	-28,846	-24,252
Depreciation of tangible and intangible assets	11,12	-2,005	-1,062
Depreciation of right-of-use assets	11	-863	-973

continued on next page →

Profit before income tax		**24,380**	**418**
Income tax	17	-99	-269
Profit for the reporting period		24,281	149
Other comprehensive income:			
Items that subsequently may be reclassified to profit or loss:			
Unrealized exchange rate differences		-692	734
Total other comprehensive income/(loss) for the reporting period		**-692**	**734**
Total comprehensive income for the reporting period		**23,589**	**883**
Net profit attributable to the owners of the parent		24,291	146
Net profit attributable to non-controlling interest		-10	3
Profit for the reporting period		**24,281**	**149**
Total comprehensive income attributable to the owners of the parent		23,599	880
Total comprehensive income attributable non-controlling interest		-10	3
Comprehensive income for the reporting period		**23,589**	**883**
Basic earnings per share	19	9,87	0.06

Notes on pages 72 to 149 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(in thousands of euros)	**Note**	**2022**	**2021**
Cash flow from operating activities			
Net profit for the reporting period		24,281	149
Adjustments for non-cash income or expenses:			
Depreciation of tangible and intangible assets	11,12	2,861	2,035
Gains 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		-235	0
Operating cash flows before changes in operating assets and liabilities		**28,738**	**1,310**
Changes in operating assets and liabilities:			
Change in receivables and prepayments relating to operating activities	9	-2,385	-839
Change in payables and prepayments relating to operating activities	13	3,908	-3,217
Change in derivative assets	8	-170	379
Change in the derivative liabilities	8	-343	418
Change in amounts due from investment companies	7	3,766	-4,051
Changes in inventories		58	-69
Change in other assets	10	-789	-543
Operating cash flows before interest and tax		**32,783**	**-6,612**
Interest received		297	320
Interest paid		-362	-338
Corporate income tax paid		-99	-836
Net cash from/used in operating activities		**32,619**	**-7,465**

continued on next page →

Cash flow from investing activities			
Disposal of tangible and intangible assets	11	0	6
Purchase of tangible and intangible assets	11,12	-3,312	-4,511
Loans granted	9	-83	-2,594
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	28	0	-787
Disposal of subsidiary, net of cash received	28	0	10
Proceeds from disposal of associates	28	0	2,290
Investment in to associates	28	0	-3
Net cash used in investing activities		404	-2,348
Cash flow from financing activities			
Dividends paid	19	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	15	-905	-1,001
Net cash used in financing activities		**-1,115**	**-987**
TOTAL CASH FLOWS		**31,908**	**-10,800**
Cash and cash equivalents at the beginning of the period	7	**25,380**	**36,998**
Change in cash and equivalents		**31,908**	**-10,800**
Effect of exchange rate changes on cash and cash equivalents		-1,799	-817
Cash and cash equivalents at the end of the period	7	**55,489**	**25,380**

Notes on pages 72 to 149 are an integral part of the Consolidated Financial Statements.

admirals

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
Balance as at 31.12.2020	**250**	**-114**	**25**	**61,657**	**-711**	**61,107**	**10**	**61,117**
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
Repurchase of own shares	0	0		0	0	0	0	0
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
Total comprehensive income for the reporting period	0	0	0	146	734	880	3	883
Balance as at 31.12.2021	**250**	**-105**	**25**	**59,099**	**23**	**59,292**	**16**	**59,308**
Sale of own shares	0	0	0	0	0	0	0	0
Repurchase of own shares	0	-210	0	210	0	0	0	0
Net profit for the reporting period	0	0	0	24,291	0	24,291	-10	24,281
Other comprehensive income for the reporting period	0	0	0	0	-692	-692	0	-692
Total comprehensive income for the reporting period	**0**	**0**	**0**	**24,291**	**-692**	**23,599**	**-10**	**23,589**
Balance as at 31.12.2022	**250**	**-315**	**25**	**83,600**	**-669**	**82,891**	**6**	**82,897**

For more information about share capital refer to Note 19.

Notes on pages 72 to 149 are an integral part of the Consolidated Financial Statements.

Notes to the consolidated financial statements

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

Note 1.
General information

ADMIRALS GROUP AS (previous business name Admiral Markets Group AS) has been an active holding company 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 consolidated annual report for the year ending 31 December 2022 was approved for publication on 31.03.2023 in accordance with the management's decision. The consolidated annual report approved by the Management shall be authorized for approval by the Supervisory Board and shareholders. Shareholders have the right not to approve consolidated financial statements. The Supervisory Board cannot execute the same rights.

Note 2.
Accounting policies and estimates used in preparing the consolidated financial statements

The consolidated financial statements of Admirals Group AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. In addition to the information complying with International Financial Reporting Standards, financial statements include information on risk management, own funds and capital adequacy.

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

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4. Estimates are based on the information about the Group's status, intentions and risks at the date of preparing the financial statements. The final result of economic transactions recognised in the financial year or in previous periods may differ from the current period estimates.

The consolidated financial statements for 2022 include the financial results of Admirals Group AS (parent company) and its subsidiaries (collectively, the Group):

	Country	Ownership interest 31.12.2022	Ownership interest 31.12.2021	Business activity
Admiral Markets AS	Estonia	100%	100%	Investment services
Admirals AU PTY Ltd	Australia	100%	100%	Investment services
Admiral Markets Cyprus Ltd	Cyprus	100%	100%	Investment services
Admiral Markets UK Ltd	United Kingdom	100%	100%	Investment services
Admiral Markets AS/Jordan LLC	Jordan	100%	100%	Investment services
Runa Systems UPE	Belarus	0%	100%	IT & intra-group services
AMTS Solutions OÜ	Estonia	62%	62%	IT & intra-group services
Gateway2am OÜ	Estonia	100%	100%	Other financial services provision
AM Asia Operations Sdn. Bhd	Malaysia	100%	100%	IT & intra-group services
Admiral Markets Canada Ltd	Canada	100%	100%	Inactive
Admiral Markets Cyprus sp. z.o.o. Oddział w Polsce	Poland	100%	100%	Representative office and branch
Admiral Markets Cyprus(Bulgarian branch)	Bulgaria	100%	100%	Representative office and branch
Admiral Markets Cyprus LTD Nicosia Sucursala Bucuresti	Romania	100%	100%	Representative office and branch
Admiral Markets España Sl.	Spain	100%	100%	Inactive
Admiral Markets Europe GmbH	Germany	100%	100%	IT & intra-group services
Admiral Markets France SAS	France	100%	100%	Inactive
Admirals SA (Pty) Ltd	Republic of South Africa	100%	100%	Investment services
Runa Ukraine LLC	Ukraine	100%	100%	Inactive
PT Admirals Invest Indonesia LLC	Indonesia	100%	100%	Inactive
Admirals Digital Limited	Cyprus	100%	100%	Inactive
Moneyzen OÜ	Estonia	100%	100%	Credit intermediary
Moneyzen Collateral Agent OÜ	Estonia	100%	100%	Inactive
Admirals KE Ltd	Kenya	100%	0%	Inactive
Admirals SC Ltd	Seychelles	100%	0%	Investment services
Runa Systems LLC	Georgia	100%	0%	IT & intra-group services

Admiral Markets Cyprus and Admirals SA 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.
In May 2022 Admirals Group AS sold Runa Systems UPE (Belarus).

The Group owns 62% of shares of AMTS Solutions OÜ. Total assets and net profit of AMTS Solutions OÜ constitute a marginal part of the Group's total assets and net profit in 2021 and 2022. Due to this AMTS Solutions OÜ as well as the non-controlling part of the company are considered immaterial regarding the Group's consolidated financial statements and for any further disclosures.

The financial year started on 1 January 2022 and ended on 31 December 2022. The parent company's functional and presentation currency is the euro. The Group's subsidiaries' functional currencies are disclosed in section "Recognition of foreign currency transactions and financial assets and liabilities denominated in foreign currencies". The annual financial statements are presented in thousands of euros, unless otherwise stated.

Consolidation

The consolidated financial statements include the financial statements of Admirals Group AS (parent company) and its subsidiaries.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition method of accounting is used to account for the acquisition of the subsidiaries (except for acquisitions of companies under common control). The acquisition cost is the fair value of the consideration payable on the date of acquisition (i.e., the asset transferred in the acquisition, the liabilities and the equity instruments issued by the acquirer). Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from it carrying amount and all other transaction costs associated with the acquisition are expensed. According to the acquisition method, the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary are recognised at their fair values at the acquisition date, irrespective of the presence of non-controlling interest.

For each business combination, the Group determines whether to recognize a non-controlling interest in the acquiree, that entitles its holder to a proportionate share of the net assets in the event of liquidation, at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

If purchase price, the non-controlling interest in the acquiree and the fair value (at date of acquisition) of the equity interest held by the acquirer in the acquiree, exceeds the Group's interest in the identifiable assets acquired and liabilities assumed, then the difference is recognized as goodwill. Any negative amount ("bargain purchase gain") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

All intragroup receivables and liabilities and the Group's intra-company transactions and unrealised income on these transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Revenues and expenses of the subsidiaries acquired within the financial year are consolidated into the Group's statement of comprehensive income starting from the date of acquisition to the end of the financial year. Result of operations of subsidiaries disposed of during the year are consolidated into Group's statement of comprehensive income from the beginning of the financial year until the date of disposal.

Non-controlling interest is that part of the net results and of the net assets of a subsidiary, which is not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity. Non-controlling interest in the consolidated statement of financial position is disclosed separately from the equity attributable to the shareholders of the parent company. In consolidated statement of comprehensive income, non-controlling interest share of profit is disclosed separately from owners of the parent.

The Group treats transactions with non-controlling interests as transactions with other equity owners of the Group. For acquisitions of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to noncontrolling interests are also recorded in equity.

Pursuant to the Accounting Act of the Republic of Estonia, the separate financial statements (primary statements) of the consolidating entity (parent company) shall be disclosed in the notes to the consolidated financial statements. In preparing the primary financial statements of the parent company the same accounting policies have been used as in preparing the consolidated financial statements.

In the parent separate primary financial statements, disclosed in these consolidated financial statements, the investments into the shares of subsidiaries are accounted for at cost less any impairment recognised.

Associates

An associate is an entity over which the Group has significant influence but which it does not control. Generally, significant influence is assumed to exist when the Group holds between 20% and 50% of the voting rights.

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under this method, the investment is initially recognised at cost which is thereafter adjusted for post-acquisition changes in the investor's share of the investee's equity (changes both in the profit/loss of the associate as well as other equity items) and with elimination or depreciation/amortisation of the differences between fair values and carrying amounts of the investee's assets, liabilities and contingent liabilities as determined in the purchase analysis. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets.

When the Group's share of losses in the associate accounted under the equity method exceeds the carrying amount of the associate, the carrying amount of the investment is reduced to zero and such long-term loans granted to the associate that in substance form a part of the investment are written down. Further losses are carried off-balance sheet. When the Group has guaranteed or incurred obligations on behalf of the associate, the respective liability as well as the loss under the equity method are recorded in the statement of financial position. Other receivables from the associate are recorded at amortised cost less a provision for impairment.

An investment in the assets and liabilities of the acquired associate and goodwill that arose on acquisition is presented as a net amount in the statement of financial position line "Investments in associates".

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

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

1. Functional currency

Admiral Markets AS	EUR
Admirals AU PTY Ltd	AUD
Admiral Markets Cyprus Ltd	EUR
Admiral Markets UK Ltd	GBP
Admiral Markets AS/ Jordan LLC	JOD
AMTS Solutions OÜ	EUR
Gateway2am OÜ	EUR
AM Asia Operations Sdn. Bhd	MYR
Admiral Markets Canada Ltd	CAD
Admiral Markets Cyprus sp. z o.o. Oddział w Polsce	PLN
Admiral Markets Cyprus - Bulgaria Branch	BGN
Admiral Markets Cyprus Ltd Nicosia Sucursala Bucuresti	RON
Admiral Markets España Sl.	EUR
Admiral Markets Europe GmbH	EUR
Admiral Markets France SAS	EUR
Admirals SA (Pty) Ltd	ZAR
Runa Ukraine LLC	UAH
PT Admirals Invest Indonesia LLC	IDR
Admirals Digital Limited	EUR
Moneyzen OÜ	EUR
Moneyzen Collateral Agent OÜ	EUR
Admirals KE Ltd Ltd	KES
Admirals SC Ltd	USD
Runa Systems LLC	GEL

2. Transactions and balances in a foreign currency

Foreign currency transactions are recorded at the official currency exchange rates quoted by the European Central Bank on the transaction day. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the official foreign currency exchange rates quoted by the European Central Bank prevailing at the balance sheet date. The fair value of derivatives is measured by the exchange rate quoted by the European Central Bank prevailing at the balance sheet date.

Gains and losses on translation from assets and liabilities are recognised in the statement of profit or loss under “Net gains on exchange rate changes”. Non-monetary financial assets and liabilities not measured at fair value denominated in foreign currencies (e.g., prepayments, tangible and intangible fixed assets) are not translated at the balance sheet date but are measured based on the foreign currency exchange rates of the European Central Bank prevailing at the transaction date.

The following exchange rates were adopted for the purpose of measuring assets and liabilities as at the balance sheet date and for converting items of the statement of comprehensive income:

Currency	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
AUD	1.5693	1.5615	1.51669	1.57494
BGN	1.9558	1.9558	1.9558	1.9558
BYR	3.6307	2.8826	3.3232	3.005
CAD	1.444	1.4393	1.36949	1.48257
GBP	0.88693	0.84028	0.85276	0.8596
IDR	16519.82	16100.42	15625.25	16920.72
JOD	0.7609	0.80659	0.7476	0.8388
MYR	4.6984	4.7184	4.62787	4.90151
RON	4.9495	4.949	4.93131	4.92148
PLN	4.6808	4.5969	4.68611	4.56518
ZAR	18.0986	18.0625	17.20863	17.47655
UAH	38.951	31.0292	39.0563	32.2802
GEL	2.8844	3.504	3.0684	3.8351
KES	132.4791	128.6634	124.21077	129.6975

Financial assets

Classification

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

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

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

Recognition and derecognition

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

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

Measurement

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

Debt instruments (Loans and debt securities)

Debt instruments (Loans and debt securities) Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

The Group's debt instruments have been classified into the following measurement categories:
- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses). Foreign exchange gains and losses and impairment losses are presented as separate line items in the statement of profit or loss.

Financial assets of the Group are classified into the following classes that are measured at amortised cost:
- Cash and cash equivalents;
- Trade receivables;
- Loans;
- Other receivables.

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

The following financial assets of the Group are measured FVPL:
- Equity instruments;
- Derivative financial instruments;
- Bonds.

Equity instruments

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

Derivative financial instruments

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

Impairment

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

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

The ECL model has a three-stage approach based on changes in the credit risk. A 12-month ECL (Stage 1) applies to all items, unless there is a significant increase in credit risk since initial recognition. For items where there is a significant increase in credit risk (Stage 2) or in default (Stage 3), lifetime ECL applies.

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

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

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

Assessment of fair value

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

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

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

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

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

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

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

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

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

Cash and cash equivalents

Due from credit institutions and investment firms include short-term (with original maturity of less than three months) demand deposits, which have no material market value change risk, and balances on trading accounts.
For the purposes of cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits with Credit institutions.

Recognition of off-balance assets and liabilities

Admirals Group AS and its subsidiaries act as an intermediary of investment services and are responsible for keeping their clients' deposited funds under their control. As a result of the pass-through arrangement, the assets are considered as off-balance sheet assets, see Note 18.

Tangible fixed assets

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

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

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

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

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

Intangible fixed assets

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

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

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

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

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

Impairment of tangible and intangible fixed assets

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

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

Accounting for financial liabilities

The Group classifies financial liabilities either:
- as financial liabilities measured at fair value through profit or loss, or
- as financial liabilities measured at amortised cost.

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

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

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

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

Payables to employees

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

Leases

The Group as a lessee

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Lessees are required to recognise:
(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
(b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

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

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

Initial measurement

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

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

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

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

Subsequent measurement

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

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

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

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

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

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

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

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

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

Provisions and contingent liabilities

Liabilities arising from an obligating event before the end of the reporting period that have either a legal basis or that have arisen from the Group's current operating practice (legal or constructive obligation) that require probable outflow of resources, the realisation of which is probable (it is more likely than not that an outflow of resources will be required to settle the obligation) and the amount of which can reliably be estimated but for which the timing or amount are not definitely known are recognised as provisions in the statement of financial position. The provisions are recognised based on the management's estimates regarding the amount and timing of the expected outflows. A provision is recognised in the statement of financial position in the amount which according to the management is necessary as at the end of the reporting period for the meeting of the obligation arising from the provision or transfer to the third party.

The provision expense and an expense from the change in the carrying amount of provisions are included within expenses in the reporting period.

Provisions are not set up to cover future operating losses. When it is probable that a provision will be realised later than 12 months after the end of the reporting period it is recorded at discounted value (present value of expected outflows), unless the discounting effect is immaterial.

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

Distinction between short- and long-term assets and liabilities

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

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

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

Corporate income tax

IFRS Interpretation Committee agenda decisions regarding deferred tax related to investments in subsidiaries in both Estonia and Latvia where the traditional profit-based tax regimes have been replaced with distribution-based tax regimes where corporate income tax is not payable on profit but rather on distribution of dividends.

In accordance with IAS 12.52A and 57A, in distribution-based tax regimes no current or deferred tax liability has been recognised in respect of undistributed profits until a liability to pay dividends is recognised.
As a market practice in Estonia, this accounting policy has been applied consistently to all undistributed profits in the group, regardless of whether those profits accumulated in the parent or in the subsidiaries.

In June 2020, IFRS Interpretation Committee made an agenda decision where it concluded that the principle set out in IAS 12.52A and 57A only applies to undistributed profits accumulated in the parent company and does not apply to undistributed profits accumulated in the subsidiaries. Instead, the principles described in IAS 12.39-40 should be followed in respect of undistributed profits in subsidiaries, stipulating that a deferred tax shall be recognized in respect of such accumulated profits, unless it is probable that they will not be distributed to the parent in the foreseeable future.

The Group recognised the change in the accounting policy in this respect retrospectively in 2020, however the Group did not adjust previous period as the impact was not material.

Deferred income tax is recognised in case of temporary differences between the Group's carrying amounts of assets and liabilities and their tax bases (the tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes).

Pursuant to the laws of the Republic of Estonia, an enterprise's profit of the accounting year is not taxable in Estonia. The obligation to pay company income tax arises upon distribution of profit and it is recognised as an expense (in the profit or loss for the period) when dividends are declared. Due to the nature of the taxation system, no deferred income tax assets or liabilities arise in enterprises registered in Estonia, except for possible deferred income tax liabilities related to an enterprise's investments in subsidiaries, associate and joint undertaking, and branches.

Deferred income tax liability arises for the Group in countries where the enterprise's reporting year profit is taxable.

For the Group, deferred income tax liability also arises in respect to investments in an Estonian and United Kingdom subsidiary, except for if the Group is able to control the timing of the reversal of the taxable temporary differences and it is probable that the reversal will not occur in the foreseeable future. Examples of taxable temporary reversal are the payment of dividends, the sale or liquidation of an investment, and other transactions.

The Group has control over the dividend policy of subsidiaries and is able to control the timing of the reversal of the temporary differences in respect to the relevant investment. If the parent company has decided not to distribute the subsidiary's profit in the foreseeable future, it does not recognise the deferred income tax liability. If the parent company assesses that the dividend will be paid in the foreseeable future, the deferred income tax liability is measured to the extent of the planned dividend payment provided that as at the reporting date, there are sufficient funds to pay the dividend and owner's equity on account of which to distribute profit in the foreseeable future.

The Group measures deferred income tax liability using the tax rates valid on the reporting date that are expected to apply to the taxable temporary differences of the period in which the temporary differences are expected to reverse.

In Estonia, the valid company income tax rate is 20 percent (the payable tax amount is 20/80 of the net payment). From 2019, a lower tax rate is applied to regularly payable dividends – 14% (14/86 of the net payment). The lower tax rate can be applied every calendar year on dividend payments and other profit distributions to the extent that does not exceed the average amount of taxable paid dividends and other profit distributions of the previous three calendar years and taxable payments from the owner's equity.

The maximum income tax liability which would accompany the distribution of Group's retained earnings is disclosed in Note 17.

Corporate income tax in other countries

In accordance with the local income tax laws, the net profit on subsidiaries and branches is subject to corporate income tax.

Consolidated statement of comprehensive income reflects corporate income tax and deferred tax expense in 2021 and 2022 on profits from subsidiaries and branches in Estonia, Poland, Latvia, Lithuania, Romania, Hungary, Bulgaria, United Kingdom, Germany, Spain, Croatia, Australia, Belarus, Republic of South Africa, Seychelles and Malaysia.

Revenue and expenses

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

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

Interest income and expense are recognised in the statement of comprehensive income for all financial instruments that are recognised at amortized cost, using the effective interest rate method.

The effective interest rate is the interest rate which when used for discounting the cash flows arising from financial asset or liability will result in the current carrying amount of the financial asset or liability.
The calculation of the effective interest rate includes all payable or receivable transaction costs, premiums or discounts related to the financial asset or liability.

Trading income includes:

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

Statutory reserve capital

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

Cash flow statement

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

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

Events after the balance sheet date

The financial statements reflect all significant facts affecting the assessment of assets and liabilities which occurred between the balance sheet date, 31 December 2022, and the date of preparing the report but are linked to transactions that occurred during the reporting period or transactions of previous periods.

Note 3.
Use and application of new amended standards and new accounting principles

Certain new IFRS, amendments to existing standards and the interpretations of the standards have been published by the time of compiling these financial statements which became mandatory for the Group's reporting periods beginning on or after 1 January 2022. The overview of these standards and the potential impact of applying the new standards and interpretations are stated below.

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

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

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

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
The Group expects that there will not be a material impact on Group's financial position, performance nor cash flows.

Classification of liabilities as current or non-current, deferral of effective date - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024; not yet adopted by the EU).
These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period.
Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date.

In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments.
There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The Group expects that there will not be a material impact on Group's financial position, performance nor cash flows.
The Group intends to apply the aforementioned standards and interpretations as at the date of entry into force, subject to them being adopted by the European Union.

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

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

Note 4.
Use of estimates, assumptions and judgements

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

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

Impairment of assets

At each balance sheet date, the Group assesses whether there are objective indications of impairment of other assets, including intangible assets. Impairment is recognised when it is highly likely that all or a significant part of the respective assets will not bring about the expected economic benefits, e.g. as a result of expiry of licences or decommissioning.

Fair value of financial instruments

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

Note 5.
Risk management, principles of calculating capital requirements and capital adequacy

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

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

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

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

Quantitatively measurable

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

Qualitatively measurable

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

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

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

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

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

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

Other notes

After the start of the war in Ukraine, Admirals immediately stopped all its exposures with Russia and Belarus. Contracts with customers were terminated, the subsidiary in Belarus was sold, and the employees there were helped to leave for other countries. Also, trading with financial instruments related to Russia has been closed.

Capital management

The objective of Admirals in managing capital is:

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

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

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

Admirals is Class 2 investment company and must always have own funds of at least D, where D is defined as the higher of the following values:

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

The Admirals Group is required to have own funds at least higher than the K-factor requirement.
In accordance with Article 10 (1) of the IFR, only group financial companies are included in the calculation of the risk exposures and capital requirements of the Admirals Group: Admirals Group AS, Admiral Markets AS, Admirals AU Pty Ltd, Admiral Markets UK Ltd, Admiral Markets Cyprus Ltd, Admiral Markets AS/Jordan LLC, Admirals SC Ltd and Admirals SA (PTY) LTD data.

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

Own funds

(in thousands of euros)	31.12.2022	31.12.2021
Paid-in share capital	250	250
Own shares	-315	-106
Other reserves	-203	122
Retained earnings of previous periods*	58,448	58,288
Intangible assets	-5,481	-4,151
Total Tier 1 capital	**52,669**	**54,403**
Subordinated debt securities	4,525	4,528
Total Tier 2 capital	**4,525**	**4,528**
Net own funds for capital adequacy	**57,224**	**58,932**

As of 31.12.2022, the own funds of Admirals Group AS amounted to EUR 57.2 million (31.12.2021: EUR 58.9 million). At the end of the reporting period, in accordance with information provided internally to key management, Admirals Group AS capital adequacy ratio was 363% (31.12.2021: 297%) and has complied with all regulatory capital requirements under IFR in 2022 as well as in the earlier period.

Credit risk

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

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

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

Maximum exposure to credit risk

(in thousands of euros)	31.12.2022	31.12.2021	Note
Due from credit institutions	55,477	24,276	7
Due from investment companies	16,528	20,294	7
Financial assets at fair value through profit or loss	7,011	7,758	8
incl bonds	5,480	7,632	
incl equity investments at fair value through profit or loss	1,234	0	
incl derivatives	297	126	
Loans granted	185	2,024	9
Other receivables	4,458	1,614	9
Other financial assets	3,162	2,298	10
Total Financial assets	**86,821**	**58,264**	
Off-balance sheet assets (excluding stocks)	67,123	79,975	18

Due from credit institutions and investment companies

Rating (Moody's)	Credit institutions	Investment companies	Total 31.12.2022	Credit institutions	Investment companies	Total 31.12.2021
Aa1 - Aa3	14,765	0	14,765	16,520	0	16,520
A1 - A3	20,848	0	20,848	1,739	0	1,739
Baa1 - Baa3	12,009	0	12,009	1,073	0	1,073
Ba1 - Ba3	689	0	689	0	0	0
B1 - B3	1,641	0	1,641	1,998	0	1,998
Non-rated	3,797	16,528	20,325	2,638	20,291	22,929
Cash In transit	1,728	0	1,728	311	0	311
Total (Note 7, except cash)	**55,477**	**16,528**	**72,005**	**24,279**	**20,291**	**44,570**

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

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

Investment companies must have the operating permit of the supervisory authorities of their country of residence and a high reputation.
Twice a year, the ratings of credit institutions and investment companies are checked and publicly available information about potential problems is reviewed.

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

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

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

Loans granted

In 2022, the loans granted balance has decreased – mainly, the loans granted disclosed in Note 9 are for few counterparties and loans usually have a mortgage collateral (loans are over collateralised).

The balance of granted loans decreased in 2022 due to the arrival of the loan term. The Group assesses based on historical loss rate and forward-looking macroeconomic information that the significant risk of the loans has not increased compared to when the loan was issued. Therefore, management assessed there is no significant risk in the credit risk for loans granted and resulting expected credit loss is immaterial.

Other receivables

This includes all other balance sheet financial assets. Other receivables in the amount EUR 4,458 thousand (31.12.2021: EUR 1,614 thousand) are mainly office rent deposits, claims against related parties and unpaid long-term receivable from the sale of a subsidiary. As at 31.12.2022 and 31.12.2021 there were no such overdue receivables. Management estimates that these receivables bear in substance low credit risk, as all receivables are assessed to be in Stage 1 and with high credit quality.

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

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

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

Financial assets at fair value through profit or loss

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

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

Ratings of bonds

(in thousands of euros)	31.12.2022	31.12.2021
Aaa	3,893	6,027
Aa1	1,587	714
Aa2	0	891
Total	**5,480**	**7,632**

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

In addition, in 2020 the Group has granted a convertible loan in the amount of 189 thousand euros, which is measured at fair value through profit or loss as the loan has a conversion option. Management has assessed that the credit risk of the loan is within acceptable limits. In 2021, the loan was converted to equity instrument, therefore it now bears price risk not credit risk.

Off-balance sheet client bank accounts

When clients open a trading account, they transfer funds to the bank account indicated by Admirals. Admirals keeps these funds in separate bank accounts in credit institutions with a high credit rating and separates client assets from its own assets in accordance with the requirements of the Securities Market Act. Admirals is not allowed to use these client funds in its economic activities. As a result of the pass-through arrangement, the assets are classified as off-balance sheet. Admirals bears the credit risk associated with these accounts in case the credit institution is unable to fulfil its obligations, however the risk is considered marginal as Admirals uses strong counterparties for maintenance of clients funds.

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

Rating (Moody's)

(in thousands of euros)	31.12.2022	31.12.2021
Aa1 - Aa3	8,339	40,956
A1 - A3	38,296	33,726
Baa1 - Baa3	10,500	510
Ba1 - Ba3	2	126
B1 -B3	8,573	4,073
Non-rated	1,277	0
Cash in transit	136	0
Total	**67,123**	**79,391**

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

Trading portfolio

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

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

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

Market Risk

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

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

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

Foreign Currency Risk

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

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

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

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

31.12.2022	EUR	USD	GBP	JPY	CAD	CHF	Other currencies	Total	Note
Due from credit institutions and from investment companies	64,354	3,637	274	2	635	143	1,232	70,277	7
Financial assets at fair value through profit or loss (excluding derivatives)	451	5,480	0	0	0	0	783	6,714	8
Loans and receivables	2,960	871	25	0	0	0	787	4,643	9
Total financial assets	**67,765**	**9,988**	**299**	**2**	**635**	**143**	**2,802**	**81,634**	
Subordinated debt	4,570	0	0	0	0	0	0	4,570	16
Other financial liabilities	3,037	2,897	767	2	54	0	225	6,982	13
Lease liabilities	3,122	0	98	0	0	0	215	3,435	15
Total financial liabilities	**10,729**	**2,897**	**865**	**2**	**54**	**0**	**440**	**14,987**	
Long positions of trading portfolio	117,351	164,749	17,540	25,309	23,547	13,853	12,970	375,319	
Short positions of trading portfolio	79,553	220,392	27,269	16,341	15,865	4,369	16,809	380,598	
Net open foreign currency position	**94,834**	**48,552**	**10,295**	**8,968**	**8,263**	**9,627**	**1,477**	**61,368**	

31.12.2021	EUR	USD	GBP	JPY	CAD	CHF	Other currencies	Total	
Due from credit institutions and from investment companies	37,762	2,776	2,221	0	1	268	1,231	44,259	7
Financial assets at fair value through profit or loss (excluding derivatives)	561	7,632	0	0	0	0	1,182	9,375	8
Loans and receivables	2,360	429	37	0	130	0	682	3,638	9
Total financial assets	**40,683**	**10,837**	**2,258**	**0**	**131**	**268**	**3,095**	**57,272**	
Subordinated debt	4,559	0	0	0	0	0	0	4,559	16
Other financial liabilities	2,672	63	242	0	0	0	288	3,265	13
Lease liabilities	3,439	0	201	0	0	0	222	3,862	15
Total financial liabilities	10,670	**63**	**443**	**0**	**0**	**0**	**510**	**11,686**	
Long positions of trading portfolio	94,769	194,443	56,452	9,524	15,560	19,037	18,276	408,061	
Short positions of trading portfolio	112,609	236,282	22,963	36,701	6,530	2,465	22,279	439,829	
Net open foreign currency position	**12,173**	**31,065**	**35,304**	**27,177**	**9,161**	**16,840**	**1,418**	**13,818**	

Impact on the statement of comprehensive income:

(in thousands of euros)	USD	GBP	JPY	CAD
	Exchange rate change in relation to EUR +/- 3%			
2022	1,457	309	269	248
(in thousands of euros)	**GBP**	**USD**	**JPY**	**CHF**
	Exchange rate change in relation to EUR +/- 3%			
2021	1,059	932	815	505

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

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

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

Equity risk

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

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

The following are the positions of derivatives bearing the equity position risk in the trading portfolio as at 31.12.2022 and 31.12.2021:

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

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

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

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

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

Commodity risk

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

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

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

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

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

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

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

Liquidity risk

Liquidity risk is related to the solvency of Admirals' contractual obligations in a timely manner due to differences in maturities between assets and liabilities. To manage the liquidity risk, forecasted net position of receivables and payables of different periods of time is monitored on a daily basis and by keeping at any time on the account adequate liquid assets, as well as the concentration of liabilities by maturity is monitored. As at 31.12.2022 and 31.12.2021, the Group had no overdue payables.

31.12.2022	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount	Note
Assets held for managing liquidity risk by contractual maturity dates								
Due from credit institutions and investment companies	72,005	0	0	0	0	72,005	72,005	7
Financial assets at fair value through profit or loss (excluding derivatives)	0	2,084	2,146	2,632	0	6,862	6,714	8
Financial assets at fair value through profit or loss (derivatives)	0	297	0	0	0	297	297	8
Loans and receivables	0	1,733	907	2,017	0	4,657	4,643	9
Total assets	**72,005**	**4,114**	**3,053**	**4,649**	**0**	**83,821**	**83,659**	
Liabilities by contractual maturity dates								
Subordinated debt securities	0	53	309	3,492	3,155	7,009	4,570	16
Other financial liabilities	0	6,982	0	0	0	6,982	6,982	13
Lease liabilities	0	197	553	2,887	0	3,637	3,435	15
Financial liabilities at fair value through profit or loss (derivatives)	0	294	0	0	0	294	294	8
Total liabilities	**0**	**7,526**	**862**	**6,379**	**3,155**	**17,922**	**15,281**	

31.12.2021	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount	Note
Assets held for managing liquidity risk by contractual maturity dates								
Due from credit institutions and investment companies	44,570	0	0	0	0	44,570	44,570	7
Financial assets at fair value through profit or loss (excluding derivatives)	0	5,887	2,270	1,283	0	9,440	9,374	8
Financial assets at fair value through profit or loss (derivatives)	0	127	0	0	0	127	127	8
Loans and receivables	0	462	2,262	1,013	197	3,934	3,638	9
Total assets	**44,570**	**6,476**	**4,532**	**2,296**	**197**	**58,071**	**57,709**	
Liabilities by contractual maturity dates								
Subordinated debt securities	0	54	309	3,638	3,371	7,372	4,559	16
Other financial liabilities	0	3,265	0	0	0	3,265	3,265	13
Lease liabilities	0	186	545	2,964	430	4,125	3,862	15
Financial liabilities at fair value through profit or loss (derivatives)	0	637	0	0	0	637	637	8
Total liabilities	**0**	**4,142**	**854**	**6,602**	**3,801**	**15,399**	**12,323**	

Interest rate risk

In 2022 and 2021, Admirals' exposure to interest rate risk was low due to very low interest rates in the current economic environment. Deposits from Admirals in credit institutions and investment firms are generally subject to a 0 per cent rate.

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

	31.12.2022	31.12.2021
Due from credit institutions and investment companies (except cash and cash in transit)	70,277	44,259
Financial assets and liabilities at fair value through profit or loss (bonds)	5,480	7,632
Loans Granted	185	2,024
Total assets	**75,942**	**53,951**
Subordinated debt securities	4,529	4,529
Total Liabilities	**4,529**	**4,529**

Concentration risk

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

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

31.12.2022		
Cash (except cash on hand and cash in transit) and clients' bank accounts distributed by countries	**Balance sheet balances**	**Off-balance sheet balances**
United Kingdom	25,941	19,546
Estonia	25,207	7,191
Poland	2,302	19,075
Jordan	3,197	8,563
Latvia	1,929	0
Australia	1,079	3,705
Other Countries	10,622	8,907
Total	**70,277**	**66,987**

31.12.2021		
Cash (except cash on hand and cash in transit) and clients' bank accounts distributed by countries	**Balance sheet balances**	**Off-balance sheet balances**
United Kingdom	11,982	33,703
Estonia	14,661	27,410
Australia	2,748	7,141
Jordan	2,534	4,073
Germany	5,795	0
Bulgaria	42	2,955
Other Countries	6,497	4,109
Total	**44,259**	**79,391**

Operational risk

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

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

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

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

ESG risk

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

Off-setting of financial assets and financial liabilities:

31.12.2022	Gross amount in statement of financial position	Off-setting amount under agreement	Net Amount	Note
Financial assets				
Due from investment companies	16,528	0	16,528	7
Financial assets at fair value through profit and loss (derivatives)	297	297	0	8
Total	**16,825**	**297**	**16,528**	
Financial liabilities				
Financial liabilities at fair value through profit and loss (derivatives)	294	294	0	8
Total	**294**	**294**	**0**	

31.12.2021	Gross amount in statement of financial position	Off-setting amount under agreement	Net Amount	Note
Financial assets				
Due from investment companies	20,294	0	20,294	7
Financial assets at fair value through profit and loss (derivatives)	127	127	0	8
Total	**20,421**	**127**	**20,294**	
Financial liabilities				
Financial liabilities at fair value through profit and loss (derivatives)	637	127	510	8
Total	**637**	**127**	**510**	

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

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

	Assessment of fair value using				
	Total	Level 1	Level 2	Level 3	Notes
Financial assets recognised at fair value through profit or loss:					
Bonds	5,480	5,480	0	0	8
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
Total	**7,011**	**5,647**	**297**	**1,067**	
Financial liabilities recognised at fair value through profit or loss:					
Derivatives:					
Currency pairs	139	0	139	0	8
CFD derivatives	134	0	134	0	8
Other derivatives	21	0	21	0	8
Total	**294**	**0**	**294**	**0**	
Financial assets recognized at amortised cost:					
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
Total	**76,660**	**12**	**72,005**	**4,643**	

continued on next page →

		Assessment of fair value using			
	Total	Level 1	Level 2	Level 3	Notes
Financial liabilities recognized at amortised cost:					
Other financial liabilities	5,548	0	0	5,548	13
Subordinated debt securities	4,570	0	0	4,570	16
Total	**10,118**	**0**	**0**	**10,118**	

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

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

continued on next page →

		Assessment of fair value using			
Financial assets recognized at amortised cost:	Total	Level 1	Level 2	Level 3	Notes
Cash	7	7	0	0	7
Due from credit institutions	25,062	0	25,062	0	7
Due from investment companies	20,294	0	20,294	0	7
Cash in transit	311	311	0	0	7
Loans	1,603	0	0	1,603	9
Other financial assets	1,745	0	0	1,745	9
Total	**49,022**	**318**	**45,356**	**3,348**	
Financial assets recognized at amortised cost:					
Other financial liabilities	2,175	0	0	2,175	13
Subordinated debt securities	4,559	0	0	4,559	16
Total	**6,734**	**0**	**0**	**6,734**	

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 7.
Due from credit institutions and investment companies

	31.12.2022	31.12.2021	Note
Cash*	12	7	6
Demand and term deposits with maturity less than 3 months*	53,749	25,062	6
Demand deposits on trading accounts	16,528	20,294	6
Cash in transit*	1,728	311	6
Total	**72,017**	**45,674**	

*Cash and cash equivalents in the statement of cash flows

Note 8.
Financial assets and liabilities at fair value through profit or loss

	31.12.2022		31.12.2021		
	Asset	Liability	Asset	Liability	Note
Bonds	5,480	0	7,632	0	6
Equity investments at fair value through profit or loss	1,234	0	1,743	0	6
Currency pairs	90	139	4	33	6
CFD derivatives	147	134	88	283	6
Other derivatives	60	21	34	321	6
Total	**7,011**	**294**	**9,501**	**637**	

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:

	31.12.2022		31.12.2021	
Instrument	**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
Total	**2,960**	**3,754**	**6,365**	**3,010**

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

Note 9.
Loans and receivables

	31.12.2022	31.12.2021	Note
Financial assets			
Trade receivables	1,732	456	
Settlements with employees	46	72	
Loans granted	185	1,564	6
Other short-term receivables	882	1,256	
Other long-term receivables	1,798	0	
Total	**4,643**	**3,348**	

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

	31.12.2022	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivable as at 31.12.2022
		Up to 1 year	2-5 years				
Loan 1	55	55	0	2%	04.2023	EUR	1
Loan 2-8	83	83	0	15%	09.2023	EUR	3
Loan 9-17	47	0	47	8%	07.2026	EUR	0
Total	**185**	**138**	**47**				**4**

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 receivable as at 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 Euribor + 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
Total	**1,564**	**1,504**	**60**				**39**

Note 10.
Other assets

	31.12.2022	31.12.2021	Note
Prepaid expenditure of future periods	1,702	1,127	
Prepaid taxes	1,460	1,246	14
Total	**3,162**	**2,373**	

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

Note 11.
Tangible and right-of-use assets

	Other equipment	Right-of-use assets (office properties)	Total
Balance as at 31.12.2020			
Cost	3,508	6,364	9,872
Accumulated depreciation and amortization	-1,509	-1,612	-3,121
Carrying amount	**1,999**	**4,752**	**6,751**
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/amortization charge	-595	-973	-1,568
Balance as at 31.12.2021			
Cost	4,020	6,402	10,422
Accumulated depreciation and amortization	-1,792	-2,585	-4,377
Carrying amount	**2,228**	**3,817**	**6,045**
Acquisition / new lease contracts	972	255	1,227
Non-current assets sold	-10	0	-10
Exchange differences	14	0	14
Write-off	-286	0	-286
Derecognised from the sale of subsidiary	-449	-21	-470
Terminations	0	-28	-28
Depreciation/amortization charge	-633	-863	-1,496
Balance as at 31.12.2022			
Cost	4,261	6,608	10,869
Accumulated depreciation and amortization	-1,965	-3,448	-5,413
Carrying amount	**2,296**	**3,160**	**5,456**

In 2022, the contract for one floor was extended in Estonia. Offices in Germany, Spain and Republic South Africa moved. The contract in Bulgaria was extended. Moneyzen and Runa Systems UPE (sold) contracts were terminated.

In 2021 were added new office leases in United Kingdom, Republic of South-Africa, Australia, Indonesia and Estonia. In 2021 contract in Australia and one floor contract in Estonia were terminated.

Note 12.
Intangible assets

	Licences	Intangible assets manufactured internally	Other intangible assets	Internal projects in progress	Total
Balance as at 31.12.2020					
Cost	619	627	59	0	1,305
Accumulated depreciation and amortisation	-181	-251	0	0	-432
Carrying amount	**438**	**376**	**59**	**0**	**873**
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
Balance as at 31.12.2021					
Cost	1,265	1,710	0	2,759	5,734
Accumulated depreciation and amortisation	-391	-508	0	0	-899
Carrying amount	**874**	**1,202**	**0**	**2,759**	**4,835**
Acquisition of non-current assets	287	751	0	1,302	2,340
Exchange differences	1	49	0	0	50
Derecognised from the sale of subsidiary	-76	0	0	0	-76
Reclassification	0	2,369	0	-2,369	0
Write-off of non-current assets	-89	0	0	0	-89
Depreciation/amortisation charge	-257	-1,107	0	0	-1,364
Balance as at 31.12.2022					
Cost	1,388	4,880	0	1,692	7,960
Accumulated depreciation and amortisation	-503	-1,616	0	0	-2,119
Carrying amount	**885**	**3,264**	**0**	**1,692**	**5,841**

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

Note 13.
Liabilities and prepayments

	31.12.2022	31.12.2021	Note
Financial liabilities			
Liabilities to trade creditors	3,485	1,802	
Other accrued expenses	2,063	373	
Subtotal	**5,548**	**2,175**	**6**
Non-financial liabilities			
Payables to employees	402	443	
Taxes payable	1,032	673	14
Subtotal	**1,434**	**1,116**	
Total	**6,982**	**3,291**	

Note 14.
Tax prepayments and liabilities

	31.12.2022		31.12.2021		
	Prepaid taxes	Taxes payables	Prepaid taxes	Taxes payables	Note
Value-added tax	0	440	38	166	
Corporate income tax	0	13	74	164	
Individual income tax	0	251	0	113	
Social security tax	0	304	0	203	
Other tax receivables/liabilities in foreign countries	0	24	78	27	
Deferred tax	0	0	0	31	17
Prepayments account	1,460	0	1,056	0	
Total	**1,460**	**1,032**	**1,246**	**704**	**10, 13**

Note 15.
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. Applying IFRS 16, the Group applied a single discount rate to its portfolio of leases with reasonably similar characteristics and used 2% incremental borrowing rate to all its lease liabilities as permitted by the standard. For new lease agreements since 2021 applied a 2.8% borrowing rate, which was close to market price rates.

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

The table below analyses the movement in lease liabilities:

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

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
Total	**3,435**	**4,056**

Note 16. Subordinated debt securities

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

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, 138 transactions in the amount of EUR 259 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	
Accrued interest on subordinated debts as at 31.12.2020	**1**
Interest calculated for 2021	341
Paid out during 2021	-254
Accrued interest on subordinated debts as at 31.12.2021	**88**
Interest calculated for 2022	362
Paid out during 2022	-362
Accrued interest on subordinated debts as at 31.12.2022	**88**

Subordinated debt securities	31.12.2022	31.12.2021	Note
Subordinated debt securities	4,529	4,529	
Subordinated debt securities interest liability	88	88	
Adjusted cost of bonds	-47	-58	
Subordinated debt securities liabilities total	**4,570**	**4,559**	**6**

Note 17.
Corporate income tax

According to Estonian laws, retained earnings are not taxed with corporate income tax, whereas paid-out dividends are taxed. In 2022 Admirals Group AS subsidiary Admiral Markets AS did not paid dividends to parent company (2021: EUR 2,742 thousand). In 2022, Admirals Group AS did not pay in turn dividends to its owners (2021: EUR 2,704 thousand).

As a result of the activities of its subsidiaries and branches, the Group incurred an income tax liability of EUR 99 thousand (2021: EUR 269 thousand).

In 2022, the income tax on corporate profits were paid in Cyprus, Poland, Australia, United Kingdom, Malaysia in total amount of EUR 123 thousand. In 2021, the corporate income tax on profits were in amount EUR 237 thousand.

Estimated corporate income tax on profits of foreign subsidiaries is calculated using valid income tax rates applicable in the countries of the Group's subsidiaries. The applicable tax rate is the weighted average of the corporate income tax rate of 19.0% (2021: 19.0%). The amounts of tax losses carried forward in the Group are immaterial. The main corporate income tax expense on profits are related with UK and Cyprus and their branches, with marginal differences on the legislative corporate income tax rate and the effective corporate income tax rate due to some expenses being not deductible for tax purposes.

Income tax	2022	2021
Corporate income tax related with daily business operations	7	1
Corporate income tax from earnings of foreign subsidiaries and branches	123	237
Deferred corporate income tax liability on dividends	-31	31
Total corporate income tax	**99**	**269**

Conditional corporate income tax

As at 31.12.2022, the Group's retained earnings amounted to EUR 83,600 thousand (31.12.2021: EUR 59,099 thousand). Distribution of retained earnings as dividends to the owners is subject to the income tax at the rate of 20/80 on the amount paid out as net dividends. From 2019, a lower tax rate of 14/86 is applied to regularly payable dividends to the extent that is less than or equal to the average amount of taxable dividends of the previous three calendar years. Therefore, taking into account regulatory requirements for Net Own funds and capital, from the retained earnings available at the reporting date, it is possible to pay out to the shareholders as dividends as at 31.12.2022 EUR 39,738 thousand (31.12.2021: EUR 18,607 thousand), and the corresponding income tax would have amounted to EUR 9,934 thousand (31.12.2021: EUR 4,652 thousand).

The management of Admiral Group AS proposed not to pay dividends according to the dividend policy.

The tax authority has the right to inspect the Group's tax accounting for 5 years after the due date of submitting a tax declaration and in case of finding errors, to impose an additional tax amount, interest and fines. The Group's management estimates that there are no circumstances, as a result of which the tax authority could impose a significant additional tax amount for the Group.

Note 18.
Off-balance sheet assets

Off-balance sheet assets are funds of these clients who use the trading systems mediated by Admirals. Because of the specific feature of the system, the 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	136	584
Total	**85,959**	**99,151**

Note 19.
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	9.87	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. The shares give the right to receive dividends on the basis of relevant decision as adopted by the shareholders.

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

Basic earnings per share are calculated as follows:

	31.12.2022	31.12.2021
Profit attributable to the equity holders of the Company	24,281	149
Weighted average number of ordinary shares (pc)	2,500,000	2,500,000
Own shares (pc)	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	9.87	0.06

Note 20.
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 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
Incl. Germany	*26%*	*32%*	*-6*
Incl. France	*11%*	*17%*	*-6*
UK	3%	8%	-5
Australia	1%	2%	-1
Other	9%	5%	4

(in thousands of euros)	2022	2021	Change
EU	61,469	31,503	95%
Incl. Germany	*15,982*	*10,081*	*59%*
Incl. France	*6,762*	*5,356*	*26%*
UK	2,120	2,965	-28%
Australia	707	741	-5%
Other	6,358	1,854	243%
Total	**70,654**	**37,063**	**91%**

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 Ltd and Admiral Markets AS/Jordan. The table below also includes intercompany eliminations.

The breakdown of gross trading revenue as per the asset class is disclosed in Note 21.
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 Sl., Admiral Markets Europe GmbH, Admiral Markets France, Am Asia Operations SDN BHD, AMTS Solutions OÜ, Gateway2am OÜ, Runa Systems UPE, MoneyZen OÜ, PT. Admirals Invest Indonesia, Runa Ukraine LLC, Runa Systems LLC (Georgia), Moneyzen Collateral Agent OÜ and Admirals Digital Limited.

Learn.
Trade.
Invest.

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	Admirals AU PTY	Admiral Markets CY	Admiral Markets AS (Jordan)	Other	Elimination	Total
Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	0	70,462	-501	603	0	0	90	0	70,654
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 fee revenue from clients	*0*	*1,880*	*0*	*183*	*0*	*-46*	*0*	*0*	*2,017*
Incl. Other trading activity related income	*0*	*752*	*11,492*	*16,873*	*6,177*	*5,498*	*56*	*-40,009*	*839*
Incl. Other trading activity related expenses	*0*	*0*	*-207*	*-3*	*-103*	*-717*	*-32*	*0*	*-1,062*
Brokerage and commission fee expense	0	-28,832	-4,770	-8,303	-589	-961	-33	40,016	-3,472
Net trading income	**0**	**44,262**	**6,014**	**9,353**	**5,485**	**3,774**	**81**	**7**	**68,976**
Other income/expenses, Financial income/loss (excl. interest income/expenses)	903	1,289	424	-35	-610	-1,277	4,716	-5,166	244
Operating expenses inc personnel expenses	-302	-19,654	-6,008	-9,022	-4,760	-2,084	-5,403	5,418	-41,815
EBITDA	**601**	**25,897**	**430**	**296**	**115**	**413**	**-606**	**259**	**27,405**
Depreciation of tangible and intangible assets, right- of-use assets	0	-1,686	-190	-50	-26	-550	-275	-91	-2,868
EBIT	**601**	**24,211**	**240**	**246**	**89**	**-137**	**-881**	**168**	**24,537**
Interest income/expenses	-345	622	-194	-208	1	0	-41	8	-157
Profit Before Tax	**256**	**24,833**	**46**	**38**	**90**	**-137**	**-922**	**176**	**24,380**
Total Assets	**19,530**	**90,579**	**63,464**	**19,128**	**37,012**	**18,236**	**7,323**	**-157,094**	**98,178**
Incl. own cash and debt securities	1,349	39,270	48,669	12,452	27,747	10,023	5,111	-67,123	77,498
Total Liabilities	**15,278**	**9,340**	**11,699**	**11,761**	**5,976**	**5,526**	**5,633**	**-49,932**	**15,281**
Off-balance sheet client equity	0	549	41,287	3,371	29,529	9,464	1,759	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	Admirals AU PTY	Admiral Markets CY	Admiral Markets AS (Jordan)	Other	Elimination	Total
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
Commission and fee revenue from clients and brokerage fee according to WL agreement:	0	2,088	7,186	10,144	3,048	633	0	-21,498	1,601
Incl. Commission fee revenue from clients	*0*	*1,936*	*0*	*161*	*0*	*41*	*0*	*0*	*2,138*
Incl. Other trading activity related income	*0*	*156*	*7,611*	*10,103*	*3,157*	*667*	*0*	*-21,498*	*196*
Incl. Other trading activity related expenses	*0*	*-4*	*-425*	*-119*	*-109*	*-75*	*0*	*0*	*-732*
Brokerage and commission fee expense	0	-18,439	-1,103	-4,470	-365	-100	0	21,523	-2,954
Net trading income	**0**	**20,531**	**6,083**	**5,856**	**2,683**	**533**	**0**	**25**	**35,711**
Other income/expenses, Financial income/loss (excl. interest income/expenses)	3,155	3,090	-762	107	-122	-13	5,665	-8,514	2,606
Operating expenses inc personnel expenses	-285	-21,121	-5,097	-5,618	-2,505	-1,641	-5,243	5,759	-35,751
EBITDA	**2,870**	**2,500**	**224**	**347**	**55**	**-1,122**	**422**	**-2,730**	**2,566**
Depreciation of tangible and intangible assets, right- of-use assets	0	-1 220	-108	-51	-11	-104	-471	-70	-2,035
EBIT	**2,870**	**1,280**	**116**	**296**	**44**	**-1,226**	**-49**	**-2,800**	**531**
Interest income/expenses	-296	207	3	-3	0	0	-23	0	-113
Profit Before Tax	**2,574**	**1,487**	**119**	**293**	**44**	**-1,226**	**-72**	**-2,800**	**418**
Total Assets	**13,486**	**63,076**	**7,795**	**12,846**	**7,080**	**5,202**	**2,700**	**-40,303**	**71,882**
Incl. own cash and debt securities	1,652	31,035	53,161	12,831	26,669	6,835	1,097	-79,974	53,306
Total Liabilities	**9,490**	**7,221**	**1,641**	**8,834**	**5,610**	**2,753**	**1,696**	**-24,670**	**12,575**
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 21.
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
Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	**70,654**	**37,063**
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
Net income from trading	**68,976**	**35,711**

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.

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 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 income 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 22.
Other income

	2022	2021
Software development and support	810	997
Other income	1,548	2,431
Other income total	**2,358**	**3,428**

The Group provided software development and support service to third parties amounted to EUR 810 thousand (2021: EUR 997 thousand).
Profit from the sale of the subsidiary Runa Systems UPE in the amount of 267 thousand euros (note 28) and the subsidy received by the subsidiary Admiral Markets AS/Jordan LLC in the amount of 790 thousand euros are recorded under other income.

Note 23.
Other expenses

	2022	2021
Cost of goods and services	-161	-164
Other expense	-617	0
Other expense total	**-778**	**-164**

Note 24.
Personnel expenses

The remuneration for employees including social security taxes amounted to EUR 12,969 thousand (2021: EUR 11,499 thousand) and the remuneration for the management amounted to EUR 1,062 thousand (2021: EUR 1,153 thousand). The Group had 294 employees by the end of 2022 (2021: 300 employees).

	2022	2021
Employees (headquarters of Admiral Markets AS)	-4,410	-4,072
Employees (branches and other companies belonging to the consolidation group)	-7,518	-6,405
Remuneration of the Management Board and Supervisory Board	-1,062	-1,153
Vacation pay reserve	21	131
Total	**-12,969**	**-11,499**

Note 25.
Operating expenses

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
Total operating expenses	**-28,846**	**-24,252**

Note 26.
Contingent liabilities

Tax authorities have the right to review the Group's tax records for up to 5 years after submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines. The tax authorities have performed tax audits in Admirals Group AS subsidiary Admiral Markets UK Ltd in 2020 and audited periods 2016 until 2019. The Group's management estimates that in 2022 there are no such circumstances, which may lead the tax authorities to impose significant additional taxes on the Group.

Note 27.
Transactions with related parties

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

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

(b) executive and senior management (members of the Management and Supervisory Board of companies belonging to the Group);

(c) close relatives of the persons mentioned above and the companies related to them;

(d) companies over which the persons listed in (a) above have a significant influence.

Mr. Alexander Tsikhilov has ultimate control over the Group.

Revenue

		2022	2021
Services	Key management and companies related to them	0	410
Interest income	Key management and companies related to them	5	10
Total transactions with related parties		**5**	**420**

Expenses

		2022	2021
Services	Key management and companies related to them	364	710
Total transactions with related parties		**364**	**710**

Loans and receivables

	31.12.2022	31.12.2021
Loans to key management and companies related to them	102	120
Receivables from key management and companies related to them	37	103
Total receivables from related parties	**139**	**223**

Payables

	2022	2021
Payables to key management and companies related to them	8	57
Total receivables from related parties	**8**	**57**

Terms and conditions

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

Outstanding balances are unsecured.

Loans granted:	31.12.2022	31.12.2021	Interest rate	Interest receivable 31.12.2022	Interest receivable 31.12.2021	Due date	Currency
Loan 1	55	55	2%	1	0	04.2023	EUR
Loan 2	47	60	8%	3	3	07.2026	EUR
Loan 3	0	5	12 month Euribor + 4%	0	8	12.2022	EUR
Total	**102**	**120**		**4**	**11**		

The payments made to the management (gross) were EUR 1,062 thousand and EUR 1,153 thousand respectively in 2022 and 2021. The Group has signed contracts with the members of the Management Board, which do not provide for severance benefits upon termination of the contract.

Note 28.
Subsidiaries and associates

The Group's subsidiaries included in these consolidated financial statements are disclosed in Note 2. The Group owns 62% of shares of AMTS Solutions OÜ (2021:62%), which offers IT services to the Group.

The sale of subsidiary Runa Systems UPE is recorded under other income (note 22).

The following assets and liabilities and the purchase price were recorded at the time of acquisition of the subsidiary Admirals SC Ltd:

Admirals SC Ltd	2022
Cash	49
Payables	-2
Net assets acquired	**47**
Purchase price	62
Less cash balances acquired	-49
Net cash outflow	**13**

Details of the sale of the subsidiary company:

Runa Systems UPE	2022
Consideration received or receivable	
Receivables	1,022
Carrying amount of the subsidiary at the date of disposal	755
Profit from disposal (Note 22)	267

Details of the sale of the associate company:

Vorld OÜ and AM Investments and Trading SA (Pty) Ltd	2021
Consideration received or receivable	
Cash	2,290
Listed shares (fair value at the date of disposal)	1,654
Carrying amount of the company at the date of disposal	2,020
Profit from disposal (Note 22)	1,924

Separate primary financial statements of the parent company

This chapter presents primary statements of the parent of the consolidation group.

In accordance with the Estonian Accounting Act, information on the separate primary financial statements of the parent of the consolidation group shall be disclosed in the notes to the financial statements.

Statement of financial position of the parent company

This chapter presents primary statements of the parent of the consolidation group.

(in thousands of euros)	31.12.2022	31.12.2021
Assets		
Due from credit institutions	1,349	1,652
Loans and receivables	1,442	301
Investments in subsidiaries	16,694	11,498
Other assets	45	35
Total assets	**19,530**	**13,486**
Liabilities		
Liabilities and prepayments	12,536	6,759
Subordinated debt securities	2,742	2,731
Total liabilities	**15,278**	**9,490**
Equity		
Share capital	250	250
Statutory reserve capital	25	25
Own shares	-315	-105
Retained earnings	4,292	3,826
Total equity	**4,252**	**3,996**
Total liabilities and equity	**19,530**	**13,486**

Statement of profit or loss and other comprehensive income of the parent company

(in thousands of euros)	2022	2021
Total revenue	**606**	**456**
Other income	1,015	36
Operating expenses	-383	-341
Personnel expenses	-25	-57
Total expenses	**-408**	**-398**
Operating profit	**1,213**	**94**
Net profit (loss) from foreign exchange rate changes	4	3
Net financial income and expenses	-614	2,773
Interest expenses	-347	-297
Profit before income tax	256	2,573
Income tax	0	0
Profit for the accounting period	**256**	**2,573**
Comprehensive income for the accounting period	**256**	**2,573**

Statement of cash flows of the parent company

(in thousands of euros)	2022	2021
Cash flow from operating activities		
Profit for the accounting period	256	2,574
Adjustments for:		
Interest expenses	347	297
Net profit (loss) from foreign exchange rate changes	-3	-3
Income tax expense	0	6
Other financial income and expenses	614	-2,806
Other adjustments	0	-53
Adjusted operating profit	**1,214**	**15**
Change in receivables and prepayments relating to operating activities	-1,137	59
Change in payables and prepayments relating to operating activities	33	-75
Interest paid	-303	-220
Net cash used in operating activities	**-193**	**-221**
Cash flow from investing activities		
Disposal of subsidiaries	0	61
Acquisition of subsidiaries, net of cash paid	0	-600
Increase of share capital of subsidiary	-4,900	-1,010
Dividends received	0	2,742
Net cash used in / from investing activities	**-4,900**	**1,193**
Cash flow from financing activities		
Dividends paid	0	-2,704
Proceeds from subordinated debt securities issued	0	2,717
Received loan	5,000	0
Paid for repurchase of own shares	-210	0
Net cash from financing activities	**4,790**	**13**
TOTAL CASH FLOWS	**-303**	**985**
Cash and cash equivalents at the beginning of the period	**1,652**	**667**
Change in cash and equivalents	-303	985
Cash and cash equivalents at the end of period	**1,349**	**1,652**

Statement of changes in shareholders' equity

(in thousands of euros)	Share capital	Own shares (-)	Statutory reserve capital	Retained earnings	Total
Balance as at 01.01.2021	**250**	**-114**	**25**	**3,957**	**4,118**
Paid dividends	0	0	0	-2,704	-2,704
Sale of own shares	0	9	0	0	9
Comprehensive income for the accounting period	0	0	0	2,573	2,573
Balance as at 31.12.2021	**250**	**-105**	**25**	**3,826**	**3,996**
Paid dividends	0	0	0	0	0
Sale of own shares	0	0	0	0	0
Purchase of own shares	0	-210	0	210	0
Comprehensive income for the accounting period	0	0	0	256	256
Balance as at 31.12.2022	**250**	**-315**	**25**	**4,292**	**4,252**

Adjusted unconsolidated equity					
Carrying amount of holdings under control and significant influence	0	0	0	-16,694	-16,694
Value of holdings under control and significant influence under equity method	0	0	0	96,002	96,002
Adjusted unconsolidated equity as at 31.12.2022	**250**	**-315**	**25**	**83,600**	**83,560**

Signatures of the Management Board members to the 2022 Annual Report

The Management Board has prepared the Management Report and the consolidated financial statements of Admirals Group AS for the financial year ended on 31 December 2022.

The Management Board confirms that Management Report of Admirals Group AS on pages 10 to 61 provides a true and fair view of the business operations, financial results and financial condition.

The Management Board confirms that according to their best knowledge the consolidated Financial Statements of Admirals Group AS on the pages 62 to 149 presents a true and fair view of the Group's assets, liabilities, financial position and financial results according to the International Financial Reporting Standards as they are adopted by the European Union and contains description of the main risks and doubts.

31.03.2023
Chairman of the Management Board:
Sergei Bogatenkov

Member of the Management Board:
Andrey Koks

Member of the Management Board:
Andreas Ioannou

pwc

Independent auditor's report

To the Shareholders of Admirals Group AS

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Admirals Group AS (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2022, and the Group´s consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 31 March 2023.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its subsidiaries are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59^1 of the Auditors Activities Act of the Republic of Estonia.

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

Translation note:

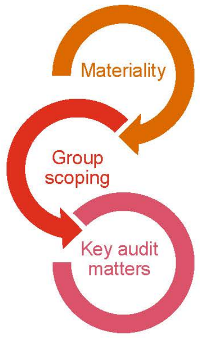
This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports).

The non-audit services that we have provided to the Company and its subsidiaries in the period from 1 January 2022 to 31 December 2022 are disclosed in the Management report.

Our audit approach

Overview



- Overall Group audit materiality is EUR 774 thousand, which represents approximately 5% of the Group's average profit before tax for years 2020 to 2022.
- A full scope audit was performed by us, or under our instructions, by firms outside the PwC network for Group entities covering 99.9% of the Group's net income from trading and 97% of the Group's assets. Selected audit procedures were performed on remaining balances to ensure we obtained sufficient appropriate audit evidence to express an opinion on the Group's financial statements as a whole.
- Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Management Board made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

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

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

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports).

Overall Group audit materiality	EUR 774 thousand
How we determined it	5% of the Group's average profit before tax for years 2020 to 2022
Rationale for the materiality benchmark applied	We have applied this benchmark, as profit before tax is one of the principal considerations when assessing the Group's performance and a key performance indicator for the Management and the Supervisory Board. We have used 3 years' average of profit before tax as the Group's results are volatile by nature and 3 years' average better reflects Group's operating volumes.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers (detailed information is provided in Note 2 "Accounting policies and estimates used in preparing the consolidated financial statements" and Note 21 "Net income from trading"). The Group provides its clients various Forex and Contract for Difference (CFD) products with leverage. The Group's net gains from trading predominantly comprise net gains from the CFD transactions placed by clients, and the net gains or losses from hedging trades that the Group places with external liquidity providers to manage its risk. These transactions constituted one of the most important items in the consolidated statement of comprehensive income of the Group. In addition, this area requires significant effort and expertise in financial instruments and the	We assessed whether the Group's accounting policies over recognition of net gains from trading comply with International Financial Reporting Standards as adopted by the European Union. We assessed the design and operating effectiveness of the controls related to net gains from trading. We tested whether the net gains from trading reports include all transactions, i.e. the reports are complete and the system calculates the gains from trading transactions accurately. We have performed the following detailed testing: • we reconciled the detailed recognition of net gains from trading system reports with net gains from trading recorded in the consolidated financial statements; • we tested that net gains from trading is solely recognised from trading transactions; • we performed the cash and cash equivalents balances confirmation letters procedure, including on and off-balance sheet cash balances, and verified that both on and off-

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports).

use of information systems, which is why we have identified it as a key audit matter.	balance sheet bank account balances are accurate; • we reconciled the net loss from trading of financial assets at fair value through profit or loss with liquidity providers with the regular reports provided by liquidity providers; • we analysed the customer complaints register held in accordance with internal policy, to identify whether there are any shortfalls in the Group's processes and controls, which could result in over or under statement of Group's net gains from trading.

How we tailored our Group audit scope

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

The Group comprises a number of subsidiaries that are further disclosed in Note 2 to consolidated financial statements. A full scope audit was performed by PwC Estonia or, under our instructions, by firms outside PwC network for entities covering 99.9% of the Group's net income from trading and 97% of assets. For entities audited by firms outside PwC network, we performed additional audit procedures on cash and cash equivalents and net gains from trading on Group level. For the remaining entities we only performed an audit of specific line items of statement of financial position and income statement on these components.

Where work was performed by component auditors, we determined the level of involvement we needed to have to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. The nature, timing and extent of the work impacting the Group audit opinion is set and monitored in Estonia, with input from the teams outside Estonia at the risk assessment stage.

At the Group level we also audited the consolidation process. We also evaluated whether significant risk of material misstatement existed, using analytical procedures in relation to the aggregated financial information of the remaining entities not subject to audit or audit of specified account balances, including comparing their account balances to those present at the time of deciding the audit scope.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises Highlights 2022, To the investors of Admirals, Management report and Allocation of income according to EMTA classificators (but does not include the consolidated financial statements and our auditor's report thereon).

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports).

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

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

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

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

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

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

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

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

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

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

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports).

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports).

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

Report on other legal and regulatory requirements

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

We have been engaged based our agreement by the Management Board of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of Admirals Group AS for the year ended 31 December 2022 (the "Presentation of the Consolidated Financial Statements").

Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Management Board of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the Management Board and those charged with governance

The Management Board of the Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports).

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (Estonia) 3000 (revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" (ISAE (EE) 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE (EE) 3000 (revised) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality control requirements

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

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

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports).

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

Appointment and period of our audit engagement

We were first appointed as auditors of Admirals Group AS, as a public interest entity, on 19 November 2021 for the financial year ended 31 December 2021. Our appointment has been renewed by tender and shareholder resolution in the intermediate year, representing the total period of our uninterrupted engagement appointment for Admirals Group AS, as a public interest entity, of 2 years. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of Admirals Group AS can be extended for up to the financial year ending 31 December 2040.

AS PricewaterhouseCoopers

/signed/

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

31 March 2023
Tallinn, Estonia

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports).

Proposal for profit distribution

The Management Board of Admirals Group AS proposes to the General Meeting of Shareholders to distribute the profit of financial year 2022 as follows:

- transfer the profit for the reporting period attributable to shareholders of the parent in the amount of EUR 23,491 thousand to retained earnings.

Signatures of the supervisory board to the annual report

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

31.03.2023

Chairman of the Supervisory Board:
Alexander Tsikhilov

Member of the Supervisory Board:
Anton Tikhomirov

Member of the Supervisory Board:
Priit Rohumaa

Member of the Supervisory Board:
Anatolii Mikhalchenko

Member of the Supervisory Board:
Fedor Ragin

Member of the Supervisory Board:
Dmitri Lauš

Allocation of income according to EMTA classificators

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

EMTAK code	Title of EMTAK group	2022	2021
64201	Holding company's activities	1,621	492

Markets go up and down.
We are going forward.