2023 Consolidated Annual Report

Admirals Group AS

(Translation of the Estonian original)

Admirals Group AS

Consolidated Annual Report 2023

Commercial Registry no.	11838516
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Main area of activity	Holding company
Beginning and end date of financial year	01. January - 31. December
Chairman of the Management Board	Alexander Tsikhilov
Members of the Management Board	Andrey Koks Anton Tikhomirov
Chairman of the Supervisory Board	Anatolii Mikhalchenko
Members of the Supervisory Board	Dmitri Lauš Priit Rohumaa Eduard Kelvet Olga Senjuškina
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

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Highlights 2023

- The group net trading income was EUR 40.9 million (2022: EUR 69.0 million, 2021: EUR 35.7 million and 2020: EUR 62.2 million)
- EBITDA* was EUR -6.5 million (2022: EUR 27.4 million, 2021: EUR 2.6 million and 2020: EUR 23.4 million).
- EBITDA margin was -16% (2022: 40%, 2021: 7% and 2020: 38%).
- Net profit (loss) was EUR -9.7 million (2022: EUR 24.3 million, 2021: EUR 0.1 million and 2020: EUR 20.7 million).
- Net profit margin was -24% (2022: 35%, 2021: 0.4% and 2020: 33%).
- Cost to income ratio was 123% (2022: 65%, 2021: 106% and 2020: 65%).
- Client assets EUR 99.0 million (2022 : EUR 86.0 million and 2021 : EUR 99.2 million and 2020: EUR 82.2 million).
- Number of active clients** in the Group went up by 62% to 89,764 clients compared to 2022 and is up by 83% compared to 2021 (2022: 55,242, 2021: 49,080 and 2020: 48,341 active clients).
- Number of active accounts*** in the Group went up by 57% to 110,471 clients compared to 2022 and is up by 75% compared to 2021 (2022: 70,346, 2021: 63,231 and 2020: 62,854 active accounts).
- Number of new applications in the Group went up by 77% to 266,779 applications compared to 2022 and is up by 116% compared to 2021 (2022: 151,116, 2021: 123,714 and 2020: 93,703 new applications).
- Number of new clients in the Group went up by 43% to 23,064 clients compared to 2022 and is up by 21% compared to 2021 (2022: 16,113, 2021: 19,128 and 2020: 28,475 new clients).

New applications increased by

77%

Active clients increased by

62%

New clients increased by

43%

Active accounts increased by

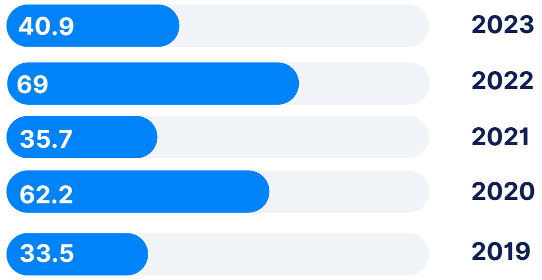
57%

*Earnings before interest, taxes, depreciation and amortization.

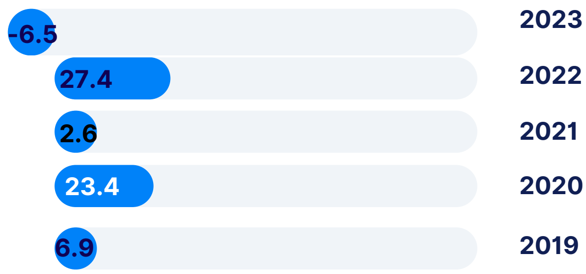
**Active clients represent clients who traded at least once in the respective of year.

***Active accounts represent accounts via which at least one trade has been concluded in the respective of year.

Net trading income EUR 40.9 million

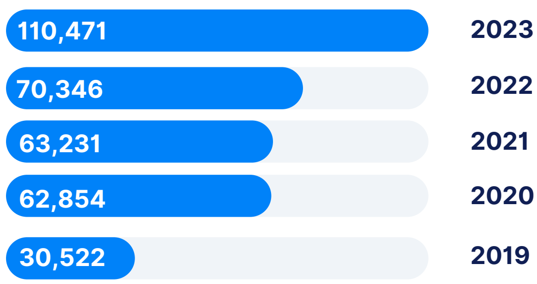


EBITDA* EUR -6.5 million

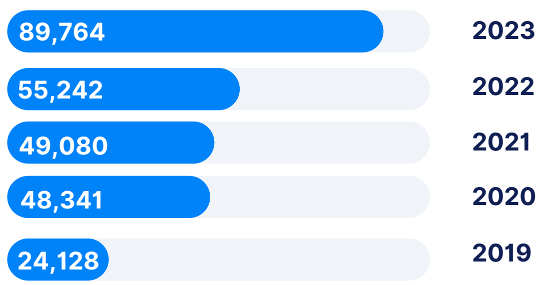


Net profit (loss) -9.7 EUR million

Active accounts*** 110,471



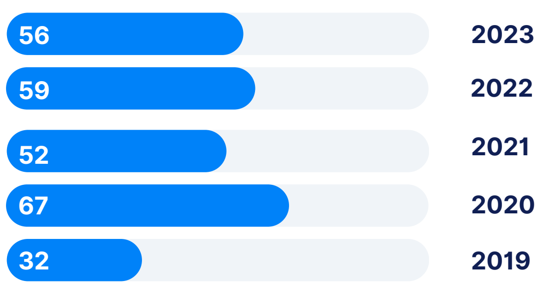
Active clients** 89,764



Client assets EUR 99.0 million

Value of trades EUR 877 billion

Number of trades 56 million



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

Management report

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

Our company

ADMIRALS 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 and training new enthusiasts as well. 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, Admirals Europe Ltd (previous business name Admiral Markets Cyprus Ltd), Admiral Markets AS/ Jordan LLC, Admirals SA (PTY) LTD, Admiral Markets Canada Ltd, Admirals KE Limited, Admirals SC Ltd, and Admirals MENA Ltd.

The companies belonging to the Group have ten licenses: from the Estonian Financial Supervisory Authority (EFSA) for Estonia, the Financial Conduct Authority (FCA) for the UK, the Australian Securities and Investments Commission (ASIC) for Australia, the Cyprus Securities and Exchange Commission (CySEC) for Cyprus, Jordan Securities Commission (JSC) for Jordan, Financial Sector Conduct Authority (FSCA) for South Africa, Investment Industry Regulatory Organization of Canada (IIROC), Capital Markets Authority for Kenya, the Financial Services Authority (FSA) for the Seychelles, and Securities and Financial Services Regulatory Authority (FSRA) for Abu Dhabi (United Arab Emirates, UAE). No business activities have been conducted yet in Kenya and UAE.

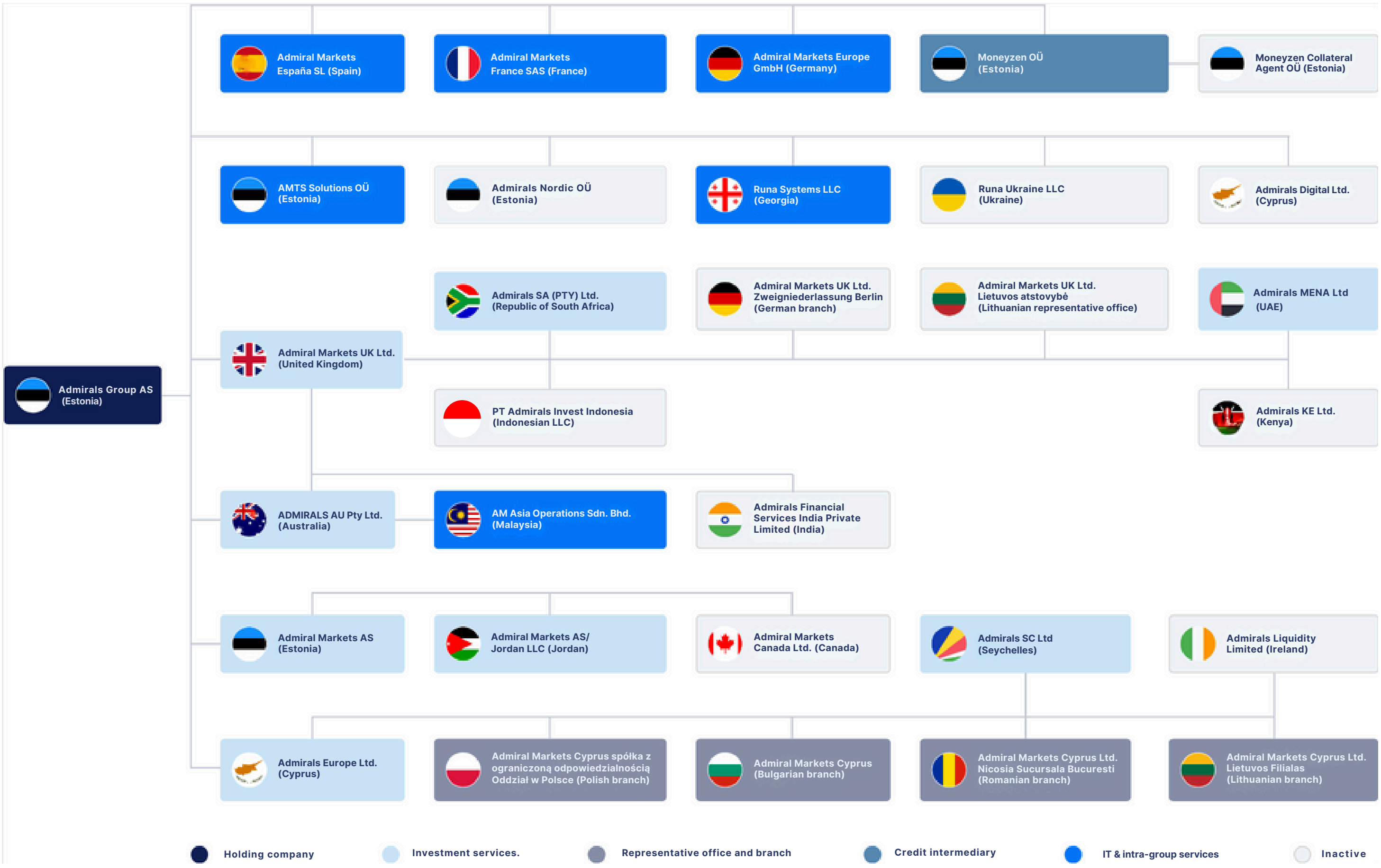
Admiral Markets AS role is that of a significant intra-group service provider. In line with the Group's strategy, subsidiaries of Admirals Group AS hedge the risks arising from their clients' transactions in their sister company – Admiral Markets AS, which is also their overall liquidity provider.

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, Admirals Nordic OÜ (previous business name Gateway2am OÜ), Admiral Markets Europe GmbH (Germany), Admiral Markets France (Société par actions simplifiée), Admiral Markets Espana SL (Spain), Runa Ukraine LLC, Admirals Digital Limited, Admirals Liquidity Limited (Ireland), Admirals Financial Services India Private Limited (India), Moneyzen OÜ and its subsidiary Moneyzen Collateral Agent OÜ.

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

Admirals Group AS Structure

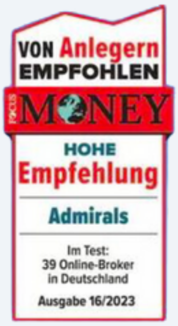
The structure of Admirals Group AS as per 31.12.2023



Awards

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

Germany



Focus Money "Recommended by investors: Highly recommended"

Deutsches Kundeninstitut "BEST CFD Broker" 2023

Spain

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

• **Most competitive service company in Estonia 2023**
We are happy to announce that Admirals was awarded as the most competitive service company in Estonia within the annual competition „Estonia's best companies of the year.

• **TOP 3 most successful company in Estonia 2023**
Estonia's most trusted and established news outlet Äripäev hosted the 30th anniversary of "Estonian successful companies".

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

admirals

Togetherness is one of our corporate values and it is the key to our success.

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

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.

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

As a global FinTech hub with a local approach, Admirals sets a visionary target of granting financial freedom to 10 million individuals by 2030, a benchmark that guides our strategic endeavors. To reach this ambitious goal, we are strategically expanding our client base and actively pursuing new segments.

One of the pillars of our commitment and approach is to further strengthen our position in the well-developed markets where we have established ourselves as an industry technical leader.

Education stands as a fundamental pillar of our identity, and our focus lies in streamlining the investing and trading processes. Through user-friendly digital tools, we offer access to financial education and entry into financial markets, empowering users to engage anytime, anywhere, ensuring a seamless and on-the-go trading experience.

At Admirals, we understand that the quality of our products and services profoundly impacts client satisfaction. Consequently, we prioritize the excellence of our customer service. Our commitment extends beyond servicing existing clients, as we actively seek to enhance the trading skills of our current users while providing training opportunities for newcomers.

For the majority of our clients, Admirals remains the sole trading provider, offering a comprehensive suite of trading-related services tailored to diverse needs.

In 2023 Admirals announced the launch of our custom-developed proprietary trading and investing platform to supplement our existing suite of platforms and solutions. The development of this native platform supports the Group's strategic expansion into the beginner trading and investing market.

Our ultimate objective is to dismantle the barriers that have traditionally hindered people from entering the financial markets and enhancing their financial literacy.

Our People

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

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

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

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

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

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

Development & Recognition of Our People

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

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

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

Key Events in 2023

Our Initiatives

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

Gestures of Goodwill & Corporate Social Responsibility

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

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

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

FCI Levadia

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

Student Exchange

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

Eesti Kontsert

By supporting culture, Admirals is creating meaningful engagement in the society. Admirals continued its cooperation with Eesti Kontsert, the most well- established cultural organisation and promoter of Estonian music and culture. Eesti Kontsert organizes 1,000 concerts and various musical events annually in Estonia and abroad. Admirals is proud to be a part of this vibrant cultural initiative.

The Money Wisdom Board Game

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

Collaborative Success with Students

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

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

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

Visit from Saare Arenduskeskus

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

Fourth year of supporting National Contest of Young Inventors

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

2023 Overview

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

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

Launch of Admirals Platform

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

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

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

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

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

Admirals' Card

Admirals was pleased to announce the unveiling of the new face of the Admirals Card, a completely new design introduced through its renewed collaboration with Solaris, a licensed e-money institution.

With the commitment of always striving for the development of leading clients' needs, Admirals offers clients a wide range of funds, invest in 3000+ products that accommodate card was launched to offer possibilities to manage their financial instruments and to make secure payments.

Fractional shares

Admirals introduced Fractional Shares for its Invest account type. The new product offering now allow clients to invest in fractions for all entitled the United States (US) stocks as they can now own a smaller piece of a share, making investing more accessible and affordable.

The introduction of Fractional Shares for US stocks provides more flexibility to investors, in particular to beginner investors who might not afford to buy a full share but would still like to invest in the stock.

Admirals' clients can start investing with any amount of money in a portion of a stock, which enables them to build a diversified portfolio over a range of different investments and a robust investment strategy tailored to their individual goals.

Research Terminal

In 2023, Admirals announced with long-term cooperation partner Acuity Trading a newly supercharged Research Terminal, our latest breakthrough in financial research and blended generative AI technology. Designed to transform complexity into clarity, the Research Terminal is an all-encompassing research tool highlighting top trading opportunities by synthesising numerous datasets. This comprehensive platform aims to give investors the forward-looking analysis they need in today's volatile markets.

Auto-Invest feature

Admirals launched its new, Auto-Invest feature. This cutting-edge feature is available through the Admirals Mobile App, and it is designed to transform the way investors engage with the financial markets. Auto- invest was developed to offer automated investing capabilities that empower clients with enhanced convenience, and efficiency.

Using Admirals' Auto-Invest feature, users can experience utmost convenience by setting pre-defined automatic contributions to their account via their wallet or directly from their Invest.MT5 account. They can choose how much and how often they want to invest and how to modify their Auto-Invest plans with ease. This sophisticated technology allows investors to capitalise on market opportunities even when they are unable to actively monitor their portfolios and interact.

IT Developments

Boasting the most updated, state-of-the-art IT infrastructure, together with IT operations of the highest quality, have always been top priorities at Admirals.

We continually invest to ensure that we maintain our technological capabilities to deliver the finest service to our clients.

Over the past few years, we have been diligently working behind the scenes to improve the uptime of our trading systems. Put simply, we have been striving to guarantee our platform's availability whenever it might be needed by our clients.

We are pleased to report that we have successfully minimized instances of our system being unavailable or slow to respond. Our platform is now even more reliable and dependable, allowing clients to place trades, check market updates, and manage their portfolios without the concern of technical interruptions or delays.

We are motivated by the fact that in the world of trading, every second counts, and Admirals is committed to providing the most seamless and uninterrupted service in the industry.

New Services

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

Admirals Esports

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

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

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

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

Opening an office in Nigeria

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

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

Marketing

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

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

Search Engine Optimisation (SEO)

Throughout 2023, our global SEO team successfully boosted the tally of ranked keywords by 22.2k, achieving a cumulative total of 215k. The diligent efforts of the SEO team also translated into a notable increase of 46k new clients.
As we set our sights on the upcoming year, our primary initiative remains focused on advancing our technical SEO initiatives to harmonize with Google's evolving requirements, thereby sustaining the positive outcomes we've garnered so far.

Social

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

Education

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

In 2023, we held more than 3,700 events ranging from 10 people power courses to online conferences with more than 1,000 attendees across 23 regions with more than 50,000 unique users in total.

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

93%

Satisfaction rate due to Educational programs offered

3,700 events

Performance Marketing

In 2023, our paid marketing became more efficient as with 41% less budget compared to 2022, we decreased cost per lead by 28% and got slightly more Active Leads (+1.63%). The conversion rate from Lead to Active Lead increased by 25% and cost per Active Lead lowered by 41%.

Marketing Automations

This year, we conducted numerous A/B tests to improve communication with leads and clients. The introduction of test planning has allowed us to approach the process more systematically, test more hypotheses, and apply the knowledge gained in practice. As one of the results, the number of deposits as the first action after clicking a link in an email increased from 9,315 in 2022 to 18,525 in 2023. Additionally, we conducted a large series of tests on webinar emails to improve communication in this area.

Looking ahead to 2024, we are working on implementing a full-fledged Customer Data Platform, which will integrate data from all sources to form a 360-degree user profile. This will enable us to improve conversion rates through personalised communication, use AI to predict churn and changes in user behaviour patterns, and efficiently utilise omnichannel communication.

Regional Marketing

This year, the efforts of regional marketing resulted in 32,000 leads, with a conversion rate from registration to customer of 3.2%. Deposits were just under 1.5 million, with a DW of 804,708. Measurable ROI stands at 1.07.
Our focused influencer collaborations, especially in Spain and Bulgaria, have helped refine our marketing strategies, with YouTube emerging as our most effective channel. Next year, we hope to expand these campaigns to key markets like Germany and the UK.
The partnership team has been working hard to onboard new affiliates, and regional marketing has been supporting them with onboarding. Expect to see Admirals listed as a top broker on many more high-ranking websites in 2024.
As we step into next year, we remain committed to enhancing our performance in several strategic areas. Key among these will be improving data and reporting, refining our approach to partnership support and campaign management, navigating diverse regulatory environments such as in Spain, optimizing go-to-market strategies for regions like Canada, and capitalizing on growth opportunities in markets such as the UK. These will be some of our focus areas in 2024.

Public Relations

2023 saw the inception of a PR department at Admirals focusing on strategically building positive brand image in the media in regions such as Europe, Africa, Asia, and South America. The brand engaged in various PR tactics such as press releases, spokesperson interviews, podcasts, byline articles, analyst profiling, speakership opportunities, and supporting launch events.

Through our organic PR efforts, we garnered 575 pieces of coverage in the international media which witnessed approximately 1.26B impressions and $26.74M AVE (Ad Value Equivalent).

Environmental, Social and Governance

Our commitment towards humanity & environment

At Admirals, we keenly observe the environmental changes with deep concern. It is crucial that we take immediate and collective action, stronger and more united than ever before.”

Alexander Tsikhilov,
CEO and Chairman of the Management Board

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.

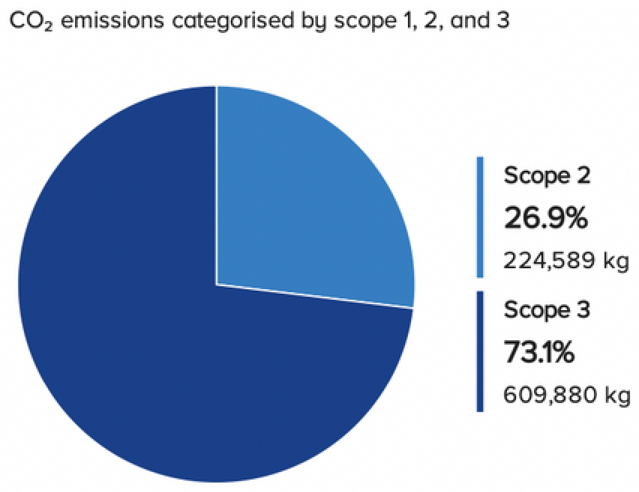
CO2 emission

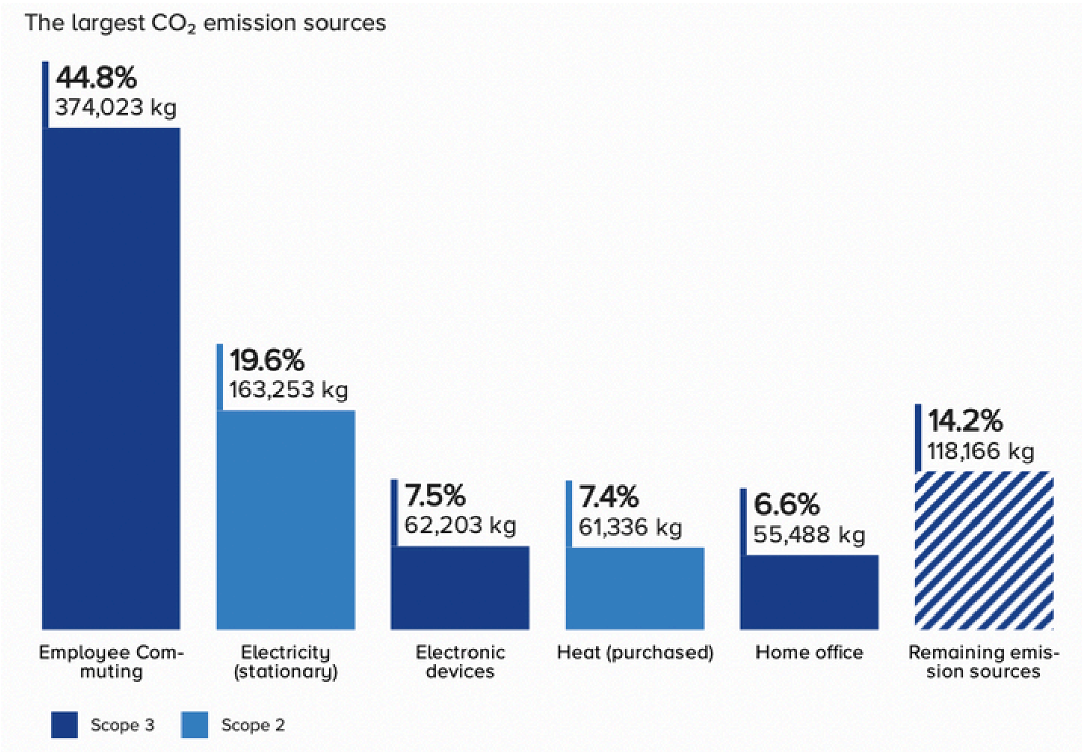
This is the result of the calculation for the Group's business activities.

Overall results: 834,468.44 kg CO_2

The emissions correspond to the carbon footprint of 96 Europeans. One person in Europe emits an average of 8.7 t of CO2 per year.

CO2 emissions were calculated using the company'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 2023		
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	**224,588.58**	**26.9**
Purchase electricity for own use*	163,252.74	19.6
Electricity (stationary)	163,252.74	19.6
Purchase heating, steam, and cooling for own use	**61,335.84**	**7.4**
Heat (purchased)	61,335.84	7.4
Scope 3	**609,879.86**	**73.1**
Employee commuting	**429,510.87**	**51.5**
Employee commuting	374,023.03	44.8
Home Office	55,487.84	6.6
Fuel- and energy-related activities	**62,670.53**	**7.5**
Upstream emissions electricity	48,725.19	5.8
Upstream emission heat	13,945.34	1.7
Business travel	**53,958.61**	**6.5**
Flights	48,563.15	5.8
Rental and private vehicles	286.82	0.0
Rail	27.09	0.0
Hotel Nights	5,081.54	0.6
Purchased goods and services	**63,739.86**	**7.6**
Electronic devices	62,203.39	7.5
Office paper	253.80	0.0
Water	1,205.54	0.1
Print product	77.13	0.0
Overall results	**834,468.44**	**100.00**

Our initiatives

Environmental

"The truth is the natural world is changing, it is the most precious thing we have and we need to defend it"

Sir David Attenborough

While the primary concern in discussions about climate change is human-induced global warming, it's essential to note that natural climate variability can still lead to extreme weather events. In the past year, various regions experienced natural extremes such as intense heatwaves, severe storms, and wildfires. These events, influenced by complex climate systems, highlight the inherent variability in Earth's climate, which is further exacerbated by anthropogenic factors. It underscores the importance of understanding both natural and human-induced elements in the broader context of climate dynamics.

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.

Improved cookstoves, Zambia

Improved cookstoves - better for health and the environment

In Zambia, household air pollution is one of the biggest health risks. The reason for the pollution is often cooking over open fires. Only 17 percent of the population uses cookstoves, which is more efficient and better for human health and the climate. Therefore, this climate project distributes improved cookstoves in Zambia to households that use open wood fires as their energy source. In the process, local jobs will be created and approximately 45,000 households per year will have access to an improved cookstove.
The improved cookstoves burn biomass fuels more efficiently, reducing greenhouse gas and particulate matter emissions. This saves approximately 429,490 tonnes of CO_2 per year and significantly improves indoor air quality.

Powering access to green energy in Africa

The African continent faces many social, economic, health, and environmental challenges. Transitioning to an energy system centered on renewable energy such as wind, solar or hydro is key for sustainable development, especially regarding mitigating the effects of climate change and providing access to clean and affordable energy for all.
Africa could double its energy demand during the next decade and the current grid relies mostly on non-renewable, emission-intensive sources such as coal. We must end the "addiction to fossil fuels", as UN Secretary-General Guterres puts it, to reduce CO_2 emissions significantly, especially in the energy sector. Thus, it is crucial to promote the expansion of sustainable energy.

Green energy in Africa, continenet wide

Half of the African continent's population lacks access to electricity. This unique combination of climate projects benefits communities in Africa by contributing to a sustainable, secure energy supply. With this high-quality project portfolio, we support wind and solar projects that unlock Africa's huge potential for sustainable energy generation:

- Solar energy, Ambatolampy, Madagascar
- Solar energy, Omaheke, Namibia
- Solar energy, Aswan, Egypt
- Wind energy, Northern Cape, South Africa
- Wind energy, Ombepo, Namibia

In total, the portfolio avoids about 446,770 tonnes of CO_2 emissions per year

Expansion of renewable energy generation in Asia

Interest and demand for renewable energies are growing on the Asian continent as well. Climate projects generate necessary resources to drive the expansion of sustainable technologies. This renewable energy portfolio supports projects in several countries across Asia. It consists of the following climate projects, certified by the Gold Standard or the Verified Carbon Standard:

- Wind energy projects in India, China, Indonesia and Turkey
- Solar energy projects in India and China
- Hydropower projects in Turkey and Sri Lanka
- Biogas- and biomass projects in India, China and Thailand

Renewable energy generation, Asia

Worldwide carbon offset & Ocean protection

This combined project contributes to the financing of a certified climate project and additionally supports international ocean protection. For every tonne of CO_2 saved through the contribution via a certified climate project, 10 kg of plastic is collected in coastal regions. This intercepts plastic before it enters the sea and protects sensitive marine ecosystems.

Ocean protection, worldwide

Currently, ocean protection is combined with a certified cookstove project in India (climatepartner.com/1499). By using more efficient cookstoves, less firewood is needed, thus minimising deforestation. Combined climate projects to date: Forest protection, Lábrea, Brazil (climatepartner.com/1475), solar energy, UP, Karnataka and Maharashtra, India (climatepartner.com/1429), solar energy, Jaloya, India (climatepartner.com/1390), wind energy, Luzon, Philippines (climatepartner.com/1091) and wind energy, Vader Piet, Aruba (climatepartner.com/1040).

Social

Admirals has consistently championed values that foster both personal and societal advancement, embracing principles that inspire, motivate, and unify us both as a community and as individuals.

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

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

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 and launched an improved version of it 2023.

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 partnered with Latitude59 to bring live their Kenya Edition

The year ended with an outstanding social partnership for Admirals. Latitude59, Europe’s premier startup and tech event hosted its first ever high-level event on African soil with the Latitude59 Kenya Edition, partnering with Admirals.

This annual one-day event, which has been running for 11 years since its inception in Estonia in 2011, brings together players from across the entire digital and startup ecosystem to engage in knowledge-sharing and best practice conversations, and to unpack and explore solutions to those challenges facing the digital startup community, especially on the African continent.

Internationally, Latitude59 has been widely hailed as a catalyst for digital innovation across the European startup space that has catapulted a number of startups onto a global stage.

The Kenyan startup scene is considered one of the fastest growing and most evolved ecosystems on the African continent. Kenya is seen as a mobile-first society, with a young, connected and digitally savvy population that is eager to help drive economic prosperity and societal change within their communities, and across the nation.

Admirals was honoured to be Latitude59’s project partner.

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

Admirals is investing in the future of the company, team, and its partners and in providing millions of people with the ability to invest with confidence so they might gain the freedom to manage their finances. We share the understanding of millions worldwide that financial freedom and inclusion for everyone will be one of the great objectives of humankind. Today, Admirals has already connected enthusiasts who are invested in their financial future on all continents.

The transformation from a CFD and Forex brokerage targeting sophisticated experts in the industry to an international financial services hub providing effortless solutions to beginners and retail clients through the Admirals platform, has paved the way for our long- term success and progress.

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 licenses 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 and the Impact on our Future

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

Rising inflation rates

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

Geo-political factors

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

Technical development

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

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

Competitor actions

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

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

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

Economic environment

Significant Events

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

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

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

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

Global Economy

After racing to multi-decade highs in 2022, inflation spent much of 2023 in decline, as central banks around the world continued to tighten monetary policy.
Although inflation is significantly lower heading into 2024, it remains above target levels in many advanced economies. This combination of high inflation and high borrowing costs is showing signs of weighing on the global economy.

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

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

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

United States

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

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

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

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

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

United Kingdom

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

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

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

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

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

China

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

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

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

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

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

The Euro Area

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

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

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

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

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

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

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

Estonia

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

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

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

The Outlook for 2024

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

Financial review

Main consolidated financial indicators of Admirals Group AS

Income statement (in millions of euros)	2023	2022	Change 2023 vs 2022	2021	2020	2019
Net trading income	40.9	69.0	-41%	35.7	62.2	33.5
Operating expenses	50.3	44.7	13%	37.8	40.6	28.1
EBITDA	-6.5	27.4	-124%	2.6	23.4	6.9
EBIT	-9.7	24.5	-140%	0.5	21.7	5.6
Net profit (-loss)	-9.7	24.3	-140%	0.1	20.7	5.2
EBITDA margin, %	-16%	40%	-56	7%	38%	20%
EBIT margin, %	-24%	36%	-60	1%	35%	17%
Net profit (-loss) margin, %	-24%	35%	-59	0.4%	33%	16%
Cost to income ratio, %	123%	65%	58	106%	65%	84%

Business volumes (in millions of euros)	2023	2022	Change 2023 vs 2022	2021	2020	2019
Due from credit institutions and investment companies	60.0	72.0	-17%	45.7	53.2	33.7
Debt securities	3.4	5.5	-38%	7.6	8.7	9.3
Shareholders' equity	70.4	82.9	-15%	59.3	61.1	42.14
Total assets	82.0	98.2	-16%	71.9	75.2	52.0
Off-balance sheet assets (client assets)	99.0	86.0	15%	99.2	82.2	45.9
Number of active clients	89,764	55,242	62%	49,080	48,341	24,128
Number of active accounts	110,471	70,346	57%	63,231	62,854	30,523
Number of employees	290	294	-1%	300	340	284

Equations used for the calculation of ratios:

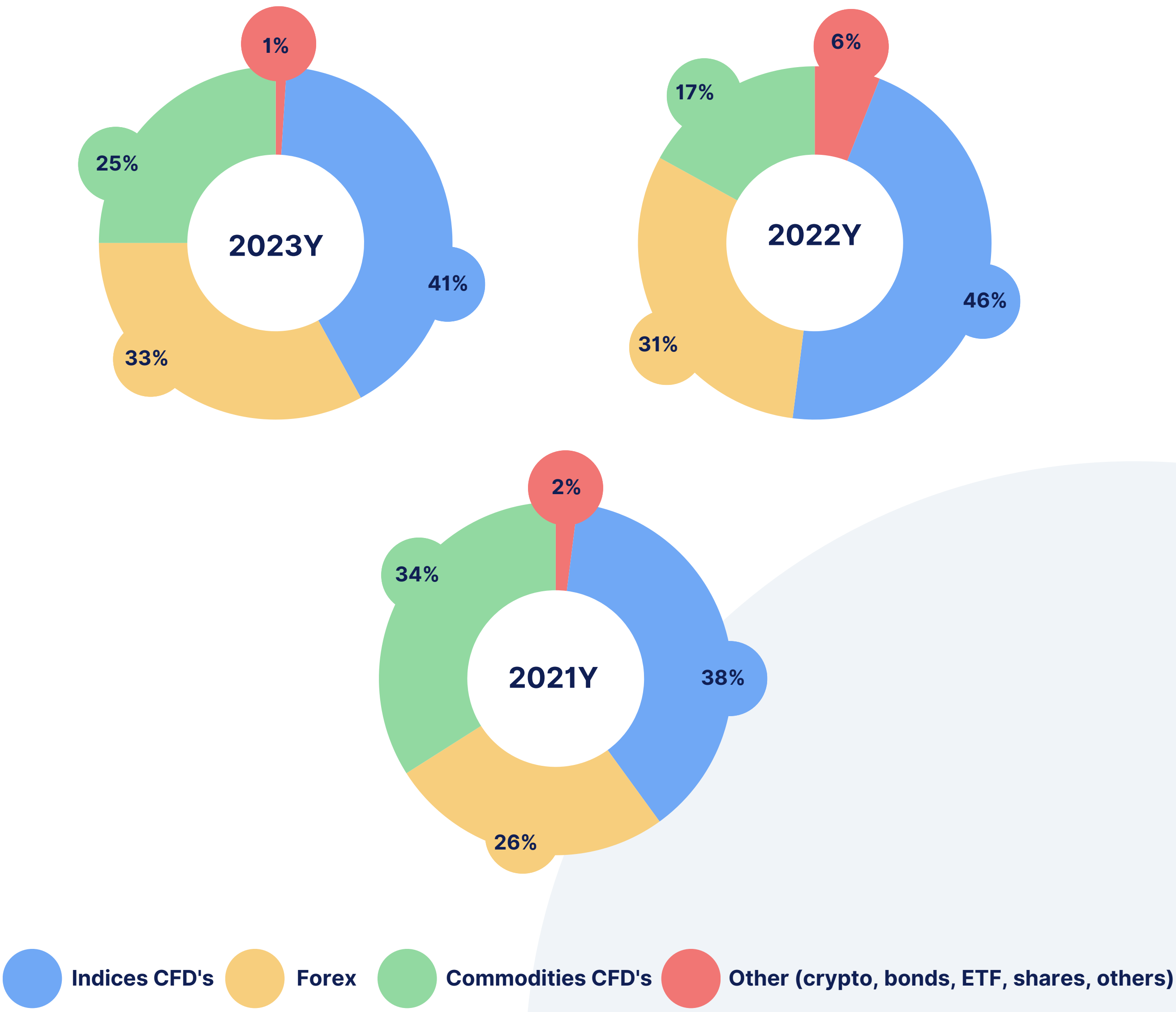
EBITDA margin, % = EBITDA / Net trading income
EBIT margin, % = EBIT / Net trading income
Net profit margin, % = Net profit / Net trading income
Cost to income ratio, % = Operating expenses / Net trading income

Statement of Comprehensive Income

Net Trading Income

In 2023, the Group's net trading income was EUR 40.9 million, this is a 41% decrease from EUR 69.0 million the previous year. The number of active yearly clients increased by 62%. The value of trades went down 4% year-on-year in 2023, reaching EUR 877 billion. The number of trades decreased by 5% to 56 million compared to 2022.

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



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:

	2023	2022	Change 2023 vs 2022	2021
EU	82%	87%	-5	85%
UK	4%	3%	1	8%
Australia	1%	1%	0	2%
Others	13%	9%	4	5%

Admirals has clients from 185 countries. Most EU clients are from Germany, followed by France, Spain, Lithuania, Romani, Bulgaria, Poland, Italy, the Czech Republic and Estonia. German clients generate 21% of total revenue for the Group, clients from France generate 10%, Spanish clients 10%, Lithuanian 6%, Romanian and Bulgarian clients 5%, United Kingdom 4%, and clients from Estonia, Poland, Czech Republic, Italy all generate 3% each of total revenue for the Group. Most clients from Other geographical region are from Switzerland, Chile, Brazil, Mexico. Switzerland clients generate 2% of total revenue for the Group, and clients from Chile, Brazil, Mexico all generate 1% each of total revenue for the Group.

Expenses

Operating expenses increased by 13%, which was mainly due to the increase in personnel, marketing, and outsourced services costs.

The largest share of total operating expenses for the Group comes from personnel expenses. Personnel expenses increased by 17% to EUR 15 million in 2023, which accounts for 30% of total operating expenses. There was an increase in personnel expenses mostly due to the increase in salaries. During 2023 Group employed 1% less employees, with a total of 290 employees by the end of 2023.

In 2023, marketing expenses were EUR 13.1 million which is an 8% increase year-on-year and account for 26% of total operating expenses.

IT costs have decreased by 13% due to high IT investments were made during previous financial years.

Depreciation and amortization expenses increased, from EUR 2.9 million up to EUR 3.1 million in the year 2023. 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)	**2023**	**2022**	**Change 2023 vs 2022**
Personnel expenses	15.2	13.0	2.2
Marketing expenses	13.1	12.1	1
IT expenses	6.3	7.2	-0.9
Legal and audit expenses	3.4	3.2	0.2
VAT expenses	0.5	1.0	-0.5
Amortization and depreciation	3.1	2.9	0.2
Regulative reporting services	0.7	0.7	0
Rent of low-value leases and utility expenses	0.7	0.6	0.1
Transport and communication costs	0.4	0.3	0.1
Other outsourced services	3.5	0.3	3.2
Travelling expenses	0.4	0.4	0
Other	3.0	3.0	0
Total	**50.3**	**44.7**	**5.6**

The cost to income ratio increased to 123% by the end of 2023 (2022: 65%). The reason for the increase was mainly due to decrease of net trading income and increase in operating costs.

Net Profit (Loss)

The Group's net loss was EUR 9.7 million in 2023, compared to profit EUR 24.3 million a year earlier.
The Group’s net profit (-loss) margin also decreased and was -24% compared to 35% the previous year.

The net profit (loss) per share of the Group was -3.9 at the end of 2023 (2022: 9.9).

Statement of Financial Position

(in millions of euros)	2023	2022	Change 2023 vs 2022	2021
Debt securities	3.4	5.5	-38%	7.6
Due from credit institutions and investment companies	60.0	72.0	-17%	45.7
Total liabilities	11.5	15.3	-25%	12.6
Shareholders' equity	70.4	82.9	-15%	59.3
Total assets	82.0	98.2	-16%	71.9
Off-balance sheet assets (client assets)	99.0	86.0	15%	99.2

The Group has a strong balance sheet, with EUR 70.4 million of shareholders' equity. The Group's balance sheet is liquid as 78% of its total assets consists of liquid assets.

As of 31 December 2023, the assets of the Group totalled EUR 82 million. Ca 73% of assets are balances due from credit institutions and investment companies. Balances due from credit institutions and investment companies have decreased by 17% in 2023. The debt securities portfolio only consists of high-quality liquid assets and accounts for 4% of total assets.

The Group's non-current assets decreased in 2023 to EUR 11.6 million because there were no significant investments in intangible assets. Non-current assets decreased mainly due to depreciation of tangible and intangible assets and right- of-use 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 6.2 million and makes up 8% 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 increased by 15% to EUR 99.0 million in 2023 (2022: EUR 86.0 million).

Key Financial Ratios

	2023	2022	Change 2023 vs 2022	2021
Net profit per share, EUR	-3.9	9.9	-13.8	0.1
Return on equity, %	-12.7%	33.1%	-45.8	0.2%
Equity ratio	1.2	1.2	0	1.2
Return on assets, %	-10.8%	27.6%	-38.4	0.2%
Short-term liabilities current ratio	13.3	10.6	2.7	12.4

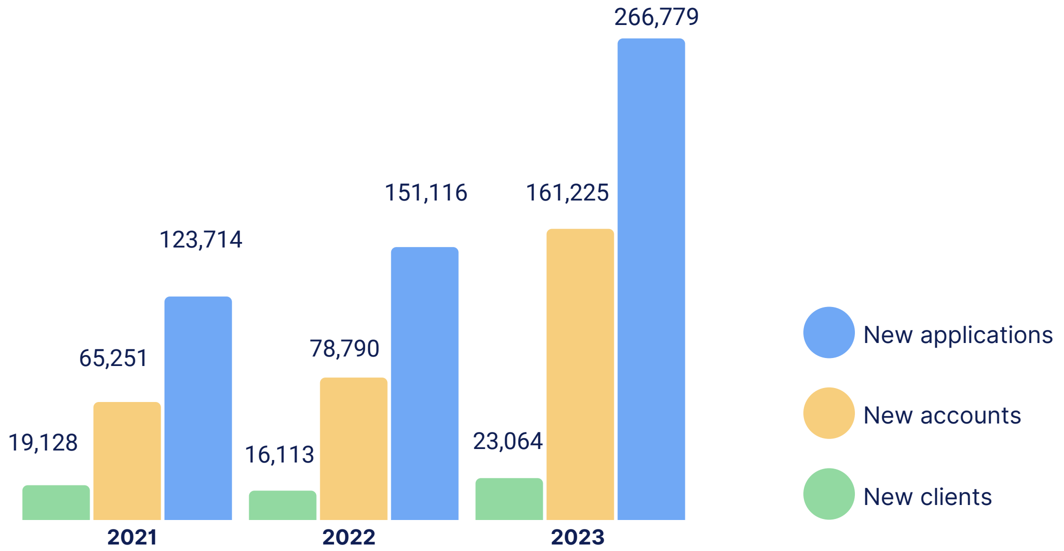
Equations used for the calculation of ratios:

Net profit per share, in EUR = net profit / average number of shares
Return on equity (ROE), % = net profit / average equity * 100
Equity ratio = average assets / average equity
Return on assets (ROA), % = net profit / average assets * 100
Short-term liabilities current ratio = current assets / current liabilities

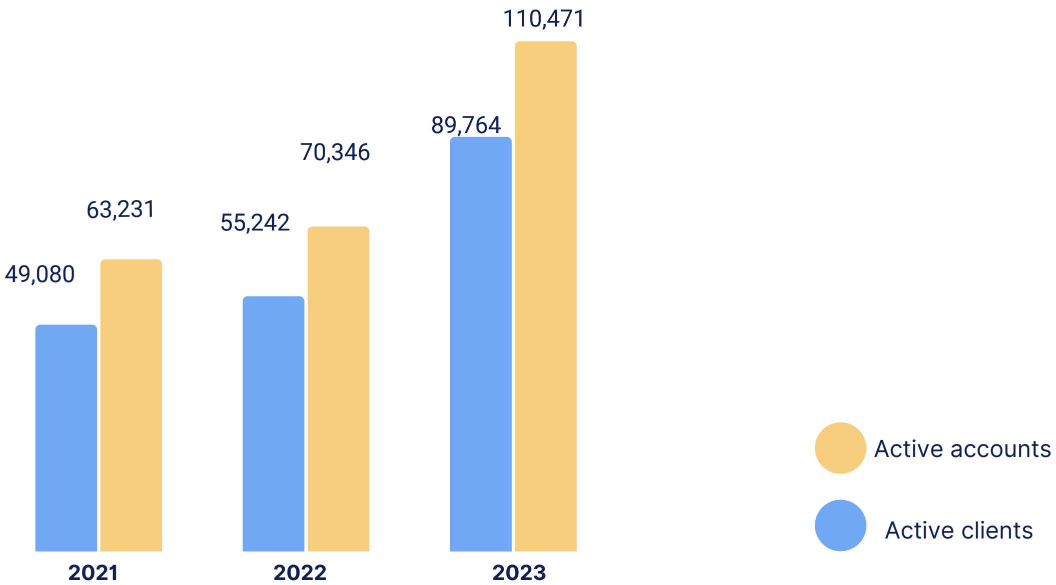
The ratios are calculated as an arithmetic average of closing balance sheet figures from the previous and current reporting period, and the indicators of the income statement are shown as at the end of the reporting period.

Client Trends

The number of new accounts and new applications increased by the end of 2023.



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.



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

The number of active clients in the Group went up by 62% to 89,764 clients compared to period 2022 and up by 83% compared to same period in 2021. The number of new applications in the Group went up by 77% to 266,779 applications compared to the same period of 2022 and up by 116% compared to the same period in 2021. The Group's client assets increased by 15% year-on-year to 99.0 million EUR in 2023.

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 266,779 applications in 2023, out of which circa 63% of applications were accepted.
At the end of 2023, the Group had in total 96% of clients categorised as retail generating ca 76% of total gross trading revenue. And 4% of clients categorised as professional generating ca 24% 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 defence. The first line of defence is the business units that are responsible for risk-taking and risk management. The second includes risk control and compliance functions, which are independent of business operations. The third line of defence is the internal audit function.

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

We allow our customers to trade notional amounts greater than the funds they have deposited with us through the use of leverage, so credit risk management is a key focus for us. The maximum leverage available to retail traders is typically set by the regulator in each jurisdiction. We manage customer credit risk through a combination of access to trading tools that allow our customers to avoid taking on excessive risk, combined with automated processes which close customer positions 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 31.12.2023, the own funds of Admirals amounted to 71,3 million EUR (31.12.2022: 57,2 million EUR).

At the end of the reporting period, Admirals was well capitalised, the capital adequacy level was 337% (31.12.2022: 363 %), and met all regulatory capital requirements in both 2023 and 2022.

Own Funds

(in thousands of euros)	31.12.2023	31.12.2022
Paid-in share capital	250	250
Own shares	-315	-315
Other reserves	-329	-203
Retained earnings of previous periods	81,461	58,448
Intangible assets	-4,889	-5,481
Losses for the current financial year	-8,624	0
Total Tier 1 capital	**67,554**	**52,699**
Subordinated debt securities	3,782	4,525
Own instruments	-5	0
Total Tier 2 capital	**3,777**	**4,525**
Net own funds for capital adequacy	**71,331**	**57,224**

Capital Requirements

(in thousands of euros)	31.12.2023	31.12.2022
Fixed overheads requirement	**10,359**	**9,041**
Risk to client	967	759
Risk to market	12,224	8,824
Risk to firm	7,958	6,196
Total K-Factor requirement	**21,149**	**15,779**

Capital Adequacy

	31.12.2023	31.12.2022
Capital adequacy	337%	363%
Tier 1 capital ratio	319%	334%

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

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.

A trusted past,
an innovative future.

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:

- DVF Group 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.

Supervisory Board of Admirals Group AS

At the time of publication of the annual report, Admirals Group AS' Supervisory Board is composed of five members:

Anatolii Mikhalchenko

Chairman 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 member of the Supervisory Board for Admirals Group AS since 2011.

Dmitri Lauš

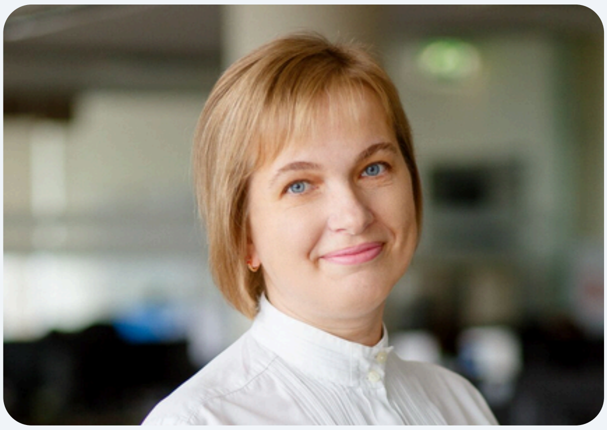
Member of the Supervisory Board

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).

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.



Olga Senjuškina

Member of the Supervisory Board

Appointed a member of the supervisory board since 05.02.2024. Olga obtained a MBA degree from Tallinn University of Technology. She joined Admirals in 2014. Olga has been working at Admirals first as financial controller, then as supervisory board member, and later (since 2020) as an invited member of the audit committee of the Admiral Markets AS.

Eduard Kelvet

Member of the Supervisory Board

Prior to joining Admirals, Eduard served as a member of the management board of AS TBB pank and before that as Head of Compliance in Estonian branch of Citadele banka. In these roles, he was responsible for compliance frameworks, debt resolution strategies, Anti-Money Laundering and Counter-Terrorism Financing practices, implementation of international financial sanctions, and GDPR compliance. As the Supervisory Board member in Admirals Group, Eduard will focus on risk management, compliance, and enhancing corporate governance.

Management Board of Admirals Group AS

At the time of publication of the annual report, Admirals Group AS is being managed by a three-member Management Board:

Alexander Tsikhilov
Chairman of the Management 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.

Anton Tikhomirov
Member of the Management 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.

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.

Moving forward, we remain dedicated to maintaining a supportive, inclusive, and empowering work environment, propelling us towards continued success.

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 are traded on the Nasdaq Tallinn Stock Exchange. In accordance with § 31^2 (1) and (2) of the Accounting Act it is required 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 2023 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 2023 were, and at the time of publication of the report, are:

- Alexander Tsikhilov – Chairman of the Supervisory Board, term of office 29.02.2024;
- Anatolii Mikhalchenko – Chairman of the Supervisory Board from 18.03.2024, term of office 28.09.2025;
- Anton Tikhomirov – term of office 03.01.2024;
- Fedor Ragin – term of office 05.12.2023;
- Priit Rohumaa - term of office 17.06.2025;
- Dmitri Lauš – term of office 01.07.2026;
- Eduard Kelvet - appointed from 05.02.2024, term of office 05.02.2029;
- Olga Senjuškina - appointed from 05.02.2024, term of office 05.02.2029.

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

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.
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 4 members, including the chairman of the board.

The functions of members of the Management Board are:

- management of the daily business of Admirals Group AS;
- preparation of questions to be discussed at the Supervisory Board and general meeting;
- 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;
- other statutory obligations and rights related to the day-to-day business of the Group.

Based on the decisions of the Admirals Group AS Supervisory Board, the members of the Management Board of Admirals Group AS in 2023 were, and at the time of publication of the report, are:
Sergei Bogatenkov - term of office 29.02.2024;
Andrey Koks- term of office 25.02.2027;
Andreas Ioannou- term of office 25.02.2024;
Daniel Joseph Skowronski - term of office 04.01.2024;
Anton Tikhomirov - appointed from 04.01.2024, term of office 04.01.2027;
Alexander Tsikhilov - appointed from 01.03.2024, term of office 01.03.2027.

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 14.09.2023, the Group's auditor for the 2023 annual report is company AS PricewaterhouseCoopers, registry code 10142876. The fee paid to the auditor is disclosed under operating expenses (note 25).

During 2023, 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.

Disclosure of Information

Admirals Group AS has a website which includes a specially developed subsite for investors https://www.admirals.group/. This website is available in both Estonian and English languages. This website contains annual reports (including Corporate Governance Report), interim reports, articles of association, composition of the Management Board and Supervisory Board and the information about the auditor. Since 2016, the annual reports are also available in English.

Admirals Group AS neither discloses information disclosed to financial analysts or other persons, nor times and locations for meeting analysts, investors and the press, as these are not necessary considering the current activities of the Company and high awareness of its shareholders.

Consolidated Financial Statements

This chapter outlines the assets, liabilities, equity, income and cash flow of the Group for the 2023 fiscal year, in comparison to 2022.

Consolidated Statement of Financial Position

(in thousands of euros)	Note	31.12.2023	31.12.2022
Assets			
Cash and cash equivalents	7	41,025	55,489
Due from investment companies	7	18,961	16,528
Financial assets at fair value through profit or loss	8	5,062	7,011
Loans and receivables	9	4,772	4,643
Inventories		311	48
Other assets	10	2,137	3,162
Tangible fixed assets	11	1,950	2,296
Right-of-use assets	11	2,603	3,160
Intangible assets	12	5,147	5,841
Total assets		**81,968**	**98,178**
Liabilities			
Financial liabilities at fair value through profit or loss	8	224	294
Liabilities and accruals	13	4,318	6,982
Deferred tax liability	14	1	0
Subordinated debt securities	16	4,102	4,570
Lease liabilities	15	2,894	3,435
Total liabilities		**11,539**	**15,281**

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(in thousands of euros)	Note	31.12.2023	31.12.2022
Equity			
Share capital	19	250	250
Own shares		-315	-315
Statutory reserve capital		25	25
Currency translation reserve		-834	-669
Retained earnings		71,276	83,600
Total equity attributable to owners of the parent		**70,402**	**82,891**
Non-controlling interest		27	6
Total equity		**70,429**	**82,897**
Total liabilities and equity		**81,968**	**98,178**

Notes on pages 65 to 132 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

(in thousands of euros)	Note	2023	2022
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers		46,276	70,654
Brokerage and commission fee revenue		2,134	2,017
Brokerage and commission fee expense		-5,118	-3,472
Other trading activity related income		412	839
Other trading activity related expense		-2,768	-1,062
Net income from trading	**21**	**40,936**	**68,976**
Other income similar to interest		171	86
Interest income calculated using the effective interest method		900	201
Interest expense		-496	-444
Other income	22	741	2,358
Other expenses	23	-185	-778
Net losses on exchange rate changes		-984	-846
Profit / (loss) from financial assets at fair value through profit or loss		61	-490
Personnel expenses	24	-15,231	-12,969
Operating expenses	25	-31,875	-28,846
Depreciation of tangible and intangible assets	11,12	-2,310	-2,005
Depreciation of right-of-use assets	11	-837	-863

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(in thousands of euros)	Note	2023	2022
(Loss) / Profit before income tax		**-9,109**	**24,380**
Income tax	17	-616	-99
(Loss) / Profit for the reporting period		**-9,725**	**24,281**
Other comprehensive income/(loss):			
Items that subsequently may be reclassified to profit or loss:			
Currency translation adjustment		-165	-692
Total other comprehensive loss for the reporting period		**-165**	**-692**
Total comprehensive (loss) / income for the reporting period		**-9,890**	**23,589**
Net (loss) / profit attributable to the owners of the parent		-9,746	24,291
Net profit / (loss) attributable to non-controlling interest		21	-10
(Loss) / Profit for the reporting period		**-9,725**	**24,281**
Total comprehensive (loss) / income attributable to the owners of the parent		-9,911	23,599
Total comprehensive income / (loss) attributable non-controlling interest		21	-10
Total comprehensive (loss) / income for the reporting period		**-9,890**	**23,589**
Basic and diluted earnings per share	19	-3.95	9.87

Notes on pages 65 to 132 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(in thousands of euros)	Note	2023	2022*
Cash flow from operating activities			
Net (loss) / profit for the reporting period		-9,725	24,281
Adjustments for non-cash income or expenses:			
Depreciation of tangible, intangible and right of use assets	11,12	3,147	2,861
Gains on the sale of tangible assets		0	10
Interest and similar income		-1,071	-287
Interest expense		496	444
Corporate income tax expenses	17	616	99
Other financial income and expenses		-165	458
Net profit from foreign exchange rate changes		984	913
Other adjustments		5	-41
Operating cash flows before changes in operating assets and liabilities		**-5,713**	**28,738**
Changes in operating assets and liabilities:			
Change in receivables and prepayments relating to operating activities	9	-152	-2,385
Change in payables and prepayments relating to operating activities	13	-2,664	3,908
Change in derivative assets	8	-64	-170
Change in the derivative liabilities	8	-70	-343
Change in amounts due from investment companies	7	-2,433	3,766
Changes in inventories		-263	58
Change in other assets	10	1,025	-789
Operating cash flows before interest and tax		**-10,334**	**32,783**
Interest received		1,079	297
Interest paid		-425	-362
Corporate income tax paid		-616	-99
Net cash from/used in operating activities		**-10,296**	**32,619**

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(in thousands of euros)	Note	2023	2022*
Cash flow from investing activities			
Disposal of tangible and intangible assets	11	25	0
Purchase of tangible and intangible assets	11,12	-1,333	-3,312
Loans granted		-226	-83
Repayments of loans granted		251	1,413
Acquisition of financial assets at fair value through profit or loss (investment portfolio)		-6,938	-4,418
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)		8,966	6,804
Net cash used in investing activities		**745**	**404**
Cash flow from financing activities			
Dividends paid	19	-2,578	0
Payments for subordinated debt securities issued		-473	0
Payments for repurchase of own shares		0	-210
Repayment of principal element of lease liabilities	15	-892	-905
Net cash used in financing activities		**-3,943**	**-1,115**
TOTAL CASH FLOWS		**-13,494**	**31,908**
Cash and cash equivalents at the beginning of the period	7	**55,489**	**25,380**
Change in cash and equivalents		**-13,494**	**31,908**
Effect of exchange rate changes on cash and cash equivalents		-970	-1,799
Cash and cash equivalents at the end of the period	7	**41,025**	**55,489**

*Comparative figures have been changed due to the changes in presentation. For more information see Note 2.

Notes on pages 65 to 132 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(in thousands of euros)	Share capital	Own shares (-)	Statutor reserve capital	Retained earnings	Currency translation reserve	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
Balance as at 31.12.2021	**250**	**-105**	**25**	**59,099**	**23**	**59,292**	**16**	**59,308**
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**
Dividends paid	0	0	0	-2,578	0	-2,578	0	-2,578
Net loss for the reporting period	0	0	0	-9,746	0	-9,746	21	-9,725
Other comprehensive loss for the reporting period	0	0	0	0	-165	-165	0	-165
Total comprehensive loss for the reporting period	**0**	**0**	**0**	**-9,746**	**-165**	**-9,911**	**21**	**-9,890**
Balance as at 31.12.2023	**250**	**-315**	**25**	**71,276**	**-834**	**70,402**	**27**	**70,429**

For more information about share capital refer to Note 19.

Notes on pages 65 to 132 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 2023 was approved for publication on 30.04.2024 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.
Material accounting policy information 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 (EU) and include among other things information on risk management, own funds and capital adequacy.

Changes in the presentation in the Consolidated Statement of Cash Flows
The Consolidated Statement of Cash Flows includes presentation changes related to line Other financial income and expenses. In the 2022 Consolidated Annual Report, Other financial income and expenses included Net profit from foreign exchange rate changes in the amount of 913 thousand euros, that has been disclosed on a separate line in the 2023 Consolidated Annual Report.

The material 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 for the assets and liabilities measured at fair value through profit or loss, including derivatives, as disclosed in the accounting policies below.

The preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU 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 2023 include the financial results of Admirals Group AS (parent company) and its subsidiaries (collectively, the Group):

Company name	Country	Ownership interest 31.12.2023	Ownership interest 31.12.2022	Business activity
Admiral Markets AS	Estonia	100%	100%	Investment services
Admirals AU PTY Ltd	Australia	100%	100%	Investment services
Admirals Europe 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
AMTS Solutions OÜ	Estonia	62%	62%	IT & intra-group services
Admirals Nordic 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 - Bulgaria 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 Ltd	Cyprus	100%	100%	Inactive
Moneyzen OÜ	Estonia	100%	100%	Credit intermediary
Moneyzen Collateral Agent OÜ	Estonia	100%	100%	Inactive
Admirals KE Ltd Ltd	Kenya	100%	100%	Inactive
Admirals SC Ltd	Seychelles	100%	100%	Investment services
Runa Systems LLC	Georgia	100%	100%	IT & intra-group services
Admirals Financial Services India Private Ltd	India	100%	0%	Inactive
Admirals Liquidity Ltd	Ireland	100%	0%	Inactive
Admirals MENA Ltd	UAE	100%	0%	Investment services

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 2023 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 2023 and ended on 31 December 2023. 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.

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.

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
Admirals Europe Ltd	EUR
Admiral Markets UK Ltd	GBP
Admiral Markets AS/ Jordan LLC	JOD
AMTS Solutions OÜ	EUR
Admirals Nordic 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
Admirals Financial Services India Private Ltd	INR
Admirals Liquidity Ltd	EUR
Admirals MENA Ltd	USD

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
AUD	1.6263	1.5693	1.6288	1.51669
BGN	1.9558	1.9558	1.9558	1.9558
CAD	1.4642	1.444	1.45947	1.36949
GBP	0.86905	0.88693	0.86979	0.85276
IDR	17079.71	16519.82	16479.62	15625.25
JOD	0.78266	0.7609	0.76762	0.7476
MYR	5.0775	4.6984	4.93196	4.62787
RON	4.9756	4.9495	4.94672	4.93131
PLN	4.3395	4.6808	4.54197	4.68611
ZAR	20.3477	18.0986	19.95511	17.20863
UAH	42.2079	38.951	39.5582	39.0563
GEL	2.9753	2.8844	2.84388	3.0684
KES	173.7797	132.4791	151.08936	124.21077
INR	91.9045	88.1710	89.30011	82.6864
USD	1.105	1.06660	1.08127	1.05305

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)

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 interest 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: The Group also owns financial assets measured at fair value through profit or loss (FVPL). Assets are FVPL 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. The financial assets are in default (Stage 3) in case there is a delay in payment more than 90 days on in case adverse changes in the customers financial situation.

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. The assets held on behalf of customers are considered as off-balance sheet assets, see further details in 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 accruals and in the statement of profit or loss under personnel expenses.

Leases

The Group is a lessee in all lease agreements. The Group leases office space.

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 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.
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 recognises 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

According to Estonian laws, retained earnings are not taxed with corporate income tax, whereas paid-out dividends are taxed.

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 rates and amounted to 23% (2022: 19.0%). The amounts of tax losses carried forward in the Group are immaterial.

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 2023 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 income received or receivable from other trading activities represents the transaction price for distinct performance obligations identified as services. 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.

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 2023, 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 or revised standards or interpretations came into effect for accounting periods beginning on or after 1 January 2023. The Group estimates that the impact of applying these changes is not material except amendment to IAS 1 regarding accounting policies that requires disclosure of material accounting policy information, rather than significant accounting policies. In 2023, the Group has changed presentation of Note 2 by disclosing only material accounting policy information.
Other changes in accounting standards which have been adopted in 2023 did not have a material impact on the Group.

Certain new or revised standards and interpretations that are effective for the financial year beginning on or after 1 January 2024 include: IAS 1, IAS 7, IAS 21, IFRS 7 and IFRS 16. The Group estimates that the potential or actual impact of applying these changes is not material.

Note 4.
Use of estimates, assumptions and judgements

Preparation of financial statements in accordance with the IFRS as adopted by the EU 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 probable 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 licenses or decommissioning. The amounts of impairments are presented in note 23.

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 the following 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, Admirals Europe Ltd, Admiral Markets AS/Jordan LLC, Admirals SC Ltd and Admirals SA (PTY) LTD.

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

Own funds

(in thousands of euros)	31.12.2023	31.12.2022
Paid-in share capital	250	250
Own shares	-315	-315
Other reserves	-329	-203
Retained earnings of previous periods	81,461	58,448
Intangible assets	-4,889	-5,481
Losses for the current financial year	-8,624	0
Total Tier 1 capital	**67,554**	**52,669**
Subordinated debt securities	3,782	4,525
Own instruments	-5	0
Total Tier 2 capital	**3,777**	**4,525**
Net own funds for capital adequacy	**71,331**	**57,224**

As of 31.12.2023, the own funds of Admirals Group AS amounted to EUR 71.3 million (31.12.2022: EUR 57.2 million).

At the end of the reporting period, in accordance with information provided internally to key management, Admirals Group AS capital adequacy ratio was 337% (31.12.2022: 363%) and has complied with all regulatory capital requirements under IFR in 2023 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)	31.12.2023	31.12.2022	Note
Due from credit institutions	41,018	55,477	7
Due from investment companies	18,961	16,528	7
Financial assets at fair value through profit or loss	4,021	6,060	8
incl bonds	*3,362*	*5,480*	
incl convertible loans	*298*	*283*	
incl derivatives	*361*	*297*	
Loans granted	161	185	9
Other receivables	4,611	4,458	9
Total Financial assets	**68,772**	**82,708**	

Due from credit institutions and investment companies

(in thousands of euros)

Rating (Moody's)	Credit institutions	Investment companies	Total 31.12.2023	Credit institutions	Investment companies	Total 31.12.2022
Aa1 - Aa3	10,806	0	10,806	14,765	0	14,765
A1 - A3	7,947	0	7,947	20,848	0	20,848
Baa1 - Baa3	11,064	0	11,064	12,009	0	12,009
Ba1 - Ba3	4,987	0	4,987	689	0	689
B1 - B3	281	0	281	1,641	0	1,641
Non-rated	5,253	18,961	24,214	3,797	16,528	20,325
Cash In transit	680	0	680	1,728	0	1,728
Total (Note 7, except cash)	**41,018**	**18,961**	**59,979**	**55,477**	**16,528**	**72,005**

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 B. 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 2023, 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 2023 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 4,611 thousand (31.12.2022: EUR 4,458 thousand) are mainly office rent deposits, claims against related parties and unpaid long-term receivable from the sale of a subsidiary. As at 31.12.2023 and 31.12.2022 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.

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)	31.12.2023	31.12.2022
Aaa	2,456	3,893
Aa1	906	1,587
Total	**3,362**	**5,480**

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

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 further explained in Note 18, these assets are not presented as the Group's assets. Admirals bears the credit risk associated with these accounts in case of the bankruptcy of the credit institution, however the risk is considered marginal as Admirals uses strong counterparties for maintenance of clients funds.

As at 31.12.2023 and 31.12.2022, off-balance sheet cash and cash equivalents in credit institutions were divided by ratings as follows:

Rating (Moody's)

(in thousands of euros)	31.12.2023	31.12.2022
Aa1 - Aa3	2,110	8,339
A1 - A3	25,353	38,296
Baa1 - Baa3	26,472	10,500
Ba1 - Ba3	4,164	2
B1 -B3	6,169	8,573
Caa1 and below	40	0
Non-rated	1,332	1,277
Cash in transit	3,750	136
incl. cash in transit rated A1-A3	*3,750*	*0*
Total	**69,390**	**67,123**

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:

31.12.2023 (in thousands of euros)	EUR	USD	GBP	JPY	CAD	CHF	Other currencies	Total	Note
Due from credit institutions and from investment companies	46,031	7,001	987	0	2	318	5,647	59,986	7
Financial assets at fair value through profit or loss (excluding derivatives)	489	3,362	0	0	0	0	850	4,701	8
Loans and receivables	2,745	1,878	56	0	0	0	93	4,772	9
Total financial assets	**49,265**	**12,241**	**1,043**	**0**	**2**	**318**	**6,590**	**69,459**	
Subordinated debt	4,102	0	0	0	0	0	0	4,102	16
Other financial liabilities	2,738	272	772	0	39	0	497	4,318	13
Lease liabilities	2,660	19	0	0	0	0	215	2,894	15
Total financial liabilities	**9,500**	**291**	**772**	**0**	**39**	**0**	**712**	**11,314**	
Long positions of trading portfolio	80,041	148,676	20,363	15,109	8,413	25,300	13,925	311,827	
Short positions of trading portfolio	109,196	201,584	17,143	15,005	8,285	4,390	20,986	376,589	
Net open foreign currency position	**10,610**	**40,958**	**3,491**	**104**	**91**	**21,228**	**1,183**	**6,617**	

31.12.2022 (in thousands of euros)	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**	

Impact on the statement of comprehensive income:

(in thousands of euros)	USD	GBP	JPY	CHF
Exchange rate change in relation to EUR +/- 10%				
2023	4,096	349	10	2,123
(in thousands of euros)	**USD**	**GBP**	**JPY**	**CHF**
Exchange rate change in relation to EUR +/- 10%				
2022	4,855	1,030	897	963

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.

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 31.12.2023 and 31.12.2022:

31.12.2023 (in thousands of euros)			31.12.2022 (in thousands of euros)		
Equity / Index	**Long positions**	**Short positions**	**Equity / Index**	**Long positions**	**Short positions**
GERMANY40	52,203	13,476	[DAX40]	21,380	21,136
[DJI30]	25,075	13,521	[DJI30]	12,045	10,602
[NQ100]	16,633	10,272	[NQ100]	8,092	12,389
[SP500]	8,382	7,468	[SP500]	5,599	7,114
STXE50	3,691	781	[CAC40]	6,059	2,058
Other instruments	16,760	16,013	Other instruments	11,785	18,306
Total	**122,744**	**61,531**	**Total**	**64,960**	**71,605**

The following sensitivity analysis identifies the impact of the largest stock index changes on the profit/ loss arising from trading positions. Sensitivity illustrates reasonably possible movements in indices.

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

(in thousands of euros)	**GERMANY40**	**[DJI30]**	**[NQ100]**	**[SP500]**
2023	3,873	1,155	636	91
(in thousands of euros)	**[DAX40]**	**[DJI30]**	**[NQ100]**	**[SP500]**
2022	24	144	430	152

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.

31.12.2023 (in thousands of euros)			31.12.2022 (in thousands of euros)		
Commodity	**Long positions**	**Short positions**	**Commodity**	**Long positions**	**Short positions**
BRENT	4,790	6,325	BRENT	5,128	5,724
SILVER	1,384	2,941	SILVER	1,595	1,964
COCOA	1,486	1,486	NGAS	926	1,241
NGAS	1,122	1,532	CRUDOIL	592	649
Other commodities	2,964	4,766	Other commodities	1,071	1,312
Total	**11,746**	**17,050**	**Total**	**9,312**	**10,890**

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

(in thousands of euros)	**BRENT**	**SILVER**	**COCOA**	**NGAS**
2023	77	78	0	21
(in thousands of euros)	**BRENT**	**SILVER**	**NGAS**	**CRUDOIL**
2022	596	369	315	57

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 31.12.2023 and 31.12.2022, the Group had no overdue payables.

31.12.2023 (in thousands of euros)	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	59,986	0	0	0	0	59,986	59,986	7
Financial assets at fair value through profit or loss (excluding derivatives)	0	3,794	934	8	0	4,736	4,701	8
Financial assets at fair value through profit or loss (derivatives)	0	361	0	0	0	361	361	8
Loans and receivables	0	664	2,237	1,874	0	4,775	4,772	9
Total assets	**59,986**	**4,819**	**3,171**	**1,882**	**0**	**69,858**	**69,820**	
Liabilities by contractual maturity dates								
Subordinated debt securities	0	108	217	2,760	3,093	6,178	4,102	16
Other financial liabilities	0	415	3,887	16	0	4,318	4,318	13
Lease liabilities	0	187	565	2,245	0	2,997	2,894	15
Financial liabilities at fair value through profit or loss (derivatives)	0	224	0	0	0	224	224	8
Total liabilities	**0**	**934**	**4,669**	**5,021**	**3,093**	**13,717**	**11,538**	

31.12.2022 (in thousands of euros)	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**	

Interest rate risk

In 2023 and 2022, 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.

(in thousands of euros)	31.12.2023	31.12.2022
Due from credit institutions and investment companies (except cash and cash in transit)	59,299	70,277
Financial assets and liabilities at fair value through profit or loss (bonds)	3,362	5,480
Loans Granted	161	185
Total assets	**62,822**	**75,942**
Subordinated debt securities	4,056	4,529
Total Liabilities	**4,056**	**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.

31.12.2023 (in thousands of euros)

Cash (except cash on hand and cash in transit) and clients' bank accounts distributed by countries	Balance sheet balances	Off-balance sheet balances
Estonia	19,658	23,905
United Kingdom	22,931	4,672
Poland	593	18,884
Jordan	4,704	12,223
Cyprus	1,943	2,301
Australia	17	2,170
Other Countries	9,453	1,485
Total	**59,299**	**65,640**

31.12.2022 (in thousands of euros)

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**

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:

31.12.2023 (in thousands of euros)	Gross amount in statement of financial position	Off-setting amount under agreement	Net Amount	Note
Financial assets				
Due from investment companies	18,961	0	18,961	7
Financial assets at fair value through profit and loss (derivatives)	361	361	0	8
Total	**19,322**	**361**	**18,961**	
Financial liabilities				
Financial liabilities at fair value through profit and loss (derivatives)	224	224	0	8
Total	**224**	**224**	**0**	

31.12.2022 (in thousands of euros)	Gross amount in statement of financial position	Off-setting amount under agreement	Net Amount	Note
Financial assets				
Due from investment companies	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**	

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

Quantitative data disclosed on the assessment of fair value hierarchy as at 31.12.2023:

		Assessment of fair value using			
(in thousands of euros)	**Total**	**Level 1**	**Level 2**	**Level 3**	**Notes**
Financial assets recognised at fair value through profit or loss:					
Bonds	3,362	3,362	0	0	8
Company own bonds	6	6	0	0	8
Equity investments at fair value through profit or loss	1,035	0	850	185	8
Convertible loans	298	0	0	298	8
Total	**4,701**	**3,368**	**850**	**483**	
Derivatives:					
Currency pairs	33	0	33	0	8
CFD derivatives	243	0	243	0	8
Other derivatives	85	0	85	0	8
Total	**5,062**	**3,368**	**1,211**	**483**	
Financial liabilities recognised at fair value through profit or loss:					
Derivatives:					
Currency pairs	21	0	21	0	8
CFD derivatives	12	0	12	0	8
Other derivatives	191	0	191	0	8
Total	**224**	**0**	**224**	**0**	
Financial assets recognized at amortised cost:					
Cash	7	7	0	0	7
Due from credit institutions	40,338	0	40,338	0	7
Due from investment companies	18,961	0	18,961	0	7
Cash in transit	680	0	680	0	7
Loans	161	0	0	161	9
Other financial assets	4,611	0	0	4,611	9
Total	**64,758**	**7**	**59,979**	**4,772**	
Financial liabilities recognized at amortised cost:					
Other financial liabilities	2,096	0	0	2,096	13
Subordinated debt securities	4,102	0	0	4,102	16
Total	**6,198**	**0**	**0**	**6,198**	

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

		Assessment of fair value using			
(in thousands of euros)	**Total**	**Level 1**	**Level 2**	**Level 3**	**Notes**
Financial assets recognised at fair value through profit or loss:					
Bonds	5,480	5,480	0	0	8
Equity investments at fair value through profit or loss	951	0	783	168	8
Convertible loans	283	0	0	283	8
Total	**6,714**	**5,480**	**783**	**451**	
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**	**5,480**	**1,080**	**451**	
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**	
Financial liabilities recognized at amortised cost:					
Other financial liabilities	4,510	0	0	4,510	13
Subordinated debt securities	4,570	0	0	4,570	16
Total	**9,080**	**0**	**0**	**9,080**	

Assessment of fair value using (Level 3) (in thousands of euros)	Equity investments at fair value through profit or loss	Convertible loans	Total
31.12.2021	**153**	**273**	**426**
Convertible loans granted	0	10	10
Acquisition of financial assets at fair value through profit or loss (investment portfolio)	15	0	15
31.12.2022	**168**	**283**	**451**
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)	-1	0	-1
Convertible loans granted	0	15	15
Acquisition of financial assets at fair value through profit or loss (investment portfolio)	18	0	18
31.12.2023	**185**	**298**	**483**

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 1

Level 1 inputs are the most reliable evidence of fair value. They are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is one with frequent and voluminous transactions, offering continuous pricing data. A quoted market price in an active market is used without adjustment to measure fair value.

Financial instruments on level 2

Level 2 valuation technique is used for financial instruments that do not have regular market pricing, such as corporate bonds, loans, less liquid equities, and over-the-counter derivatives.

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 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.

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

Note 7.
Due from credit institutions and investment companies

(in thousands of euros)	31.12.2023	31.12.2022	Note
Cash*	7	12	6
Demand and term deposits with maturity less than 3 months*	40,338	53,749	6
Demand deposits on trading accounts	18,961	16,528	6
Cash in transit*	680	1,728	6
Total	**59,986**	**72,017**	

* Cash and cash equivalents in the statement of cash flows

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

Instrument	31.12.2023		31.12.2022		
(in thousands of euros)	**Asset**	**Liability**	**Asset**	**Liability**	**Note**
Bonds	3,362	0	5,480	0	6
Company own bonds	6	0	0	0	6
Equity investments at fair value through profit or loss	1,035	0	951	0	6
Convertible loans	298	0	283	0	6
Currency pairs	33	21	90	139	6
CFD derivatives	243	12	147	134	6
Other derivatives	85	191	60	21	6
Total	**5,062**	**224**	**7,011**	**294**	

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 2023 and 31 December 2022 are set below:

Instrument	31.12.2023		31.12.2022	
(in thousands of euros)	**Current assets**	**Non-current assets**	**Current assets**	**Non-current assets**
Bonds	3,362	6	2,960	2,520
Equity investments at fair value through profit or loss	0	1,035	0	951
Convertible loans	0	298	0	283
Total	**3,362**	**1,339**	**2,960**	**3,754**

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

Note 9.
Loans and receivables

(in thousands of euros)	31.12.2023	31.12.2022	Note
Financial assets			
Trade receivables	1,272	1,732	
Rent deposits	169	162	
Loans granted	161	185	6
Other short-term receivables	1,494	766	
Other long-term receivables	1,676	1,798	
Total	**4,772**	**4,643**	

31.12.2023 (in thousands of euros)		Distribution by maturity		Interest rate	Due date	Base currency	Interest receivable as at 31.12.2023
		Up to 1 year	2-5 years				
Loan 1	55	55	0	2%	04.2024	EUR	0
Loan 2	74	74	0	15%	06.2024	EUR	6
Loan 3	31	0	31	8%	07.2026	EUR	0
Total	**160**	**129**	**31**				**6**

31.12.2022 (in thousands of euros)		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	83	83	0	15%	09.2023	EUR	3
Loan 3	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.

Note 10.
Other assets

(in thousands of euros)	31.12.2023	31.12.2022	Note
Prepaid expenditure of future periods	1,355	1,702	
Prepaid taxes	782	1,460	14
Total	**2,137**	**3,162**	

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

Note 11.
Tangible and right-of-use assets

(in thousands of euros)	Other equipment	Right-of-use assets (office properties)	Total
Balance as at 31.12.2021			
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**
Acquisition / new lease contracts	388	282	670
Non-current assets sold	-25	0	-25
Exchange differences	-8	0	-8
Write-off	-616	-2	-618
Terminations	1	0	1
Depreciation/amortization charge	-701	-837	-1,538
Balance as at 31.12.2023			
Cost	4,001	6,888	10,889
Accumulated depreciation and amortization	-2,051	-4,285	-6,336
Carrying amount	**1,950**	**2,603**	**4,553**

Note 12.
Intangible assets

(in thousands of euros)	licenses	Intangible assets generated internally	Internal projects in progress	Total
Balance as at 31.12.2021				
Cost	1,265	1,710	2,759	5,734
Accumulated depreciation and amortisation	-391	-508	0	-899
Carrying amount	**874**	**1,202**	**2,759**	**4,835**
Acquisition of non-current assets	287	751	1,302	2,340
Exchange differences	1	49	0	50
Derecognised from the sale of subsidiary	-76	0	0	-76
Reclassification	0	2,369	-2,369	0
Write-off of non-current assets	-89	0	0	-89
Depreciation/amortisation charge	-257	-1,107	0	-1,364
Balance as at 31.12.2022				
Cost	1,388	4,880	1,692	7,960
Accumulated depreciation and amortisation	-503	-1,616	0	-2,119
Carrying amount	**885**	**3,264**	**1,692**	**5,841**
Acquisition of non-current assets	73	5	867	945
Exchange differences	1	-16	-15	-30
Reclassification	0	1,492	-1,492	0
Write-off of non-current assets	-42	0	0	-42
Depreciation/amortisation charge	-289	-1,320	0	-1,609
Balance as at 31.12.2023				
Cost	1,420	6,361	1,052	8,833
Accumulated depreciation and amortisation	-750	-2,936	0	-3,686
Carrying amount	**670**	**3,425**	**1,052**	**5,147**

Note 13.
Liabilities and accruals

(in thousands of euros)	31.12.2023	31.12.2022	Note
Financial liabilities			
Liabilities to trade creditors	1,468	2,447	
Other accrued expenses	628	2,063	
Subtotal	**2,096**	**4,510**	**6**
Non-financial liabilities			
Share base payment liabilities	879	1,038	
Payables to employees	415	402	
Taxes payable	928	1,032	14
Subtotal	**2,222**	**2,472**	
Total	**4,318**	**6,982**	

Note 14.
Tax prepayments and liabilities

(in thousands of euros)	31.12.2023		31.12.2022		Note
	Prepaid taxes	Taxes payables	Prepaid taxes	Taxes payables	
Value-added tax	0	384	0	440	
Corporate income tax	0	76	0	13	
Individual income tax	0	110	0	251	
Social security tax	0	325	0	304	
Other tax receivables/liabilities in foreign countries	0	32	0	24	
Deferred tax	300	1	0	0	17
Prepayments account	482	0	1,460	0	
Total	**782**	**928**	**1,460**	**1,032**	**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 2023 applied a 5% borrowing rate, which was close to market price rates.

The right-of use asset and lease liability are recorded on separate lines in the statement of financial position. Please see Note 11 for analyses of the movements in right-of-use assets.

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

Lease liabilities	**(in thousands of euros)**
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**
Additions*	283
Adjustments (incl. terminations)	-2
Lease payments made during the year	-892
Interest expense	70
Balance at 31.12.2023	**2,894**

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

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

(in thousands of euros)	**31.12.2023**	**31.12.2022**
Short-term office lease liabilities	696	685
Long-term office lease liabilities	2,198	2,750
Total	**2,894**	**3,435**

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	1,354	8%	28.12.2027
Subordinated bonds (ISIN:EE3300001999)	2021	2,702	8%	05.02.2031

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

As of 31.12.2023, there were a total of 333 owners of Admiral Markets AS bonds and Admirals Group AS bonds 171 owners.

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

Subordinated debt	Private persons	Legal persons
Subordinated bonds (ISIN:EE3300111251)	58%	42%
Subordinated bonds (ISIN:EE3300001999)	65%	35%

In 2023, 81 transactions in the amount of EUR 73 thousand were made with Admiral Markets AS bonds and 132 transactions in the amount of EUR 307 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 (in thousands of euros)	
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**
Interest calculated for 2023	346
Paid out during 2023	-346
Accrued interest on subordinated debts as at 31.12.2023	**88**

Subordinated debt securities (in thousands of euros)	31.12.2023	31.12.2022	Note
Subordinated debt securities	4,056	4,529	
Subordinated debt securities interest liability	88	88	
Adjusted cost of bonds	-42	-47	
Subordinated debt securities liabilities total	**4,102**	**4,570**	**6**

Subordinated debt securities (in thousands of euros)	
Subordinated debt securities 31.12.2022	4,529
Repurchase subordinated debt securities issued 2023	-473
Subordinated debt securities 31.12.2023	**4,056**

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 2023 Admirals Group AS subsidiary Admiral Markets AS paid dividends to parent company EUR 2,619 thousand (2022: Admirals Group AS subsidiary Admiral Markets AS did not paid dividends to parent company). In 2023, Admirals Group AS pay in turn dividends to its owners EUR 2,578 thousand (2022: Admirals Group AS did not pay in turn dividends to its owners).

As a result of the activities of its subsidiaries and branches the Group incurred an income tax liability of EUR 616 thousand (2022: EUR 99 thousand).

In 2023, the income tax on corporate profits were paid in Estonia, France, Australia, South Africa, United Kingdom, Malaysia in total amount of EUR 81 thousand.
In 2022, the corporate income tax on profits were in amount EUR 123 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 23% (2022: 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 (in thousands of euros)	**2023**	**2022**
Corporate income tax related with daily business operations	0	-7
Corporate income tax from earnings of foreign subsidiaries and branches	-81	-123
Deferred corporate income tax liability on dividends	-535	31
Total corporate income tax	**-616**	**-99**

Income tax expense for the year (in thousands of euros)	**2023**	**2022**
(Loss) / Profit before taxes	-9,109	24,917
Theoretical tax charge at statutory rate (14%)	-1,275	3,488
Non-taxable income	1,215	-3,573
Non-deductible expenses	30	102
Effects of different tax rates in other countries	17	-266
Income tax from dividends	-535	31
Other adjustments	-68	119
Income tax expense for the year	**-616**	**-99**

Conditional corporate income tax

As at 31.12.2023, the Group's retained earnings amounted to EUR 71,276 thousand (31.12.2022: EUR 83,600 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 31.12.2023 EUR 35,442 thousand (31.12.2022: EUR 39,738 thousand), and the corresponding income tax would have amounted to EUR 8,860 thousand (31.12.2022: EUR 9,934 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 is not allowed to use client funds in its business operations, they can be utilised only if specific circumstances prescribed by the contracts are met, and as stated in the terms and conditions of the contracts with the clients these assets are not part of Admirals's own assets. Furthermore, although these accounts are opened under Admirals Group name, the deposits and assets of the client would be regarded as not being the assets of Admirals Group in case of an event of bankruptcy, they would be legally isolated. Although the Group bears credit risk related to these assets, it assesses this risk as marginal as Admirals uses strong counterparties for maintenance of these funds. Taking all these arguments into account the Group assessed that these assets do not meet the criteria for asset recognition from Conceptual Framework, and accounts for them off-balance sheet.

Off-balance sheet assets (in thousands of euros)	**31.12.2023**	**31.12.2022**
Bank accounts	65,640	66,987
Stock/shares	29,402	18,836
Crypto currencies	217	0
Cash in transit	3,750	136
Total	**99,009**	**85,959**

Note 19.
Share capital

(in thousands of euros)	31.12.2023	31.12.2022
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	-3.95	9.87

As at 31.12.2023, 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.
There are no diluting instruments and thus diluted earnings per share is the same as basic earnings per share.

Basic earnings per share are calculated as follows:

	31.12.2023	31.12.2022
Profit attributable to the equity holders of the Company	-9,725	24,281
Weighted average number of ordinary shares (pc)	2,500,000	2,500,000
Own shares (pc)	38,750	38,750
Weighted average number of shares used for calculating the earnings per shares (pc)	2,461,250	2,461,250
Basic earnings per share	-3.95	9.87

In 2023 Admirals Group AS subsidiary Admiral Markets AS paid dividends to parent company EUR 2,619 thousand (2022: Admirals Group AS subsidiary Admiral Markets AS did not paid dividends to parent company). In 2023, Admirals Group AS pay in turn dividends to its owners EUR 2,578 thousand (2022: Admirals Group AS did not pay in turn dividends to its owners).

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:

	2023	2022	Change
EU	82%	87%	-5
Incl. Germany	*27%*	*26%*	*1*
Incl. France	*13%*	*11%*	*2*
UK	4%	3%	1
Australia	1%	1%	0
Other	13%	9%	4

(in thousands of euros)	2023	2022	Change
EU	37,946	61,469	-38%
Incl. Germany	*10,207*	*15,982*	*-36%*
Incl. France	*4,974*	*6,762*	*-26%*
UK	1,851	2,120	-13%
Australia	463	707	-35%
Other	6,016	6,358	-5%
Total	**46,276**	**70,654**	**-35%**

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, Admirals Europe Ltd (previous business name Admiral Markets Cyprus Ltd), Admiral Markets AS/Jordan and Admirals SC Ltd. The table below also includes intercompany eliminations.

The breakdown of gross trading revenue as per the asset class is disclosed in Note 21.

Since 2023 the other company information include: AMTS Solutions OÜ, Admirals Nordic OÜ (previous business name Gateway2am OÜ), AM Asia Operations Sdn. Bhd, Admiral Markets Canada Ltd, Admiral Markets Cyprus sp. z o.o. Oddział w Polsce, Admiral Markets Cyprus - Bulgaria Branch, Admiral Markets Cyprus Ltd Nicosia Sucursala Bucuresti, Admiral Markets España Sl., Admiral Markets Europe GmbH, Admiral Markets France SAS, Admirals SA (Pty) Ltd, Runa Ukraine LLC, PT Admirals Invest Indonesia LLC, Admirals Digital Ltd, Moneyzen OÜ, Moneyzen Collateral Agent OÜ, Admirals KE Ltd Ltd, Runa Systems LLC, Admirals Financial Services India Private Ltd, Admirals Liquidity Ltd and Admirals MENA Ltd.

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

2023 **(in thousands of euros)**	**Admirals Group AS**	**Admiral Markets AS**	**Admiral Markets UK**	**Admirals AU PTY**	**Admirals Europe**	**Admiral Markets AS (Jordan)**	**Admiral Markets SC Ltd**	**Other**	**Elimi-nation**	**Total**
Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	0	41,777	-480	-252	0	0	5,231	0	0	46,276
Commission and fee revenue from clients and brokerage fee according to WL agreement (incl. intersegment):	0	2,007	18,718	14,901	8,764	5,104	-156	420	-49,980	-222
Incl. Commission fee revenue from clients	*0*	*1,667*	*0*	*115*	*18*	*0*	*251*	*83*	*0*	*2,134*
Incl. Other trading activity related income (intersegment)	*0*	*0*	*18,844*	*15,115*	*8,950*	*5,183*	*1,478*	*410*	*-49,980*	*0*
Incl. Other trading activity related income (external)	*0*	*340*	*0*	*0*	*26*	*0*	*37*	*9*	*0*	*412*
Incl. Other trading activity related expenses	*0*	*0*	*-126*	*-329*	*-230*	*-79*	*-1,922*	*-82*	*0*	*-2,768*
Brokerage and commission fee expense (incl. intersegment)	0	-34,656	-10,014	-6,913	-835	-1,102	-1,689	-28	50,119	-5,118
Net trading income	**0**	**9,128**	**8,224**	**7,736**	**7,929**	**4,002**	**3,386**	**392**	**139**	**40,936**
Other income/expenses, Financial income/loss (excl. interest income/expenses)	3,164	736	-236	173	-176	-343	1,333	5,310	-10,328	-367
Operating expenses inc personnel expenses	-455	-16,802	-7,904	-7,535	-7,786	-2,982	-4,647	-6,621	7,626	-47,106
EBITDA	**2,709**	**-6,938**	**84**	**374**	**-33**	**677**	**72**	**-919**	**-2,563**	**-6,537**
Depreciation of tangible and intangible assets, right- of-use assets	0	-1,744	-161	-50	-45	-684	-96	-272	-95	-3,147
Interest income/expenses	-425	1,031	192	-254	90	1	0	-46	-14	575
Profit/Loss Before Tax	**2,284**	**-7,651**	**115**	**70**	**12**	**-6**	**-24**	**-1,237**	**-2,672**	**-9,109**
Total Assets	**19,298**	**75,190**	**50,267**	**18,402**	**66,261**	**16,454**	**8,035**	**7,151**	**-179,090**	**81,968**
Incl. own cash and debt securities	459	22,812	25,462	11,441	49,521	11,680	5,606	5,763	-69,390	63,354
Total Liabilities	**15,340**	**5,050**	**12,407**	**12,314**	**12,250**	**1,572**	**3,130**	**4,791**	**-55,315**	**11,539**
Off-balance sheet client equity	0	255	27,068	2,156	52,581	11,733	4,705	511	0	99,009

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.

For 2022 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, 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, Admirals Nordic 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.

2022 (in thousands of euros)	**Admirals Group AS**	**Admiral Markets AS**	**Admiral Markets UK**	**Admirals AU PTY**	**Admirals Europe**	**Admiral Markets AS (Jordan)**	**Other**	**Elimi-nation**	**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 (incl. intersegment)	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 (intersegment)	*0*	*0*	*11,488*	*16,873*	*6,150*	*5,498*	*0*	*-40,009*	*0*
Incl. Other trading activity related income (external)	*0*	*752*	*4*	*0*	*27*	*0*	*56*	*0*	*839*
Incl. Other trading activity related expenses	*0*	*0*	*-207*	*-3*	*-103*	*-717*	*-32*	*0*	*-1,062*
Brokerage and commission fee expense (incl. intersegment)	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
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

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

(in thousands of euros)	2023	2022
Indices CFD's	18,973	31,814
Currency CFD	15,271	21,251
Commodities CFD's	11,569	12,167
Other (crypto, bonds, ETF, shares, others)	463	5,422
Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	**46,276**	**70,654**
Commission fee revenue from clients	2,134	2,017
Brokerage and commission fee expense	-5,118	-3,472
Other trading activity related income	412	839
Other trading activity related expenses	-2,768	-1,062
Net income from trading	**40,936**	**68,976**

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 first per calendar month withdrawals are free for clients within all our OCs, however starting from the second withdrawal the fees are applied. The fees are depending on the operational company and vary from method to method.

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

2023 (in thousands of euros)	Point in time	Over period	Out of scope of IFRS 15	Total
Software development and support	0	469	0	**469**
Other income	0	13	259	**272**
Total	**0**	**482**	**259**	**741**

2022 (in thousands of euros)	Point in time	Over period	Out of scope of IFRS 15	Total
Software development and support	0	810	0	**810**
Other income	1,060	190	298	**1,548**
Total	**1,060**	**1,000**	**298**	**2,358**

The Group provided software development and support service to third parties amounted to EUR 469 thousand (2022: EUR 810 thousand).

Profit from the sale of the subsidiary Runa Systems UPE in the amount of 267 thousand euros is recorded under other income for 2022 (Note 28).

Note 23.
Other expenses

(in thousands of euros)	2023	2022
Cost of goods and services	-62	-161
Other expense	-123	-617
Other expense total	**-185**	**-778**

Note 24.
Personnel expenses

The remuneration for employees including social security taxes amounted to EUR 15,231 thousand (2022: EUR 12,969 thousand) and the remuneration for the management amounted to EUR 608 thousand (2022: EUR 1,062 thousand).

(in thousands of euros)	2023	2022
Employees (headquarters of Admiral Markets AS)	-4,274	-4,410
Employees (branches and other companies belonging to the consolidation group)	-10,355	-7,500
Remuneration of the Management Board and Supervisory Board	-608	-1,062
Vacation pay reserve	37	21
Pension contribution	-31	-18
Total	**-15,231**	**-12,969**

The Group had 290 employees by the end of 2023 (2022: 294 employees).

Note 25.
Operating expenses

Type of expense (in thousands of euros)	2023	2022
Marketing expenses	-13,133	-12,136
IT expenses	-6,288	-7,193
Other outsourced services	-3,524	-295
VAT expenses	-481	-987
Rent of low-value leases and utility expenses	-655	-612
Legal and audit services	-3,432	-3,149
Regulative reporting services	-714	-652
Transport and communication costs	-416	-252
Travelling expenses	-365	-394
Other operating expenses	-1,929	-2,198
Small tools	-236	-126
Bank charges	-425	-583
Benefits for employees	-277	-269
Total operating expenses	**-31,875**	**-28,846**

Audit fees in operating expenses (in thousands of euros)	2023	2022
Audit services by PwC network firms	-179	-154
Audit services by others audit companies	-142	-132
Other services for annual reports	-9	-10
Total audit fees in operating expenses	**-330**	**-296**

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 2023 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.

The Group has signed contracts with the members of the Management Board, which do not provide for severance benefits upon termination of the contract.

Revenue

(in thousands of euros)		2023	2022
Sale of goods*	Key management and companies related to them	111	0
Interest income	Key management and companies related to them	3	5
Total transactions with related parties		**114**	**5**

*DVF Group OÜ

Expenses

(in thousands of euros)		2023	2022
Services	Key management and companies related to them	809	364
Trading activity	Key management and companies related to them	879	521
Total transactions with related parties		**1,688**	**885**

(in thousands of euros)	31.12.2023	31.12.2022
Loans to key management and companies related to them	31	102
Receivables from key management and companies related to them	9	37
Total receivables from related parties	**40**	**139**

Payables

(in thousands of euros)	2023	2022
Payables to key management and companies related to them	1,719	1,226
Total receivables from related parties	**1,719**	**1,226**

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured.

(in thousands of euros)

Loans granted:	31.12.2023	31.12.2022	Interest rate	Interest receivable 31.12.2023	Interest receivable 31.12.2022	Due date	Currency
Loan 1	0	55	2%	0	1	04.2024	EUR
Loan 2	31	47	8%	0	3	07.2026	EUR
Total	**31**	**102**			**4**		

Termless consultancy agreements are related to services in key management and the companies associated with them.

The payments made to the management (gross) were EUR 608 thousand and EUR 1,062 thousand respectively in 2023 and 2022. 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

In 2023, three subsidiaries of the Admirals Group were established	Country
Admirals Financial Services India Private Ltd	India
Admirals Liquidity Ltd	Ireland
Admirals MENA Ltd	UAE

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 (2022: 62%), which offers IT services to the Group.

The sale of subsidiary Runa Systems UPE is, in year 2022, recorded under other income (note 22).

The following assets and liabilities and the purchase price were recorded at the time of acquisition (2022) of the subsidiary Admirals SC Ltd:

Admirals SC Ltd (in thousands of euros)	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 (in thousands of euros)	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**

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)	31.12.2023	31.12.2022
Assets		
Due from credit institutions	460	1,349
Loans and receivables	1,356	1,442
Investments in subsidiaries	17,451	16,694
Other assets	31	45
Total assets	**19,298**	**19,530**
Liabilities		
Liabilities and accruals	12,592	12,536
Subordinated debt securities	2,748	2,742
Total liabilities	**15,340**	**15,278**
Equity		
Share capital	250	250
Statutory reserve capital	25	25
Own shares	-315	-315
Retained earnings	3,998	4,292
Total equity	**3,958**	**4,252**
Total liabilities and equity	**19,298**	**19,530**

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

(in thousands of euros)	2023	2022
Total revenue	**578**	**606**
Other income	0	1,015
Operating expenses	-586	-383
Personnel expenses	0	-25
Total expenses	**-586**	**-408**
Operating profit	**-8**	**1,213**
Net profit (loss) from foreign exchange rate changes	-5	4
Financial income	2,828	1
Financial expenses	-102	-615
Interest expenses	-429	-347
Profit before income tax	**2,284**	**256**
Income tax	0	0
Profit for the accounting period	**2,284**	**256**
Comprehensive income for the accounting period	**2,284**	**256**

Statement of cash flows of the parent company

(in thousands of euros)	2023	2022
Cash flow from operating activities		
Profit for the accounting period	2,284	256
Adjustments for:		
Interest expenses	429	347
Net profit (loss) from foreign exchange rate changes	5	-3
Other financial income and expenses	-2,726	614
Adjusted operating profit	**-8**	**1,214**
Change in receivables and prepayments relating to operating activities	93	-1,137
Change in payables and prepayments relating to operating activities	-441	33
Interest received	4	0
Interest paid	-429	-303
Net cash used in operating activities	**-781**	**-193**
Cash flow from investing activities		
Increase of share capital of subsidiary	-150	-4,900
Dividends received	2,619	0
Net cash used in / from investing activities	**2,469**	**-4,900**
Cash flow from financing activities		
Dividends paid	-2,578	0
Received loan	0	5,000
Paid for repurchase of own shares	0	-210
Net cash from financing activities	**-2,578**	**4,790**
TOTAL CASH FLOWS	**-890**	**-303**
Cash and cash equivalents at the beginning of the period	**1,349**	**1,652**
Change in cash and equivalents	-890	-303
Cash and cash equivalents at the end of period	**459**	**1,349**

Statement of changes in shareholders’ equity

(in thousands of euros)	Share capital	Own shares (-)	Statutory reserve capital	Retained earnings	Total
Balance as at 31.12.2021	**250**	**-105**	**25**	**3,826**	**3,996**
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**
Paid dividends	0	0	0	-2,578	-2,578
Comprehensive income for the accounting period	0	0	0	2,284	2,284
Balance as at 31.12.2023	**250**	**-315**	**25**	**3,998**	**3,958**

Adjusted unconsolidated equity					
Carrying amount of holdings under control and significant influence	0	0	0	-17,451	-17,451
Value of holdings under control and significant influence under equity method	0	0	0	84,729	84,729
Adjusted unconsolidated equity as at 31.12.2023	**250**	**-315**	**25**	**71,276**	**71,236**

Adjusted unconsolidated equity is the maximum amount that can be distributed to shareholders according to Estonian legislation.

Signatures of the Management Board members to the 2023 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 2023.

The Management Board confirms that Management Report of Admirals Group AS on pages 8 to 56 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 57 to 132 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 adopted by the European Union and contains description of the main risks and doubts.

30.04.2024

Chairman of the Management Board:
Alexander Tsikhilov

Member of the Management Board:
Andrey Koks

Member of the Management Board:
Anton Tikhomirov

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 2023, 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 30 April 2024.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- 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, comprising material accounting policy information 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.

The non-audit services that we have provided to the Company and its subsidiaries in the period from 1 January 2023 to 31 December 2023 are disclosed in the Management report and note 25 to the consolidated financial statements.

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

Translation note:

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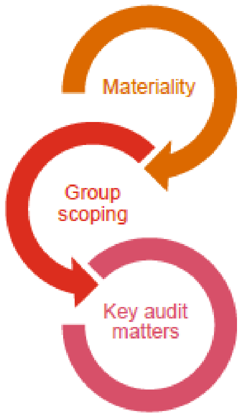
Our audit approach

Overview



- Overall Group audit materiality is EUR 690 thousand, which represents approximately 5% of the Group's average profit before tax for years 2020 to 2023.

- A full scope audit was performed by us, or under our instructions, by firms outside the PwC network for Group entities covering 100% of the Group's net income from trading and 98% 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.

Overall Group audit materiality	EUR 690 thousand
How we determined it	5% of the Group's average profit before tax for years 2020 to 2023
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 4 years' average of profit before tax as the Group's results are volatile by nature and 4 years' average better reflects Group's operating volumes.

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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 "Material accounting policy information 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 use of information systems, which is why we have identified it as a key audit matter.	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-balance sheet bank account balances are accurate; • we reconciled the net gain 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.

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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 100% of the Group's net income from trading and 98% 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 the 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 2023, Management report, Proposal for loss distribution and Allocation of income according to EMTA classificatory (but does not include the consolidated financial statements and our auditor's report thereon).

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.

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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.

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.

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- 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.

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.

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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 2023 (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.

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).

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Quality management requirements and professional ethics

We apply International Standard on Quality Management (Estonia) 1 (revised), which requires the firm to design, implement and operate a system of quality management including policies or 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.

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.

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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 years, representing the total period of our uninterrupted engagement appointment for Admirals Group AS, as a public interest entity, of 3 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

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

30 April 2024
Tallinn, Estonia

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Proposal for loss distribution

The Management Board of Admirals Group AS proposes to the General Meeting of Shareholders to distribute the loss of financial year 2023 as follows:

- transfer the loss for the reporting period attributable to shareholders of the parent
in the amount of 9,746 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.

30.04.2024

Chairman of the Supervisory Board:
Anatolii Mikhalchenko

Member of the Supervisory Board:
Dmitri Lauš

Member of the Supervisory Board:
Priit Rohumaa

Member of the Supervisory Board:
Eduard Kelvet

Member of the Supervisory Board:
Olga Senjuškina

Allocation of income according to EMTA classificatory

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

(in thousands of euros)

EMTAK code	Title of EMTAK group	2023	2022
64201	Holding company's activities	576	1,621

Markets go
up and down.
We are going
forward.