2021
Annual Report

Admiral Markets AS

(Translation of the Estonian original)

admirals ADMIRAL MARKETS

Admiral Markets AS

Annual Report 2021

Commercial Registry no.	10932555
Address	Maakri 19/1, Tallinn, 10145
Telephone	+372 6 309 300
E-mail	info@admiralmarkets.com
Main area of activity	Investment services
Activity licence no	4.1-1/46
Beginning and end date of financial year	01. January – 31. December
Chairman of the Management Board	Sergei Bogatenkov
Members of the Management Board	Jens Chrzanowski Andrey Koks
Chairman of the Supervisory Board	Alexander Tsikhilov
Members of the Supervisory Board	Anton Tikhomirov Anatolii Mikhalchenko Dmitri Laush
Auditor	PricewaterhouseCoopers AS

Translation of the company’s annual report in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange and digitally signed.
Link: https://www.nasdaqbaltic.com/statistics/en/instrument/EE3300111251/reports

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Highlights 2021

- Net trading income was 20.5 million EUR (2020: 47.1mln EUR and 2019: 23.2mln EUR)
- EBITDA[1] was 1.0 million EUR (2020: 21.6mln EUR and 2019: 5.8mln EUR)
- EBITDA margin was 5% (2020: 46% and 2019: 25%)
- Net profit was 0.9 million EUR (2020: 20.3mln EUR and 2019: 4.6mln EUR)
- Net profit margin was 4% (2020: 43% and 2019: 20%)
- Cost to income ratio was 109% (2020: 56% and 2019: 83%)
- Value of trades in Group went down 16% to 842 billion EUR comparing to year 2020 and up 43% compared to year 2019 (2020: 988bln EUR and 2019: 590bln EUR)
- Number of trades in Group went down 22% to 52.1 million comparing to year 2020 and up 64% compared to year 2019 (2020: 66.9mln and 2019: 31.8mln)
- Number of active clients[2] in Group up 2% to 49,080 clients comparing to year 2020 and up 103% compared to year 2019 (2020: 48,341 and 2019: 24,148 active clients)
- Number of active accounts[3] in Group up 1% to 63,231 accounts compared to year 2020 and up 107% compared to year 2019 (2020: 62,854 and 2019: 30,523 active accounts)
- Number of new applications in Group up 32% to 123,714 applications compared to year 2020 and up 283% compared to year 2019 (2020: 93,703 and 2019: 32,262 new applications)

We've all seen how COVID-19 has shaken up the markets. The first half of 2020 was unique in terms of high market volatility, which made for a strong start for the trading year. Year 2021 brought low volatility on the financial and commodity markets, which translated into a decline in revenue and profitability. Along with the lower volatility, the transaction activity of clients also decreased, but not significantly compared with the same period in 2020, and still impressively higher than in the 2019.

Below are key financial ratios 2021 vs 2019, which show Groups achievements with comparable market volatility, without Covid-19 influence on markets:

↑103%
Active clients[2] increased

↑107%
Active accounts[3] increased

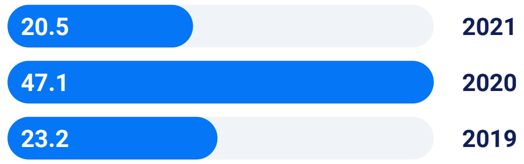
↑283%
New applications increased

↑43%
Value of trades increased

↑64%
Number of trades increased

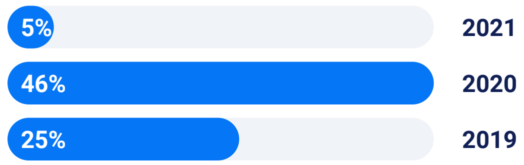
↑7%
Group net trading revenue increased

Net trading income EUR 20.5m



EBITDA[1] EUR 1.0m

EBITDA margin 5%

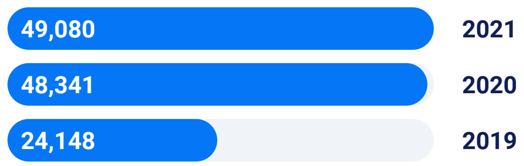


Net profit EUR 0.9m

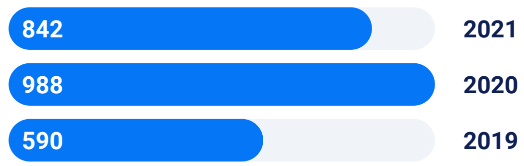
Net profit margin 4%

Cost to income ratio 109%

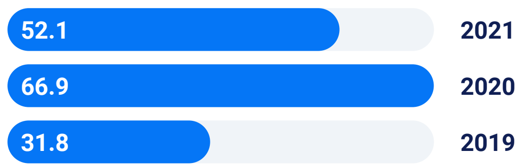
Active clients[2] 49,080



Value of trades EUR 842bn



Number of trades 52.1m



[1] Earnings before interest, taxes, depreciation and amortization
[2] Active clients represent clients who traded at least once in the respective of year
[3] Active accounts represent accounts via which at least one trade has been concluded in the respective of year

admirals

We are in the midst of a remarkable expansion.

Sergei Bogatenkov
Chairman of the Management Board
Chief Executive Officer

To the investors of Admirals

Dear investors,

In March 2021, we celebrated the company's 20th anniversary. During our journey towards becoming a financial hub, we have witnessed overwhelming success, turbulent times, unique performance, and most importantly – the importance of a vision, long-term goal, and plan, combined with continued investment in R&D, which allows us to become the desired and premium partner on one's journey to financial freedom.

Over the past two decades, we have revolutionized trading and investing, enabling millions of satisfied individuals to structure and manage portfolios in a safe, secure, and simplified way. Today, we stand for an innovative and streamlined personal finance experience. We are in the midst of a remarkable expansion. We will continue introducing a broader range of products and services to make personal finance even more transparent and accessible.

Our Estonian-origin and home office has always been the core value of our business. Today, it comes as a significant recognition that Admirals is the second most successful company in Estonia according to Äripäev. In a country known for its unique and world-changing start-ups and enterprises which have taken the reputation of e-Estonia to the very far corners of the world, it is an absolute honour to be awarded such a title.

Admirals' long-term goal is to provide financial freedom to 10 million people by 2030. This is a strategic benchmark for the company and our fantastic team.

This means that we will continue to disrupt the financial world and demolish the boundaries that are keeping people from entering global financial markets. Admirals is a trend-setter that enables not only professionals, but people yet beginning their journey in trading, investing or peer-to-peer lending to move closer to achieving their financial freedom.

Our strategic vision for 2030 navigates our continued IT development, infrastructure advancement, expansion in new regions around the world, and completing our Admirals team with hard-working, ambitious, and outstanding people. Today, we are proud Admirals who have set the course towards becoming a financial hub on a global scale.

Europe is standing strong, despite the turbulent few years. The success we have witnessed in Europe is supporting our ambition to expand in Asia, Africa and North America.

2020 changed the world forever. It brought record volumes to trading and investing. A year later, the success stands.

2021 saw an excellent kick-off for the results we are aiming to achieve in the following years. Our Group's revenue was 37 million euros.

The second half of 2021 brought excellent business results. We have kept our expenses at the same level as in 2020, while making significant investments into IT and infrastructure. We introduced a wide range of new services and products to our portfolio, keeping pace with the customer interest with crypto, paving the way for our 2030 vision.

In terms of new client applications, 2021 was the most successful year in the history of Admirals. In 2020, we had 93,703 client applications, which increased to 123,714 in 2021. It is not a short-term success, but continued progress supported by the common goals of our team.

One of the biggest success stories for Admirals this year has been the further development of our app that enables people to enter the world of finance. As a disruptor of the FinTech world, we introduce solutions to enable premium and easy access to financial markets. To everybody, everywhere, and anytime. Our renewed app is one of the symbols of such ambition.

We, at Admirals believe that the best motivation and instructor for a person is his friend. This is the reason we launched Refer a Friend Program. In 2021, we introduced Social Trading features, enabling beginners and people not yet so skilled in the trading and investing world.

Peer-to-peer lending has boosted at a pace that exceeds our expectations. More and more people are entering the financial world and peer-to-peer lending provides an excellent and transparent option to make first steps in it.

We have always championed education as a long-time contributor to the scholarship system of TalTech University. This year, we also became one of the key partners of IT school "kood/Jõhvi", which is taking coding education to the next level.

Education, IT development, and the support of young people in their studies is a fundamental matter to us. Financial literacy is one of the cornerstones of our long-term mission and vision. That's why we find it supreme to support the initiatives of organizations advocating those standpoints.

Being the biggest partner of Eesti Kontsert enables us to support Estonian culture during a time when culture and music have been hit the hardest.

We must be aware of the changes happening if the world's climate. In 2021 we established the new beginning for our ESG-related actions. Admirals been certified as a fully carbon-neutral company by ClimatePartner since 2020.

Admirals is constantly expanding its global team, bringing together different cultures and people. Today, we are present in 18 countries with our global offices. This year, we welcomed a new Chief HR Officer and Chief Marketing Officer to Admirals who have brought new knowledge, previous experience and the desire to change the world of FinTech together with us.

I am forever grateful for our team. These are not just words, but a sincere and gratified understanding of the people standing behind Admirals' success.

I am forever grateful for our clients and investors. I am certain that this is only the beginning. We have a plan, tools, and incredible people supporting our ambitious goals for the upcoming years.

Sergei Bogatenkov
Chairman of the Management Board

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

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

Management report

Our company and business

Admiral Markets AS was founded in 2003. In 2009, the Estonian Financial Supervisory Authority granted Admiral Markets AS the activity licence no. 4.1-1/46 for the provision of investment services. The Company is part of an international group (hereinafter "Group") which operates under a joint trademark – Admirals. Admirals Group AS (previous business name Admiral Markets Group AS), the parent company of Admiral Markets AS, owns 100% of the shares of Admiral Markets AS.

The main activity of Admiral Markets AS is the provision of trading and investment services (mainly leveraged and derivative products) to retail, professional and institutional clients. Customers are offered leveraged Contract for Difference (CFD) products in the over-the-counter market, including Forex, indices, commodities, digital currencies, stocks and ETFs, as well as listed instruments.

The Company's activities have mostly targeted experienced traders, but since this year we have also strengthened our position in the beginner's segment. Therefore, the Company focuses on the improvement of the general trading skills of experienced traders and the training of new enthusiasts as well.

In addition to the provision of other support services, under White Label agreements, Admiral Markets AS, being the administrator and developer of the platform, provides all sister companies that are part of the same consolidation group the possibility of using the investment platform.

In line with the Group's strategy, the sister investment companies of Admiral Markets AS hedge the risks arising from their customers' transactions in Admiral Markets AS, which is also their main liquidity partner. Due to this, the results of Admiral Markets AS depend on other companies in the Group. In addition to the services offered to retail, professional and institutional customers, Admiral Markets AS also acts as a provider of support services for its consolidation group companies, being responsible for all key middle and back-office functions: administration and development of IT platforms, risk management, liquidity provision, marketing, financial services, compliance.

The licensed investment companies that are a part of the same consolidation group as Admiral Markets AS are Admiral Markets UK Ltd, Admiral Markets Pty Ltd, Admiral Markets Cyprus Ltd, Admiral Markets AS/Jordan LLC and Admirals SA (PTY) Ltd. Admiral Markets AS has a license granted by the Estonian Financial Supervisory Authority.

Since Admiral Markets AS and other licensed investment companies that are part of the same consolidation group use the same joint trademark, the reputation of the trademark of Admirals has a major direct impact on the financial indicators as well as the business success of Admiral Markets AS.

Admiral Markets AS has subsidiaries in Canada and Jordan. The branch in Poland and the representative office in the Russian Federation were closed in connection with shaping the strategy of Admiral Markets AS' parent company Admirals Group AS for the coming years. As the branch and representative office were not engaged in providing investment services nor had clients, the closing didn't have a significant impact on Admiral Markets AS' business or financial results.

Other companies that are part of the same consolidation group as Admiral Markets AS at the time of publishing this report are Runa Systems PUE, AMTS Solution OÜ, AM Asia Operations Sdn. Bhd., PT Admirals Invest Indonesia LLC, Admiral Markets Canada Ltd, Gateway2am OÜ, Admiral Markets Europe GmbH, Admiral Markets France (Société par actions simplifiée), Admiral Markets Espana SL., Runa Ukraine LLC, Admirals Digital Limited, Moneyzen OÜ and Moneyzen Collateral Agent OÜ.

Admirals Group AS structure

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

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

Trading platforms and access to financial markets

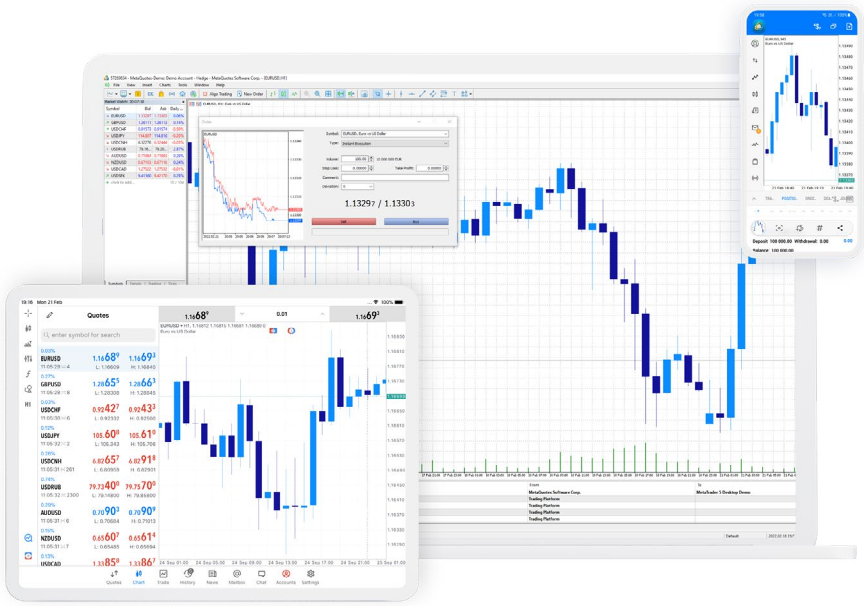
Our trading infrastructure enables optimised low-latency access to the world's largest multi-asset class electronic trading ecosystem. Trading servers are located in one of the most prominent data centres and Internet exchange points for international financial services providers – Equinix London LD4. 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 ensure 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 well over 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 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. While, for the more sophisticated and active trader, we now offer StereoTrader, a Metatrader trading panel that has a number of 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 as well as listed instruments. Our clients can choose between a wide range of trading instruments.

We offer around 3,700 over-the-counter products, including Forex and CFDs on stocks, bonds, indices, cryptocurrencies, agricultural products, precious metals and energies; and over 4,400 listed instruments, including over 4,000 stocks and over 400 exchange-traded funds on Invest.MT5 accounts.

Thus far, the focus of our product has been offering great options for active (short-term) trading. This is still our core and DNA. But, in addition, classic investment opportunities like long-term stock or ETF investing have been, and continue to be, developed even further. Our driving force is all kinds of trading and investment products and offering the best education in these areas.

Our products and services

Our dedication to providing access to the wide range of global financial markets through our own highly functional software and quality assurance means that our clients receive the best and most transparent trading experience.

Admirals' vision and mission is to bring people together into one powerful financial hub.

As a global player, we develop our IT solutions in-house, combining the IT and financial worlds. The Company highly values financial education, and over the past 20 years, we have addressed hundreds of thousands of people to financial literacy.

Our goal is to reach new clients through innovation.

Anton Tikhomirov
Member of the Supervisory Board

Our clients

The quality of a product or service weighs heavily on client satisfaction. That is the reason why we truly pay diligence to the quality of our customer service.

Since the establishment of the Company, Admirals has targeted experienced clients and professionals. We have expanded our scope to also focus on the beginner segment, and people who are at the very beginning of their journey in financial markets. By being a financial hub, the Company provides all necessary tools for a person to make his first investment, trade, or act regarding finances. We focus on the improvement of their general trading skills and the training of new enthusiasts.

We continuously provided live webinars to our clients. Here, we not only speak about the ABCs of trading, but also offer our clients the opportunity to freely and without risk explore trading possibilities with trading instruments via free demo accounts. Moreover, for many clients we are and remain their only trading provider, as the Company supports a wide range of different trading-related services sufficient even for the most demanding client.

Our goal is to widen our client base and reach new customers. In 2020 we launched a new Mobile App, which enables easy access to financial markets. In 2021, we made even more changes and developments in the app, thus offering absolute premium user experience. We have further developed products and services, such as Copy Trading or a Refer a Friend program, in order to expand our client base and offer personalised access to the financial markets. Never before has trading on-the-go been so convenient. These actions and strategy are derived from the 2030 vision – to provide financial freedom to 10 million people.

Our people

The focus in 2021 was to support our employees through the COVID-19 pandemic, with an effort to support our employees physical and mental health in remote work situations.

In early 2021, in addition to our global virtual health week, we offered lectures on how to increase positive emotions, health awareness and resilience in the home office and what can be done with no extra equipment to keep yourself active with solutions like chair yoga and posture training.

Our managers were offered workshops on mental fitness as a self-leadership priority, and team health as a leadership priority. In the second half of 2021, we introduced a hybrid workspace to our employees. This initiative complemented activities that were related to our careful monitoring of the situation with pandemic within our offices of operations, as well as supporting activities related to COVID-19 and flu vaccinations.

We have made an effort to act on our employees' feedback that we have collected in our annual Engagement Survey through the CultureAmp platform. The focus has been on leadership quality, management culture and routines, along with feedback and recognition and we are proud to say that all the measured factors have been improved.

In second half of 2021 we continued providing our people managers with education that included leadership sessions.

In 2021, the company had 105 employees (2020: 141 employees).

Developing our people

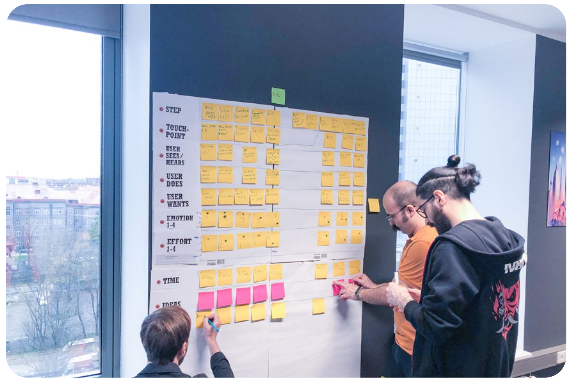
The Company continued soft skills training with the focus on communications skills and financial training to complement the knowledge of markets and instruments for all Admirals employees.

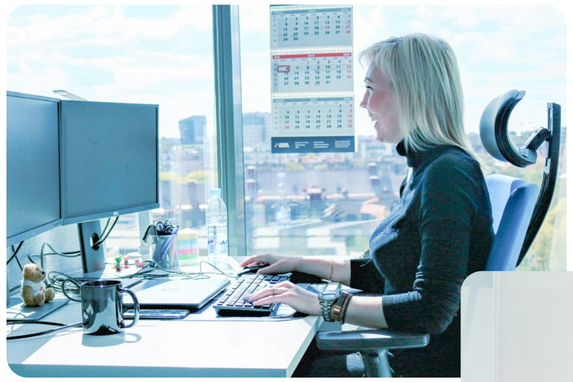
For a better virtual onboarding experience, interactive e-training for new hires was implemented through our training platform called Coursy. The automation of onboarding processes through Bamboo HRIS was also enhanced in 2021, resulting in smoother and more professional introductions of the company to our newcomers.

In 2021, the HR team focused on enhancing the company culture and its alignment with Admirals HR processes. To this end, Admirals' competencies were introduced and embedded into our recruitment process to ensure our focus on finding the best talents to become great assets for our teams.

We also continued improving automation within Workable ATS to streamline and ease the recruitment process for hiring managers and make it more convenient for all process participants.

The two departments communicating with customers – the sales department and the customer service department – held separate three-month training, which further strengthened the high level of knowledge among the Company's employees. Additionally in the Customer Service Department, a Service 2.0 program was introduced, the aim of which is to ensure a proactive attitude on the part of service agents, to identify customer issues and to resolve situations as quickly and efficiently as possible.





Key events in 2021

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

Doing Good & Corporate Social Responsibility

2021 saw much uncertainty for people and businesses all around the world. It affected millions of people involved in culture, tourism, logistics and endlessly more. Difficult times raise the need to give back to society more than ever, as the spirit of togetherness shapes the way forward.

Admirals has always emphasized the importance of sharing our success with organizations and people who stand for the higher values of society. For years, we have been involved in various charity and sponsorship initiatives.

We are very honoured to stand behind Eesti Kontsert as their main sponsor, contributing to the benefit of Estonian culture and more specifically, music. Music contributes to the well-being of mental health and we hope that people find music as one of the tools to stay strong and manage the difficulties the pandemic has brought.

In autumn 2021, a new coding school was launched in Estonia, Jõhvi, named kood.tech. Admirals is one of the key sponsors of the school, helping to take IT education and programming to the next level, thus contributing to the continuous high-end expertise of the field. The coding school enables people with no previous knowledge of IT to start studies of programming.

kood/Jõhvi

In 2021, we turned much attention to supporting the initiatives where youth can learn innovation and entrepreneur knowledge and skills. We cooperated with Junior Achievement, Vivita, Estonian Research Council, Starter, and Negavatt programs.

In some named cooperations, the CEO of Admirals participated also as an advisor to youth while sharing the financial and overall business perspectives needed while leading a company.

Awards

Over 20 years of operation, Admirals has always been known for its market leadership in quality. 2021 has new brought awards and recognition to the Company, proving our continuous ambition to lead the market in terms of quality, outstanding customer service, and best technological tools.

- In Spain, the following awards were attributed to Admirals by TuTrader: "Best Broker in 2021 - Admirals", "Best Financial Education in 2021 - Admirals" and "Best Financial Analyst in 2021 – Juan Cadinanos". We continued the year in Spain successfully, receiving the "Best Broker in 2021 - Admirals" and "Best Customer Support in Spain" from Traders.
- "Focus Money" print magazine rewarded the company as the "Fairest/Best Price-Value Ratio of German CFD Brokers 2021."
- According to Brokervergleich.de Admirals received rank 3 of "Forex-Broker 2021" and First Place of the category "Best CFD-Broker 2021".
- The year began with celebrations as Deutsches Kundeninstitut awarded Admiral Markets AS with the title "BEST CFD Broker" 2021.
- In Germany, Admirals received 1st place from BrokerWahl in the "CFD Broker of the Year 2021" category.
- Handelsblatt declared the Company in Germany as the best financial service provider, 1st rank in category CFD was obtained.
- In Chile, we celebrated the title of Best Forex Broker 2021, issued by Rankia.
- Admirals was awarded as the second most successful company in Estonia by Äripäev

Spain

Tutrader
Best Broker in 2021 - Admirals

Tutrader
Best Financial Education in 2021 - Admirals

Tutrader
Best Financial Analyst in 2021 - Juan Cadinanos

TRADERS'
Best Broker in 2021 - Admirals

TRADERS'
Best Customer Support in Spain

Germany

"Focus Money" print magazine
Fairest/Best Price-Value Ratio of German CFD Brokers 2021

Brokervergleich.de
Rank 3 of "Forex-Broker 2021"
Rank 1, First Place of "Best CFD-Broker 2021

Deutsches Kundeninstitut
"BEST CFD Broker" 2021

BrokerWahl
CFD Broker of the Year 2021 - 1st Place

Handelsblatt
Germanys BEST Financial Service Provider, 1st Rank in category CFD: Admirals

Chile

Rankia
Best Forex Broker 2021

Estonia

Rank 2 of **Estonian most successful companies 2021 by Äripäev**

> In order to have a green and sustainable world, we must act together.

2021 Overview

2021 was another significant year for the Company 2030 vision to provide financial freedom to 10 million people. The year exemplified outstanding product and IT developments and large-scale investments into technology and infrastructure, all while focusing on ESG-related activities and our talented global team.

2021 saw Admirals continuing its global expansion, further establishing itself in new regions, and contributing to the digital maturity and strategy implementation of the Company.

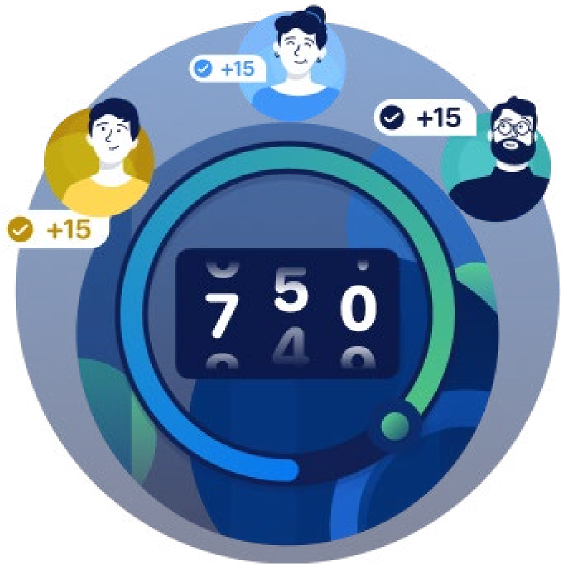
Expanded offer for crypto CFDs

Another one of the keystones of 2021 was crypto. Admirals expanded its crypto offer, adding many new instruments to our portfolio.

Refer a Friend program

In 2021 Admirals announced the launch of the Refer a Friend program for Invest.MT5 account.

Investing, like most things, is better with friends. So, for each friend a client invites to join Admirals, both receive start-up capital for stock trading as a reward.



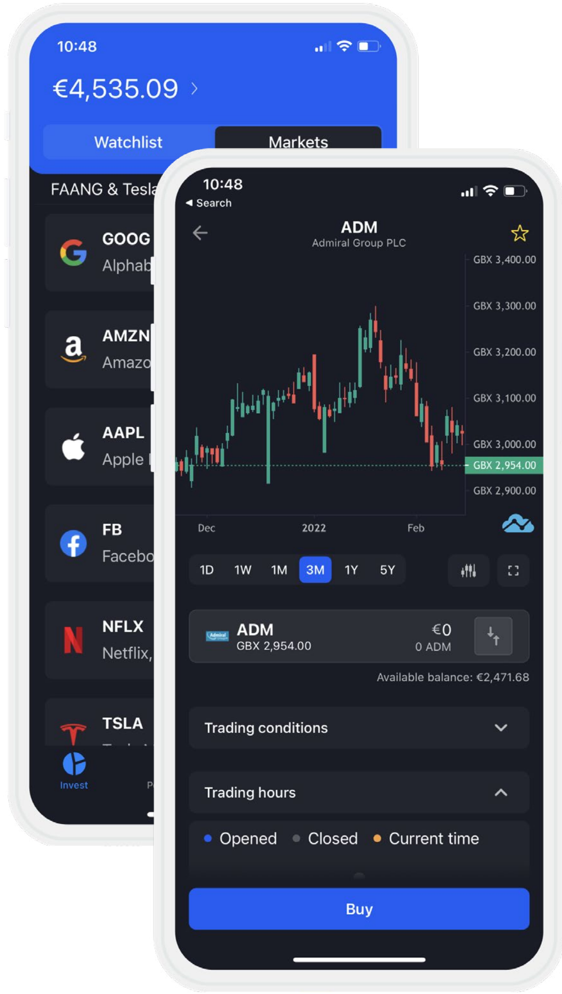
StereoTrader

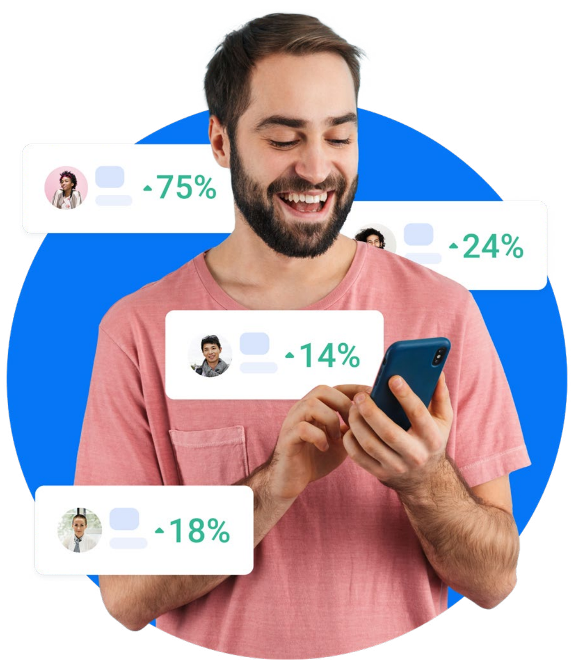
Admirals also welcomed StereoTrader platform plugin for active day trader and Scalpers. StereoTrader is a MetaTrader trading panel, with unique functions that enable smoother, more controlled trades. It will optimise entries and exits with fast and intelligent automation. This is the cutting edge in advanced trading control and automation.

Further developing our Mobile App

On the way towards becoming a financial hub for a variety of trading, investing, social trading, and financial added value services, the Mobile App the ultimate tool – a mobile application any person needs in order to trade on-the-go.

The Group contributed further to the development of the Mobile App, with focus on the retail customer. In the past, Admirals attention has been on experienced trader. Now, our strategy and 2030 vision includes the retail customer with respect to the objective to provide financial freedom to 10 million people. Thereby, the Group enables simple products and services, supported by premium customer experience and technology. One may start their financial journey by just purchasing stocks with Admirals, so the Group therefore focuses on supporting financial literacy and the tools to enter the financial markets, bringing together all the necessary means of a financial hub.





Copy trading

Admirals introduced a new outstanding service – Copy Trading. Copy Trading is a service where both new and experienced traders benefit. Admirals clients can explore the most successful traders through the leaderboard and copy successful trading strategies. This opportunity to learn from the experienced traders and benefit mutually has had a very warm welcome from clients.

Copy trading was first introduced on Trade.MT4 platform, but now it has been implemented on all the biggest trading platforms, including Trade.MT5. This has had a significant impact on the Copy trading, doubling the volumes and increasing the number of users of the service.

Funds Security

Admirals established significant insurance coverage for Jordan and Cyprus client funds. With this policy, clients have a significantly higher protection level, up to 100,000 USD under Jordan and 100,000 EUR under Cyprus. The policy adapts automatically, without any additional fees or costs for the clients.

This insurance is a component of the company's full security offer, along with segregated client money accounts at the finest banks, negative account balance protection for clients and an additional negative account balance protection policy.

Enabling client funds insurance coverage is one way going for an extra mile to make sure their clients funds are protected. As client security is our priority, we want to provide the best possible protection available.

IT Developments

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

The configuration of the datacenter in Amsterdam was completed as part of a technological transformation towards strategical goals. Admirals is repositioning and rebuilding its infrastructure datacenters to have an up-to-date, secure, flexible and scalable technological environment.

Also, migration to a new always ON VPN completed close to full capacity – to ease usage, enhance security and lower amount of tech issues with an old VPN solution, the Company introduced and migrated to a new always ON VPN solution.

Migration from Google\Slack to Outlook\Teams was completed - to have flexibility in administration, cost and scalability, the Company decided to do service harmonization by migrating its communication tools over to Microsoft instead of having different tools from different vendors for a higher price. It would also enhance security and support efforts.

Cybersecurity is one of the fundamental goals of the Company. Migration to a new antivirus solution was completed - to enhance the cybersecurity of the company we have onboarded and successfully migrated to a new XDR antivirus solution.

The Company's IT team completed migration to a new VPN called GlobalProtect, it is a network security client for endpoints, from Palo Alto Networks®. This enables Admirals to protect the mobile workforce by extending the Next-Generation Security Platform to all users, regardless of location. It secures traffic by applying the platform's capabilities to understand application use, associate the traffic with users and devices, and enforce security policies with next-generation technologies.

PCI-DSS infrastructure certification audit with reporting was successfully passed this year in November same way it was last year to allow Admirals clients to use VISA card to spend online and in shops, access trading profits and funds instantly – invest, spend, and manage funds from one account as well as transfer money at interbank exchange rates with no unnecessary banking costs.

Marketing and rebranding

Admiral Markets was founded in 2001. After 20 years in business, the company rebranded to Admirals on its 20th anniversary in March. The logo and name changed to Admirals, as the company started its new chapter.

Over the past two decades, the Company has revolutionised trading and investing, enabling millions of satisfied individuals to structure and manage investments in a safe, secure and simplified way. Back in 2001, Admiral Markets was purely a Forex and CFD brokerage company.

Today this does not capture the full scope of what we do anymore. Admirals is more than a broker. We have been expanding our product offering and are adding new services. We are a global financial hub disrupting the FinTech world on a global scale. The Company stands for an innovative and streamlined personal finance experience.

AdmiralMarkets
Trading for everyone

ADMIRAL MARKETS

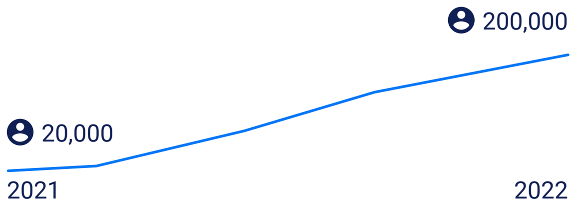
admirals

Advanced Trading Ideas

Content team launched a weekly notification to clients to provide information about trading and investing tips, thereby increasing client´s activity

Explosion in followers

The Group started 2021 with 20,000 followers across our social media platforms. We are now ending the year with over 10 times this amount.



We reached out

The Group reached 7,078,699 people via Facebook, 2,452,752 via Instagram, 1,352,263 via Twitter and 234,063 via LinkedIn.

7,078,699
1,352,263
2,452,752
234,063

Conversion

The end of 2021 found us feeding Google ads with full funnel conversion data for all geos. By doing this we will eventually be able to use Google's full power to automatically optimize our campaigns and bids according to client deposits or lifetime value of a client allowing us to be more efficient and effective in how we spend PPC budget.

We informed

The Group keeps clients updated with market news on a daily basis via many different communication channels. We manage 13 Telegram and 12 YouTube channels, in several different languages, in order help to educate thousands with webinars and online courses every day. We have also launched Podcasts in major market regions to deliver specialised educational market content and news.

12 channels
13 channels

StereoTrader

StereoTrader was launched globally this year, offering our experienced clients advanced trading control and automation via a monthly access to this powerful tool. StereoTrader is a MetaTrader trading panel, with unique functions that enable smoother, more controlled trades. It will optimise a customer's entries and exits with fast and intelligent automation. This is the cutting edge in advanced trading control and automation.

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 examines 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 Company with presence all over the world, we are witnessing social, economic, and environmental changes around us every day.

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

Admirals is committed to doing more. By establishing an ESG Program of Admirals, we are leading the way to set up a sustainable organization and help spread the impact of our initiatives globally.

Creating an internal ESG work Group has been one of the strategic cornerstones of the company, leading the way towards sustainability in all our actions.

We believe that achieving long-term results need small actions we can all contribute to. Whether these are actions of our team members individually or combined outcome of our global team. Every small action towards a more sustainable and green future has its place in our everyday practices.

Commitment towards people and environment around us

Our main priorities are about the future of our community – our clients, colleagues, partners, and shareholders. Admirals operates in a sustainable manner, and takes responsibility for future generations. We are ongoing in our environmental initiatives, always looking forward to how we can enhance our ESG efforts.

Sergei Bogatenkov
CEO of Admirals Group AS

We continue to position ourselves as leaders when fulfilling our commitment to Environmental, Social and corporate Governance principles in our overall business model.

Our initiatives

Environmental

In 2021, the UN Climate Change Conference was held in UK. One of the goals of the significant meeting of world leaders was the following: countries were asked to come forward with ambitious 2030 emissions reductions targets that align with reaching net zero by the middle of the century. This is one of the greatest targets of our lifetime and our everyday actions have an impact for those goals.

> We are a market leader in quality for our industry, with awards in leading market regions as proof of such. Now, we take the next step into initiating the trend of GREEN quality and equality efforts. Our clients could trade and invest anywhere – but now, as an additional benefit, they can do it with a sustainable company and broker.
>
> So far, this commitment is not common in our industry – we are proud to be the difference and the trendsetter. We hope, that all competitors and all companies will follow. Togetherness is one of our internal values – but for the planet, we all must be unified, together as one.
>
> Jens Chrzanowski
> Chief Value Officer

The foundations for effective climate action of the Group have been laid. Admirals Group AS and ClimatePartner have measured multiple Corporate Carbon Footprints (CCF) of the company. These measurements were calculated according to the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol).

Measure, reduce, offset and communicate – these are the four essential steps in climate protection. This is the result for the business activities of the Group Corporate Carbon Footprint 2021.

CO_2 emissions

Overall results:
826,314.48 kg CO_2

For comparison: The emissions correspond to the CO_2 footprint of 95 Europeans. A single European person generates an average of 8.7 tons of CO_2. Admirals Group AS can become carbon neutral by offsetting aaction is good for the environment, and thus good for humans and the polar bears.

A safety margin of 10% is applied to the overall carbon footprint to make sure that all emissions created within the system boundaries are offset. That way, intrinsic uncertainties in the underlying data (from the use of database values, assumptions or estimates) are negated.

CO_2 emissions to be offset including 10% safety margin: 908,945.93 per year.

CO_2 emissions table

Total results for the group
Corporate Carbon Footprint 2021

Sources of emissions	kg CO_2	%
Scope 1	**0.00**	**0.0**
Direct emissions from company facilities	0.00	0.0
Heat (self-generated)	0.00	0.0
Scope 2	**193,201.02**	**23.4**
Purchased heating, steam and cooling for own use	113,258.35	13.7
Heat (purchased)	113,258.35	13.7
Purchased electricity for own use[1]	79,942.67	9.7
Electricity (stationary)	79,942.67	9.7
Scope 3	**633,113.46**	**76.6**
Employee commuting	504,948.23	61.1
Employee Commuting	367,509.27	44.5
Home office	137,438.96	16.6
Business travel	82,117.35	9.9
Flights	81,820.71	9.9
Rail	218.34	0.0
Rental and private vehicles	78.30	0.0
Fuel- and energy-related activities	42,422.11	5.1
Upstream emissions electricity	21,801.72	2.6
Upstream emissions heat	20,620.39	2.5
Purchased goods and services	3,625.78	0.4
Events	2,525.80	0.3
Water	909.61	0.1
Office paper	179.06	0.0
Print products	11.32	0.0
Overall results	**826,314.48**	**100.0**

[1] This emission was calculated using the market-based method. Applying the location-based method instead results in emissions of 45,445.81 kg CO_2.

We maximize on energy efficiency in offices, as well as utilize renewable energy wherever possible. Admirals initiates tree planting events in local communities. We also maximize on recycling and reduction efforts in all of our offices. We are currently working to offer more sustainable options to our clients through their investing effort.

We have also initiated a green ideas contest, updated our travel policy with green approach and created an ESG materiality matrix.

We are especially proud to announce that the Group has been certified as a fully carbon-neutral company since 2020 by ClimatePartner.

Carbon neutral
Company
ClimatePartner.com/16570-2108-1001

We are continuing to expand our in-office recycling and green drinking-water programs and we are now sponsoring three fantastic green initiatives: a reforestation program in Germany from the Schutzgemeinschaft Deutscher Wald organization, a clean drinking water program in India, and a Clean Ocean program through the Believe Green LLC, Spring Health, and Aqua for All organizations.

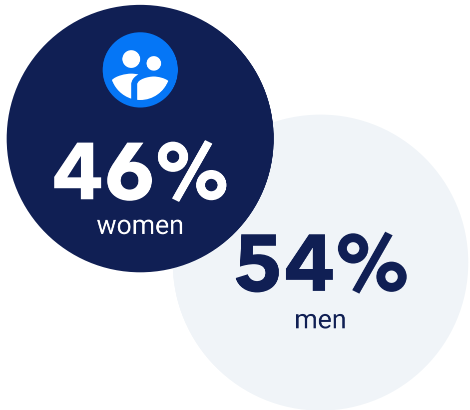
We have the following goals in order to continue our progress:

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

Social

Our corporate social responsibility program issues scholarships to outstanding students looking to focus on IT and/or economics. Admirals remains as the main sponsor of Eesti Kontsert, a high-level music and event organizer. Admirals sponsors the kood/Jõhvi coding school in Estonia, which helps adults of any age to maximize self-development and advance in a coding-focused career. We also sponsor better living conditions for a family of Polar bears in the Tallinn Zoo. Last but not least, our team is truly diverse in terms of ethnicity, gender, talent and personality – which we continue to encourage.

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



Governance

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

Strategic Objectives

Admirals' 2030 vision is to provide financial freedom to 10 million people and we are dedicated to becoming a TOP 10 player in the new financial industry.

Our competitive advantages come from our global presence, flexible trading accounts, education and analytics, security and software, innovative approach, and local support.

For its first 20 years, the Company was a Forex & CFD brokerage. Our focus for the next 5 to 10 years is significantly more extensive. We will go beyond the scope of traditional trading and investing services and we will expand to offer more diverse financial products and services.

The Company's three pillar strategy for the next years is the following:

- unite
- connect
- simplify

Our aim is to unite investing, trading, and personal finance into one powerful financial hub.

We unite

investing, trading and personal finance

We connect

the world with our global expertise and offers

We simplify

trading & investing and offer easy, smart learning

We stand for a united experience in the financial world. Connecting the world with our global expertise and offer is dedicated to our global presence via the most regulated authorities of the world. We have a global presence in 18 countries worldwide, which means that the Company is able to provide its clients with local support and customer service. We stand for reliability everywhere and constantly.

Admirals has always stood for financial literacy, offering smart financial answers via educational programs and materials. Previously the Company has been known for targeting professional client, but in the new era of the business we want to provide financial freedom to people all over the world by choice. By providing people with tools to educate themselves in financial world, they are able to make smart decisions and make first steps in their trading or investment activities.

Admirals helps its customers make thoughtful and intelligent trading decisions by publishing books and offering educational programmes (seminars, live webinars, videos), each designed to teach trading skills and explain the financial markets.

Admirals stands for a united experience in the financial world and believes in financial freedom as a choice.

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

We always respond to the global demand of our clients. With our background in classic Forex-focussed instruments, we saw more and more demand grow for the global indices. Understanding this, we were able to work with our experts to establish one of the best trading offers for indices, in terms of spreads, zero commission, fractional lots, and day-trading options (scalping, hedging, etc.) In recent years, the DAX40 and DJI30 have become two of our top five traded instruments globally.

Trends and factors likely to affect our future

Admirals always takes all possible events, factors, and trends that might affect the business into consideration. Knowing and analysing those factors helps to manage the operating risks. As the Company is known for its quality as a market leader, we aim to keep our premium service, IT, and access to the financial market at the highest possible standards.

We hereby describe some of the arguments that may affect the Company's future.

Investing alternatives: how the investment alternatives (based on interest rates, central bank decisions, etc.) position themselves in the market.

As regulation is the core determining factor of our business, changes in the regulation may affect the business. We work with regulators and maintain our business according to the latest standards of the sector. Regulation related to Cryptocurrency, for example, is likely to affect the market in general in the future.

Technical development: mobile trading and the popularity of entering the financial markets. Until recently, our main client was a professional investor, but our goal for the next years is to enable access to financial markets for everyone, everywhere. Our native trading app is one of the success stories which enable us to provide the possibility of financial freedom to a much wider segment of people than previously. Technical development is one of the most important factors to affect the business in the future.

We must take the level of marketing expenditures and the effectiveness of marketing in attracting new clients into consideration as one of the trends to influence the industry. Marketing and its effectiveness bring new opportunities to increase the client base and business as a whole.

Actions of competitors: this is something that has an enduring effect on the business and all players in the industry. It takes one bad example and business practice of a given company not playing in accordance with compliance to influence all the companies in the same field. Reputation, quality, and adherence to all the regulations must be the core of all companies in the financial industry.

Economic environment

Significant Global Events in 2021

- Donald Trump faces second impeachment after being charged with inciting insurrection
- Joe Biden sworn in as 46th President of the United States of America
- The pandemic leads to significant disruptions in global supply chains
- US and allies withdraw from Afghanistan, which is rapidly taken over by the Taliban
- Global death toll from COVID-19 surpasses five million shortly before the Omicron variant is discovered in South Africa

Global economy

After contracting by 3.1% in 2020, the global economy bounced back in 2021, growing by an estimated 5.9%, and is forecast to grow again in 2022 by 4.4%.

2021 marked the second year in which the world grappled with the COVID-19 pandemic, however, with various vaccinations given regulatory approval around the world towards the end of 2020 and the start of 2021, many countries were able to take steps back towards normality.

As of the end of January 2022, a reported 54% of the world's population has been fully vaccinated. Nevertheless, there is vast inequality with the speed in which vaccines have been rolled out, with wealthy countries accounting for the major bulk of vaccinations and many already handing out third doses whilst poorer nations are still struggling to immunise their population.

Although 2021 saw an attempt to return to normality in many countries, various outbreaks and new variants sparked renewed economic restrictions on many occasions, whilst in China, a zero-COVID policy has been maintained throughout the pandemic.

As economies bounced back, vaccines continued to roll out and the world opened back up, towards the end of the year, many countries began reporting inflation figures far higher than their target levels and this issue of rising inflation will no doubt be a major theme for the year ahead. In 2022, advanced economies are forecast to record inflation of 3.9%, whilst this figure is expected to reach 5.9% across emerging and developing economies.

Rising inflation has been exacerbated by disruptions in global supply chains, which have been caused by the ongoing pandemic. As economies have reopened and demand has soared, supply has struggled to keep pace, which in turn has fuelled an increase in prices around the world.

Central banks – many of which have maintained record low interest rates for several years, as well as pumping liquidity into their respective economies since the outbreak of the pandemic – are likely to tighten monetary policy over the coming months in response to this increase in inflation. The Bank of England (BoE) was the first major central bank to raise interest rates and it is looking increasingly likely that the Federal Reserve will follow their lead at their next policy meeting in March.

After a strong year for the global stock markets, particularly in the US, where all the major indices repeatedly broke records, the almost inevitable tightening of monetary policy is likely to cool demand for equities this year - especially expensive, risky growth and technology stocks.

In the first weeks of 2022, we have already seen several sell-offs in the stock market, as investors become increasingly cautious of the effects of tighter monetary policy and rising tensions in eastern Europe.

The United States

The US economy grew 5.7% in 2021, after contracting by 3.1% the previous year and is forecast by the IMF to grow a further 4% in 2022.

In December 2021, the US reported inflation of 7%, which represented its highest level in almost four decades. The Fed subsequently announced that its bond purchasing programme would end in March 2022 and, in their January policy meeting, signalled that interest rate rises were likely to start in the same month.

The Fed's tone after their January meeting also left investors with little doubt that they will prioritise reducing inflation over strong economic growth in the coming months, which means we could see a slowdown in economic growth during the first half of the year.

This increasingly hawkish stance from the Fed has caused an increasing amount of turbulence in US equities, as the market desperately attempts to price in a shift in monetary policy from the Fed.

After a record-breaking year for US equities, which surged in 2021 thanks in part to the economy being awash with liquidity, the benchmark US stock indices have had a poor start to 2022. The biggest casualty thus far is the tech-heavy Nasdaq Composite, which fell almost 12% in the first four weeks of the year.

As for COVID -19, an Omicron fuelled surge in cases during January appears to be receding at present, after the US seven-day average of positive cases peaked at more than 800,000 in mid-January.

The United Kingdom

In 2020, the UK economy shrank by a remarkable 9.4%, but recovered and grew by 7.2% in 2021 according to estimates by the IMF, which also forecast the UK to grow by a further 4.7% in 2022.

In the 12 months prior to December 2021, the Consumer Price Index (CPI) was reported at 5.4%, its highest level in two decades. This rising inflation led the BoE to raise interest rates in December 2021 for the first time in more than three years and further rate hikes are widely expected in 2022.

In July 2021, England formally removed all restrictions pertaining to the COVID-19 pandemic, after a successful vaccination campaign meant that a high proportion of the adult population were fully vaccinated against the virus. Restrictions to travel were also significantly eased in an attempt to kick-start the UK's beleaguered travel industry which has naturally struggled over the last two years.

However, following the emergence of the Omicron variant, certain restrictions were reimposed in December, although have subsequently been removed in England despite a relatively high number of daily cases.

As we hopefully approach a resolution to the pandemic, aside from the problem of inflation, several important questions linger over the future of the UK's economy, which have been overshadowed for the last two years by COVID-19.

What will a post-Brexit UK actually look like? Will Scotland be granted a second independence referendum? Will there be a resolution to the problematic Irish Sea border imposed by the EU-UK trade deal? Perhaps this year we will obtain answers to these questions.

China

Bucking the trend amongst the world's major economies, China's economy actually grew by a modest 2.3% in 2020. Economic growth is estimated by the IMF to have risen to an impressive 8.1% in 2021 but is forecast to slow to 4.8% in 2022.

Again, somewhat bucking the trend amongst other major economies, China's inflation has been rising at a much slower pace than originally expected, with CPI falling to 1.5% in December, down from 2.3% the previous month. The easing concerns regarding inflation have led some economists to speculate that interest rates could be cut in the near future.

US-China relations, which many expected to improve drastically upon Joe Biden's ascension to the presidency, were in the spotlight for much of 2021. However, no improvement in relations has materialised and, if anything, the relationship between the world's two largest economies seems to have deteriorated even further over the course of the year, highlighted by US sanctions on Chinese firms and their diplomatic boycott of the upcoming winter Olympics.

Another major topic in 2021 was Beijing's ongoing crackdown of big-tech companies, such as Alibaba and JD.com. The government introduced a variety of legislation and handed out a range of fines throughout the year to tackle issues such as monopolisation and data-privacy. The targeting of these technology companies by regulators spooked investors and caused the share price of many promising Chinese stocks to plummet over the course of the year.

Throughout the pandemic, China's government has maintained a zero-COVID policy, enacting swift and strict localised lockdowns in response to any outbreaks of COVID-19. In November, cases reached their highest level since April 2020, peaking at 361 cases a day, a number which pales in comparison to case numbers in other countries. Whilst this approach has kept numbers low, scientists question its sustainability in the long-term, particularly with the emergence of more infectious variants such as Omicron.

The Eurozone

The Eurozone economy shrank by 6.4% in 2020 but managed to grow by an estimated 5.2% in 2021 and is forecast to increase by 3.9% in 2022.

Although the Eurozone reported an inflation rate of 5% in December – Christine Lagarde, President of the European Central Bank (ECB) – previously announced in November that the ECB should "not rush into a premature tightening" of monetary policy and were unlikely to raise rates in 2022. However, it remains to be seen whether the ECB will stand by this stance as inflation continues to rise.

After a slow start to their vaccination programme, the bloc has now successfully vaccinated 70% of the population. However, outbreaks of the Omicron variant led to the reintroduction of strict restrictions in several member states, with some states, such as Austria, taking steps towards making vaccination mandatory for citizens.

Estonia

After contracting by 3% in 2020, the Estonian economy grew by an estimated 9% in 2021, according to the European commission, and is anticipated to grow by a further 3.7% in 2022.

The country's strong economic performance in 2021 was largely thanks to an increase in private demand – which was fuelled by a reduction in household saving – government stimulus and a well-performing export market.

Looking forward, private demand is likely to further benefit this year from an increase in the minimum wage, which was approved at the beginning of December and came into effect at the start of the year.

However, high inflation will be a particular concern in Estonia this year. According to Eurostat, out of all the countries in the Eurozone, in December Estonia's inflation ranked the highest at 12%.

Significant Global Events in 2022

The Russian/Ukraine conflict that began on the 24th of February 2022, started the chain of events that will affect the world economy at large. The EU and US declared huge sanctions against Russian businesses and economy that will, at some estimates, take Russian economy back to 1995. The situation has already increased energy and gas prices. It will change the supply chains the world has been used to, which will all affect financial markets at global scale.

Financial review

Main financial indicators of Admiral Markets AS

	2021	2020	Change 2021 vs 2020	2019
Income statement				
Net trading income, mln EUR	20.5	47.1	-56%	23.2
Operating expenses, mln EUR	-22.3	-26.2	-15%	-19.2
EBITDA, mln EUR	1.0	21.6	-96%	5.8
EBIT, mln EUR	-0.3	20.5	-101%	4.9
Net profit, mln EUR	0.9	20.3	-96%	4.6
EBITDA margin, %	5%	46%	-41	25%
EBIT margin, %	-1%	44%	-45	21%
Net profit margin, %	4%	43%	-39	20%
Cost to income ratio, %	109%	56%	53	83%
Business volumes				
Due from credit institutions and investment companies, mln EUR	23.0	40.3	-43%	26.5
Debt securities, mln EUR	7.6	8.7	-13%	9.3
Shareholders' equity, mln EUR	55.9	57.7	-3%	38.8
Total assets, mln EUR	63.1	71.4	-12%	47.2
Off-balance sheet assets (client assets), mln EUR	0.7	3.0	-77%	2.7
Number of employees	105	141	-26%	147

Equations used for the calculation of ratios:

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

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

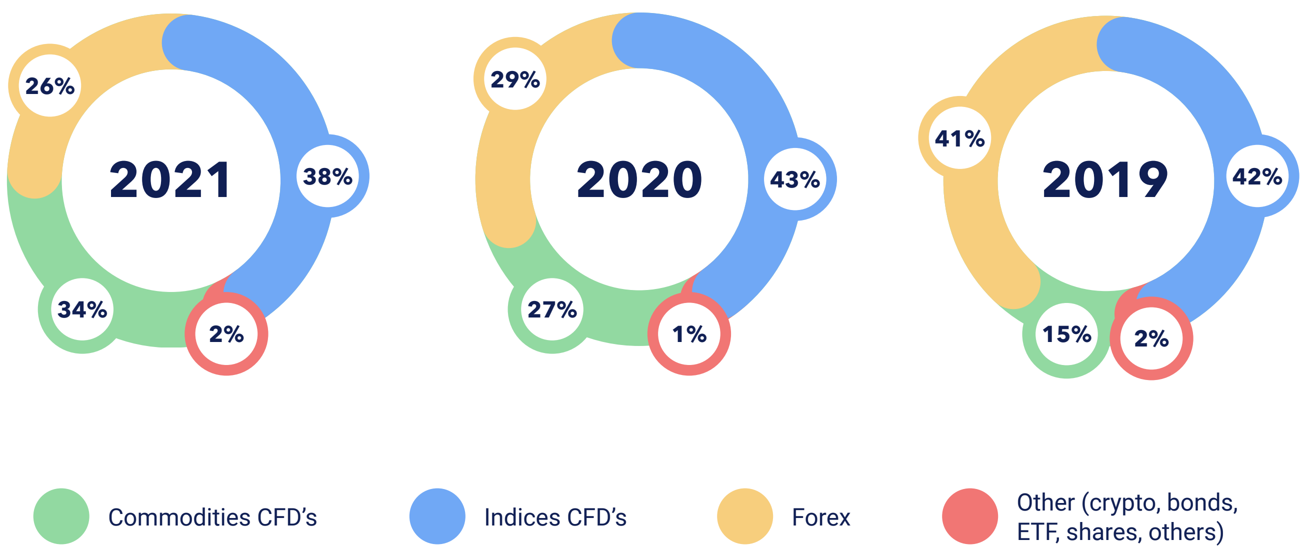
EBIT - (earnings before interest and taxes) an indicator of a company's profitability. EBIT can be calculated as revenue minus expenses excluding tax and financial income/expenses.

Statement of Comprehensive Income

Net Trading Income

2021 brought low volatility on the financial and commodity markets, which translated into a decline in revenues. The Group earned 35.7 million in revenue during 2021, which is 43% less compared to 62.2 millon a year earlier, but still 7% higher year-on-year in 2019.

In 2021, Commodity CFDs products accounted for 34% of total gross trading income, an increase of 7% year-on-year. Indices CFDs accounted for 38% of total gross trading income, a decrease of 5% year-on-year. Forex accounted for 26% of total gross trading income, a decrease of 3% year-on-year. Forex, Indices CFDs and other shares decreased mainly due to an 7% increase in commodities CFDs. The share of other products, such as stocks, ETFs etc remained almost on same level as the year before having fluctuation of +/- 1% from total gross trading income.



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:

	2021	2020	Change	2019
EU	85%	90%	-5	83%
UK	8%	-1%	9	5%
Australia	2%	1%	1	2%
Other	5%	10%	-5	10%

Admirals has clients from 159 countries. Most EU clients are from Germany, followed by France, Spain, Lithuania, United Kingdom, Bulgaria, Romania, Poland. German clients generate 22% of total revenue for the Group, clients from France generate 11%, Spanish clients 7%, Lithuanian 6% and and clients from United Kingdom, Bulgaria, Romania all generate by 5% each of total revenue for the Group.

Admirals had clients in 154 countries in 2020 year. Most EU clients were from Germany, followed by France, Spain, Estonia, Poland, Lithuania, Bulgaria, Romania, and the Czech Republic. German clients generated 24% of total revenue for the Group, and clients from France generated 11%, Spanish clients 9%, Estonian 7%, Lithuanian, and Polish 5%, while clients from Bulgaria, Romania, and the Czech Republic collectively generated 4% of total revenue for the Group.

Expenses

Operating expenses decreased by 15%, which was mainly due to the decrease in personnel and VAT expenses .

The largest share of total operating expenses for the Company comes from marketing expenses, which were EUR 9.2 million which is a 7% decrease year-on-year and account for 41% of total operating expenses. Marketing expenses in Group were EUR 12.6 million which is a 11% increase year-on-year. For 2021 Group received 32% more applications than year-on-year, which make a positive trend to attract new clients.

Personnel expenses decreased by 40% to EUR 4.6 million in 2021, which accounts for 21% of total operating expenses. There was a decrease in personnel expenses mostly due to the decrease in bonuses, which connected with the Group 2021 year results and Admiral Market AS terminated 36 contracts , employing 26% less than in 2020, with a total of 105 employees at the end of 2021.

IT costs have increased by 24% due to large-scale IT investments aimed at improving our infrastructure by purchasing a new datacentre in Amsterdam and all related to it hardware and software. In addition transformation of our IT Security by onboarding a modern anti-virus solution.

Operating expenses by largest expense types:

Operating expenses by type (in millions of euros)	2021	2020	Change
Personnel expenses	4.6	7.7	-3.1
Marketing expenses	9.2	9.9	-0.7
IT expenses	3.1	2.5	0.6
Legal and audit expenses	0.6	0.9	-0.3
VAT expenses	0.5	1.5	-1.0
Amortization and depreciation	1.2	1.2	0.0
Regulative reporting services	0.2	0.2	0.0
Rent of low-value leases and utility expenses	0.1	0.1	0.0
Other outsourced services	0.1	0.2	-0.1
Other inc intragroup expenses	2.7	2.0	0.7
Total	**22.3**	**26.2**	**-3.9**

The cost to income ratio increased to 109% by the end of 2020 (2020: 56%). The reason for the increase was mainly due to decrease of net trading income despite the operating cost also decreased.

EBITDA , EBIT and Net Profit

2021 EBITDA: EBIT in amount –262 th EUR, added back depreciation of tangible and intangible assets in amount 687 th EUR and depreciation of right-of-use assets in amount 533 th EUR = 958 th EUR

2021 EBIT: profit before tax in amount 1,487 th EUR, deducted by interest and similar income (251 th EUR and 185 th EUR), added back interest expense in amount 229 th EUR and deducted by one-off financial gain from associates in amount 1,542th EUR (recorded in other income, see Note 22) = -262 th EUR.

The Company's net profit was EUR 0.9 million in 2021, a 96% decrease compared to EUR 20.3 million a year earlier. The Group's net profit margin also decreased and was 0.4% compared to 33% the previous year. The decrease in net margin was due to a decrease of net trading income as mentioned before.

Net profit per share of the Group was 2.3 at the end of 2021 (2020: 50.2).

Statement of Financial Position

(in millions of euros)	2021	2020	Change 2021 vs 2020	2019
Due from credit institutions and investment companies	23.0	40.9	-44%	26.5
Debt securities	7.6	8.7	-13%	9.3
Total liabilities	7.2	13.8	-48%	8.4
Shareholders' equity	55.9	57.7	-3%	38.8
Total assets	63.1	71.4	-12%	47.2
Off-balance sheet assets (client assets)	0.7	3.0	-77%	2.7

Admiral Markets AS has a strong balance sheet, with EUR 55.9 million of shareholders' equity. The Company's balance sheet is liquid as 48% of its balance sheet consists of liquid assets.

As of 31 December 2021, the assets of the Company totalled EUR 63.1 million. Ca 36% of assets are balances due from credit institutions and investment companies. Balances due from credit institutions and investment companies have decreased 44% in 2021. The debt securities portfolio only consists of high-quality liquid assets and accounts for 12% of total assets.

The Company's non-current assets increased in 2021 to EUR 18.7 million due to significant investments in intangible assets. Intangible assets consist mainly of the development costs of Trader's Room 3 and another license. Also since 2021 Company has started to capitalize developments of Mobile App, Cards, Asset management, Copy Trading and P2P platform. The tangible assets remain almost the same from previous year's level because due to pandemic situation was no need in additional equipment like computers, screens, servers, phones, and some office equipment. Admiral Markets AS refused one-floor office space in Tallinn office because of the useless area during the pandemic period as most employees are continue to use home offices, which effected decrease of right-of-use asset.

Admiral Markets AS's long-term debt consists of subordinated debt securities and finance lease EUR 4.8 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 Company decreased by 77% to EUR 0.7 million in 2021 due to clients migrations in other operating companies of the Group (2020: EUR 3.0 million).

Key Financial Ratios

	2021	2020	Change 2021 vs 2020	2019
Net profit per share, EUR	2.3	50.2	-47.9	11.4
Return on equity, %	1.6%	42.0%	40.4	12.4%
Equity ratio	1.2	1.2	0	1.2
Return on assets, %	1.4%	34.2%	32.8	10.6%
Short-term liabilities current ratio	18.0	7.0	11.0	13.4

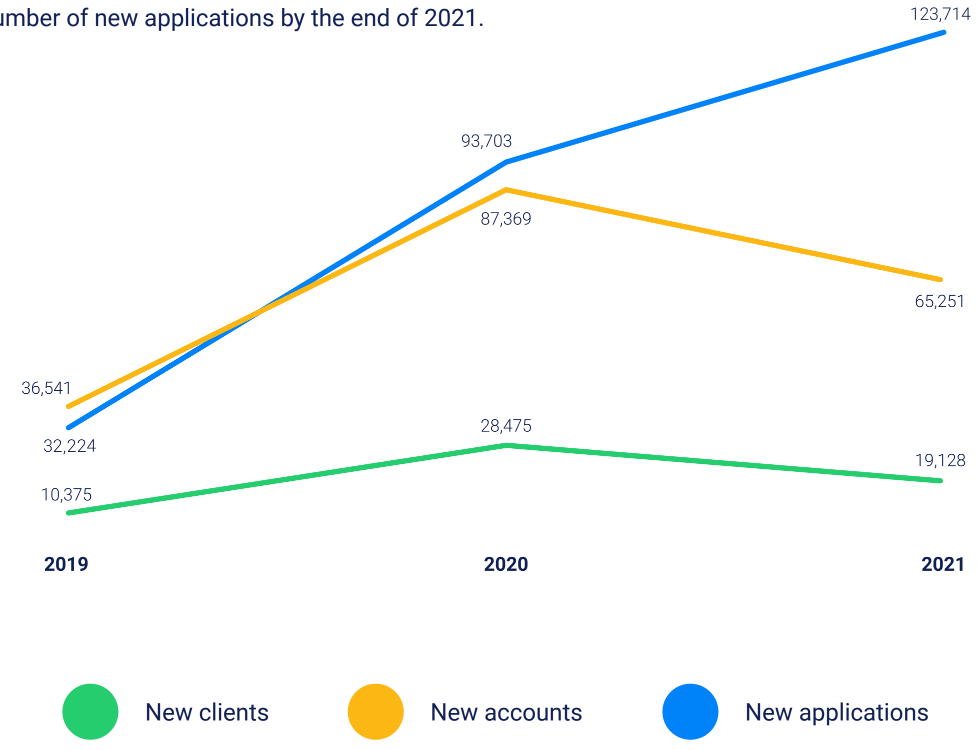
Equations used for the calculation of ratios:

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

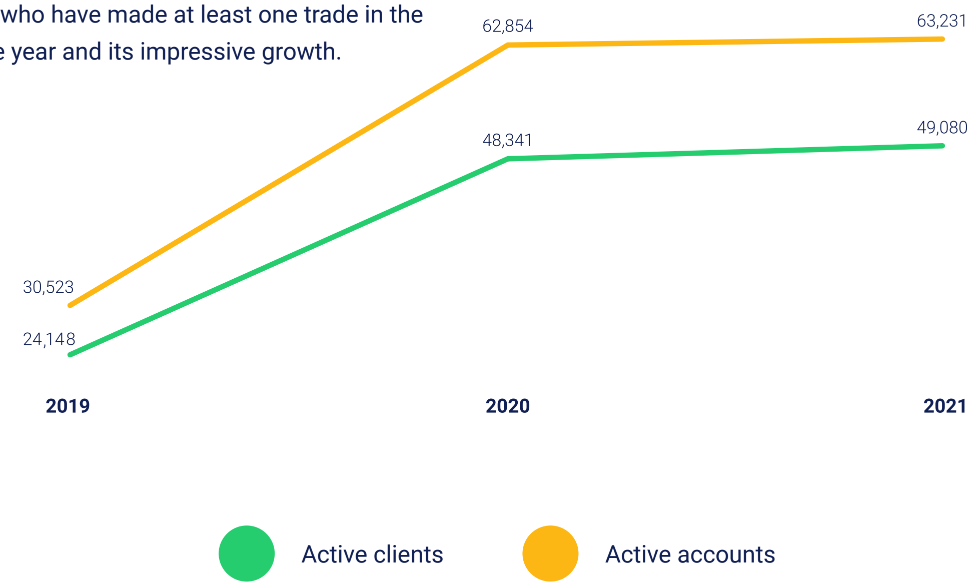
The ratios are calculated as an arithmetic average of closing balance sheet figures from the previous and current reporting period, and the indicators of the income statement are shown as at the end of the reporting period.

Client Trends

The increase in marketing expenses resulted in the highest number of new applications by the end of 2021.



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 and its impressive growth.



	2021	2020	Change 2021 vs 2020	2019
New clients	19,128	28,475	-33%	10,375
Active clients	49,080	48,341	2%	24,148
New accounts	65,251	87,369	-25%	36,541
Active accounts	63,231	62,854	1%	30,523
New applications	123,714	93,703	32%	32,224
Average net trading revenue per client	728	1,286	-43%	1,388
Average number of trades per client	1,062	1,385	-23%	1,318

Number of active clients in Group up 2% to 49,080 clients comparing to year 2020 and up 103% compared to year 2019. Number of new applications in Group up 32% to 123,714 applications compared to year 2020 and up 283% compared to year 2019. The Group's client assets increased by 21% year-on-year to EUR 99.2 million in 2021.

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

The Group received a little over 123,700 applications in 2021, out of which circa 44% of applications were accepted. At the end of 2021, the Group had in total 12% of clients categorised as professionals generating ca 43% of total gross trading revenue.

At Admiral Markets we are focused on experienced and high-value clients. In 2021, 68% of trading revenue was generated by the most valuable 2% of clients, who traded on average 8,741 times in 2021. In 2020, 58% of trading revenue was generated by the most valuable 2% of clients, who traded on average 10,369 times in 2020.

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

	2021	2020	Change 2021 vs 2020	2019
Income statement				
Net trading income, mln EUR	35.7	62.2	-43%	33.5
Operating expenses, mln EUR	37.8	40.6	-7%	28.1
EBITDA, mln EUR	1.0	23.4	-96%	6.9
EBIT, mln EUR	-1.0	21.7	-105%	5.6
Net profit, mln EUR	0.1	20.7	-100%	5.2
EBITDA margin, %	3%	38%	-35	20%
EBIT margin, %	-3%	35%	-38	17%
Net profit margin, %	0.4%	33%	-32.6	16%
Cost to income ratio, %	106%	65%	41	84%
Business volumes				
Due from credit institutions and investment companies, mln EUR	45.7	53.2	-13%	33.7
Debt securities, mln EUR	7.6	8.7	-13%	9.3
Shareholders' equity, mln EUR	59.3	61.1	-3%	42.4
Total assets, mln EUR	71.9	75.2	-4%	52.0
Off-balance sheet assets (client assets), mln EUR	99.2	82.2	21%	45.9
Number of employees	300	340	-11%	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

Risk management

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

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

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

We allow our customers to trade notional amounts greater than the funds they have deposited with us through the use of leverage, so credit risk management is a key focus for us. The maximum leverage available to retail traders is typically set by the regulator in each jurisdiction. We manage customer credit risk through a combination of access to trading tools that allow our customers to avoid taking on excessive risk combined with automated processes which close customer positions in accordance with our policies in the event that the funds in customers' accounts are not sufficient to continue to hold those positions.

For example, our customer trading platforms provide a real-time margin monitoring tool to enable customers to know when they are approaching their margin limits. If a customer's equity falls below the amount required to support one or more positions, we will automatically liquidate positions to bring the customer's account into margin compliance.

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

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

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

As at 31.12.2021, Admirals' own funds amounted to EUR 53.7 million (31.12.2020: EUR 38.4 million). The level of Admirals' own funds grew mainly due to the inclusion of 2020 profit in the composition of its own funds.

Own Funds

(in thousands of euros)	31.12.2021	31.12.2020
Paid-in share capital	2,586	2,586
Other reserves	259	259
Retained earnings of previous periods	52,090	34,566
Intangible assets	-3,070	-824
Total Tier 1 capital	**51,865**	**36,587**
Subordinated debt securities	1,827	1,827
Total Tier 2 capital	**1,827**	**1,827**
Net own funds for capital adequacy	**53,692**	**38,414**

On 26 June 2021, Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms (IFR) came into effect, which replaced Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR).

The following are the capital requirements and capital adequacy levels under the new capital adequacy framework (IFR) as at 31.12.2021:

Capital Requirements according IFR

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

Capital Adequacy according IFR

	31.12.2021
Capital adequacy	299%
Tier 1 capital ratio	289%

Capital requirements and capital adequacy under the previous capital adequacy framework (CRR) as at 31.12.2020:

Capital Requirements according CRR

(in thousands of euros)	31.12.2020
Credit institutions and investment companies under standardised approach	8,680
Retail claims under standardised approach	9,421
Other items under standardised approach	20,553
Total credit risk and a credit risk	**38,654**
Currency risk under standardised approach	87,154
Position risk under standardised approach	19,014
Commodity risk under standardised approach	11,347
Total market risk	**117,515**
Credit valuation adjustment risk under standardised method	**96**
Operational risk under basic indicator approach	**42,651**
Total capital requirements for capital adequacy calculation	**198,916**

Capital Adequacy according CRR

	31.12.2020
Capital adequacy	19.3%
Tier 1 capital ratio	18.4%

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

Corporate governance

Governance of Admiral Markets AS

Admiral Markets AS pursues its business activities on the basis of and in compliance with the Company's articles of association, national and European legislation, the instructions and recommendations of the Financial Supervision Authority, Nasdaq Tallinn Rules and Regulations and the rules of good governance practices adopted through the internal rules of Admiral Markets AS.

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

Management of Admiral Markets AS takes into account the interests of the whole group of companies united under the Admiral Markets brand and provides an adequate opportunity to customers, investors and other interested parties to obtain an overview of it. Disclosure and governance requirements of Admiral Markets AS must ensure equal treatment of shareholders and investors. Admiral Markets AS adheres to good corporate governance practices, with the exception of the cases outlined in this report.

Management of Admiral Markets AS

General Meeting of Shareholders

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

For as long as Admiral Markets AS has only one shareholder, the rules established in good corporate governance for convening the general meeting, information published for shareholders, participation in the general meeting of shareholders and its conduct shall not be applied.

Currently Admiral Markets AS' sole shareholder is Admirals Group AS, registry code 11838516.

At the time of the preparation of this report the main shareholders of Admirals Group AS (holding over 5% of the voting rights represented by their shares) are:

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

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

Supervisory Board

The Supervisory Board exercises strategic management and performs the supervisory function. The members of the Supervisory Board are elected at the general meeting of Admiral Markets AS. Persons who have sufficient knowledge and experience for participating in the work of the Supervisory Board are elected as members of the Supervisory Board. In electing a member of the Supervisory Board, characteristics of the activities of the Supervisory Board and Admiral Markets AS, potential risk of conflict of interests, and if necessary, the person's age are taken into account. Not more than two (2) former members of the Management Board who were members of the Management Board of Admiral Markets AS or an entity controlled by Admiral Markets AS less than three (3) years ago shall simultaneously be members of the Supervisory Board.

Supervisory Board of Admiral Markets AS:

- plans the operations of Admiral Markets AS in collaboration with the Management Board;
- organises the management of Admiral Markets AS (including participation in making important decisions concerning the operations of Admiral Markets AS);
- supervises the activities of the Management Board in accordance with the procedures and to the extent established by the legislation, inter alia regularly assesses the Management Board's actions in implementing Admiral Markets AS' strategy, financial condition, risk management system, legality of the activities of the Management Board and whether essential information about Admiral Markets AS is disclosed to the Supervisory Board and to the public as required;
- determines and regularly reviews Admiral Markets AS' strategy, its general action plan, risk management policies and annual budget.

In addition to the activities prescribed by the law and internal rules of Admiral Markets AS, the Supervisory Board gives its consent to the Management Board in issues that are outside the daily business operations and in issues described in law that require the consent of the Supervisory Board.

In the framework of regular meetings, the Supervisory Board received regular reviews of operational and financial results of Admiral Markets AS.

The Supervisory Board may set up committees. When setting up committees by the Supervisory Board, Admiral Markets AS publishes on its website information about the existence, functions, composition and location of committees in the Admiral Markets AS structure. In case of a change in circumstances related to committees, Admiral Markets AS shall publish the content and time of implementation of the amendment in the same procedure. The Supervisory Board has set up three committees, whose responsibilities and structure is presented below.

As a result of the decisions of Admiral Markets AS general meetings the Supervisory Board members of Admiral Markets AS, at the time of preparation of the annual report, are:

- Alexander Tsikhilov, term of office 10.06.2024;
- Anatolii Mikhalchenko, term of office 21.05.2026;
- Anton Tikhomirov, term of office 14.05.2022.
- Dmitri Laush, term of office 01.07.2026

Alexander Tsikhilov

Chairman of the Supervisory Board

Has been involved in several commercial projects, including the provision of Internet services. Founded Admirals in 2001. Obtained a master's degree in 2006 and a doctorate in Business Administration from the Swiss Business School in 2015.

Anatolii Mikhalchenko

Member of the Supervisory Board

Joined Admirals in 2004 as IB (introducing broker) manager. Obtained a degree from ITMO University in Saint Petersburg. Has been working as a Chairman of the Supervisory Board for Admirals Group AS since 2011.

Anton Tikhomirov

Member of the Supervisory Board

Has been working in the industry since 1999 and has managerial experience in a financial brokerage. Joined Admirals during the company's merging with the local Russian broker. Has been developing Admirals' business activity in Spain and Latin America. Currently responsible for the supervision of the regional structure as well as research and development of the Group's KPIs and other critical business metrics.

Dmitri Laush

Member of the Supervisory Board

Obtained a master's degree in Business Administration from IE University (Madrid, Spain). Together with Alexander Tsikhilov, founded the headquarters of Admirals in Estonia. With a background in financial technology, played an integral part in the Group's technological development and is responsible for the innovation and development of company's talents.

Remuneration Committee:

- evaluates the implementation of the remuneration principles (including the reward system) in Admiral Markets AS and companies that belong to the same consolidation group;
- evaluates the impact of the remuneration-related resolutions on compliance with the requirements laid down about risk management and prudential requirements;
- exercises supervision of the remuneration (including rewarding) of members of the Management Board and employees of Admiral Markets AS and of companies that belong to the same consolidation group as Admiral Markets AS, and evaluates, at least once a year, the implementation of the remuneration principles and, where necessary, makes a proposal updating the remuneration principles and prepares draft remuneration resolutions for the Supervisory Board (concerning the remuneration of members of the Management Board) and the chairperson of the Management Board (concerning the remuneration of employees), respectively.

The members of the Remuneration Committee are Anatolii Mikhalchenko and Anton Tikhomirov, who are members of the Supervisory Board of Admiral Markets AS. The Members of the Committee receive no fee for membership in the committee.

Risk and Audit Committee:

- evaluates the implementation of the risk management principles in Admiral Markets AS and in companies that belong to the same consolidation group, following the risk management principles of Admiral Markets AS and applicable legislation;
- upon occurrence of unexpected events that may have a significant impact on Admiral Markets AS and/or on a company that belongs to the same consolidation group, ensures the implementation of the procedure that guarantees the continuity of activities and, where necessary, develops without delay, a more detailed or additional action plan in order to prevent or at least minimise an adverse impact on Admiral Markets AS and on companies that belong to the same consolidation group;
- evaluates, at least once a year, the implementation of the risk management principles and the principles of ensuring the continuity of activities and makes proposals, where necessary, for updating these principles and prepares, where necessary, proposals for amendment;
- advises the Supervisory Board on exercising supervision of accounting, auditing and internal control, establishment of the budget as well as lawfulness of activities;
- monitors and analyses processing financial information to the extent that is necessary for preparing interim and annual reports, efficiency of risk management and internal control, the process of auditing annual accounts or a consolidated report and independence of an audit firm and a sworn auditor that represents it on the basis of law as well as the compliance of their activities with the requirements of the Auditors Activities Act;
- makes proposals and recommendations to the Supervisory Board for appointing or recalling an audit firm, appointing or recalling an internal auditor, preventing or removing problems and inefficiency in the organisation and for compliance with legislation and good professional practice.

The members of the Risk and Audit Committee are Anatolii Mikhalchenko and Anton Tikhomirov, who are members of the Supervisory Board of Admiral Markets AS, and Olga Senjuškina, who was appointed to the committee on 17.06.2020 with a decision of the Supervisory Board of Admiral Markets AS. Members of the Risk and Audit Committee receive no fee for membership in the committee.

Nomination Committee:

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

The members of the Nomination Committee are Anatolii Mikhalchenko and Anton Tikhomirov, who are both members of the Supervisory Board of Admiral Markets AS. The members of the Nomination Committee receive no fee for membership in the committee.

Management Board

The Management Board coordinates day-to day operations of the company according to the legislation, articles of association and decisions of the Supervisory Board, acting in the most economical manner to adhere to Admiral Markets AS' and its clients' best interests.

Members of the Management Board are elected by the Supervisory Board. The Management Board of Admiral Markets AS must have at least two members. Members of the Management Board of Admiral Markets AS must meet, inter alia, the following requirements:

- must have a university degree or equivalent education and experience necessary for managing an investment company;
- may not be at the same time a member of the Management Board of more than two (2) entities whose securities are listed on the stock exchange (the issuer), or Chairman of the Supervisory Board of another issuer. A Member of the Management Board may be Chairman of the Supervisory Board of the issuer that belongs to the same group as Admiral Markets AS.

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

- Sergei Bogatenkov, term of office 18.12.2024
- Jens Chrzanowski, term of office 10.02.2023
- Andrey Koks, term of office 02.08.2024

Sergei Bogatenkov

Chairman of the Management Board

Joined Admirals in 2014. Obtained a bachelor's degree in Economics and a master's degree in Corporate Finance from the Tallinn University of Technology. Has over 10 years of experience in consulting, banking and asset management. Held various positions in Swedbank, Ernst&Young, and Bank of Estonia.

Jens Chrzanowski

Member of the Management Board

Joined Admirals in 2011. Studied for a bachelor's degree in Business Economics at Brandenburg University of Applied Science – unfinished. Has over 15 years of experience working in the trading and brokerage industry. Held various positions at FXCM, E*TRADE Germany, and Deutsche Bank.

Andrey Koks

Member of the Management Board

Obtained a bachelor's degree in Information Communication Technology from the Estonian Entrepreneurship University of Applied Sciences. Has over 19 years of experience working in IT, including 6 years on IT managerial positions. Before joining Admirals, held various positions in Symantec, and Kuehne+Nagel. Joined the Management Board in 2021. Joined Admirals in 2020.

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.

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

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

Financial Reporting and Auditing

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

Considering the proposals of the Management Board and the auditor's consent, under the resolution of the sole shareholder of Admiral Markets AS of 19.11.2021, Admiral Markets AS' auditor for the 2021 annual report is company AS PricewaterhouseCoopers, registry code 10142876.

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

Appointment of auditor

While choosing the auditing company, Admirals Markets AS asked four biggest and quality markets leader auditing companies to submit their offers.

AS PricewaterhouseCoopers was chosen because they have a long and profound knowledge and expertise in the area. They are service partners to more than 500 clients in Estonia, including leading domestic and multinational companies and public services institutions. While they have acquired good experience from all industries represented in Estonia, they have built particularly strong expertise in areas such as banking, insurance, wholesale trade, consumer goods, forestry, real estate, energy, telecommunications and infrastructure. These were the main arguments to choose them as our auditing company.

During 2021, the Company's auditor has provided other assurance services, the provision of which is the obligation arising from the Securities Market Act.

Disclosure of Information

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

Admiral Markets AS neither discloses information disclosed to financial analysts or other persons, nor times and locations for meeting analysts, investors and the press, as these are not necessary considering the current activities of Admiral Markets AS and high awareness of its parent company, the sole shareholder Admirals Group AS. Admiral Markets AS has published a financial calendar and it can be seen also on the Company's web page.

This chapter outlines the assets, liabilities, equity, income and cash flow of the Company for the 2021 fiscal year, in comparison to 2020.

Financial Statements

Statement of Financial Position

(in thousands of euros)	Note	31.12.2021	31.12.2020
Assets			
Due from credit institutions	7	4,696	25,742
Due from investment companies	7	18,292	15,120
Financial assets at fair value through profit or loss	8	9,998	10,248
Loans and receivables	9	16,097	6,730
Inventories		48	0
Investments into associates	28	0	1,375
Other assets	10	1,903	1,390
Investment into subsidiaries	28	4,180	4,180
Tangible fixed assets	11	1,644	1,614
Right-of-use asset	11	3,147	4,213
Intangible fixed assets	12	3,070	824
Total assets		**63,075**	**71,436**
Liabilities			
Financial liabilities at fair value through profit or loss	8	637	219
Liabilities and prepayments	13	1,381	7,317
Subordinated debt securities	16	1,827	1,827
Lease liabities	15	3,375	4,396
Total liabilities		**7,220**	**13,759**

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Equity			
Share capital	19	2,586	2,586
Statutory reserve capital		259	259
Retained earnings		53,010	54,832
Total equity		**55,855**	**57,677**
Total liabilities and equity		**63,075**	**71,436**

Notes on pages 71 to 129 are an integral part of the Financial Statements.

Statement of Comprehensive Income

(in thousands of euros)	Note	2021	2020
Net gains/(loss) from trading of financial assets at fair value through profit or loss with clients and liquidity providers		36,882	65,762
Brokerage and commission fee revenue		1,935	32
Brokerage and commission fee expense		-18,439	-18,719
Other trading activity related income		156	19
Other trading activity related expense		-4	-23
Net income from trading	**21**	**20,530**	**47,071**
Other income similar to interest		185	194
Interest income calculated using the effective interest method		251	128
Interest expense	15, 16	-229	-245
Other income	22	2,624	1,368
Other expense	23	-52	-391
Net gains on exchange rate changes		867	-1,360
Net gains/(loss) from financial assets at fair value through profit or loss		-349	0
Personnel expenses	24	-4,638	-7,670
Operating expenses	25	-16,482	-17,400
Depreciation of tangible and intangible assets	11, 12	-687	-626
Depreciation of right-of-use assets	11	-533	-537
Profit before income tax		**1,487**	**20,532**
Income tax	17	-567	-267
Net profit for the reporting period		**920**	**20,265**
Comprehensive income for the reporting period		**920**	**20,265**
Basic and diluted earnings per share	19	2.28	50.16

Notes on pages 71 to 129 are an integral part of the Financial Statements.

Statement of Cash Flows

(in thousands of euros)	Note	2021	2020
Cash flow from operating activities			
Net profit for the reporting period		920	20,265
Adjustments for non-cash income or expenses:			
Depreciation of tangible and intangible assets	11, 12	1,220	1,164
Gains/(loss) on the sale of tangible assets		10	-32
Interest and similar income		-436	-323
Interest expense		229	245
Allowance for doubtful receivables		0	0
Corporate income tax expenses		567	267
Other financial income and expenses		-2,409	1,360

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Operating cash flows before working capital changes		**101**	**22,946**
Changes in operating assets and liabilities:			
Change in amounts due from investment companies	7	-3,172	-8,334
Change in trade receivables	9	-7,974	-338
Change in other assets	10	-513	-478
Change in derivative assets	8	378	-389
Change in payables and prepayments	13	-5,936	4,968
Change in the derivative liabilities	8	418	153
Changes in inventories		-48	0
Operating cash flows before interest and tax		**-14,855**	**18,528**
Interest received		316	319
Interest paid		-229	-243
Corporate income tax paid		-567	-267
Net cash used in operating activities		**-17,226**	**18,337**
Cash flow from investing activities			
Disposal of tangible and intangible assets	11	11	19
Purchase of tangible and intangible assets	11, 12	-2,974	-1,142
Loans granted	9	-2,757	-2,435
Repayments of loans granted	9	1,489	26
Acquisition of financial assets at fair value through profit or loss (investment portfolio)		-2,123	-6,288
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)		3,680	5,463
Proceeds from disposal of associates	28	2,228	0
Acquisition of shares	28	-1	-1,375
Investment in to associates		0	-4,180
Net cash used in investing activities		**-448**	**-9,892**

Cash flow from financing activities			
Dividends paid	19	-2,742	-1,371
Repayment of principal element of lease liabilities	15	-453	-440
Net cash used in financing activities		**-3,195**	**-1,811**
TOTAL CASH FLOWS		**-20,869**	**6,634**
Cash and cash equivalents at the beginning of the period	**7**	**25,727**	**19,757**
Change in cash and equivalents		**-20,869**	**6,634**
Effect of exchange rate changes on cash and cash equivalents		**-162**	**-664**
Cash and cash equivalents at the end of the period	**7**	**4,696**	**25,727**

Notes on pages 71 to 129 are an integral part of the Financial Statements.

Statement of Changes in Equity

(in thousands of euros)	Share capital	Statutory reserve capital	Retained earnings	Total equity
Balance as at 01.01.2020	**2,586**	**259**	**35,938**	**38,782**
Dividends paid	0	0	-1,371	-1,371
Profit for the reporting period	0	0	20,265	20,265
Total comprehensive income for the reporting period	**0**	**0**	**20,265**	**20,265**
Balance as at 31.12.2020	**2,586**	**259**	**54,832**	**57,676**
Balance as at 01.01.2021	**2,586**	**259**	**54,832**	**57,676**
Dividends paid	0	0	-2,741	-2,741
Profit for the reporting period	0	0	920	920
Total comprehensive income for the reporting period	**0**	**0**	**920**	**920**
Balance as at 31.12.2021	**2,586**	**259**	**53,011**	**55,855**

For more information of share capital refer to Note 19. Notes on pages 71 to 129 are an integral part of the Financial Statements.

This chapter presents more detailed information of the Financial Statements.

Notes to the Financial Statements

Note 1. General information

ADMIRAL MARKETS AS (hereinafter "Admiral Markets" and "Company") is an investment company since 05.06.2009. The Company's head office is located at Maakri 19/1, Tallinn, Estonia. The annual report for the year ending 31 December 2021 was approved for publication on 04.04.2022 in accordance with the management's decision. The annual report approved by the Management shall be authorized for approval by Supervisory Board and shareholders. Shareholders have the right to approve or disapprove the financial statements and require management to compile new ones. The Supervisory Board does not have that right.

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

The financial statements of Admiral Markets AS have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. In addition to the information complying with International Financial Reporting Standards, financial statements include information on risk management, own funds and capital adequacy that must be disclosed pursuant to §110^{1} of the Securities Market Act that is presented in Note 5. The financial statements contain the financial results of Admiral Markets AS and its branch and representative office.

Admiral Markets AS has subsidiaries in Canada and Jordan. These financial statements are not consolidated, as for Estonian Accounting Act exemption §29 (4).

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

An overview of new standards and amendments to certain standards and interpretations that have been published by the time of preparation of these financial statements, as well as the assessment of the Company's management on the effect of adoption of new standards and interpretations is disclosed in Note 3.

The preparation of the financial statements requires making estimates. Estimates are based on the information about the Company's status, intentions and risks at the date of preparing the financial statements. The final result of economic transactions recognised in the financial year or in previous periods may differ from the current period estimates.

The financial year started on 1 January 2021 and ended on 31 December 2021. The Company's functional currency is the euro. The annual financial statements are presented in thousands of euros, unless otherwise stated.

Subsidiaries and associates

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In unconsolidated financial statements the investments in subsidiaries are accounted for using the cost method (less any impairment recognised).

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

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

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

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

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

1 Functional currency

The Company's functional and presentation currency is EUR.

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/(losses) on exchange rate changes." Non-monetary financial assets and liabilities not measured at fair value denominated in foreign currencies (e.g. prepayments, tangible and intangible fixed assets) are not translated at the balance sheet date, but are measured based on the foreign currency exchange rates of the European Central Bank prevailing at the transaction date.

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

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

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

Recognition and derecognition

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

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

Measurement

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

Debt instruments (Loans and debt securities)

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

The Company's debt instruments have been classified into the following measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses). Foreign exchange gains and losses and impairment losses are presented as separate line items in the statement of profit or loss.

Financial assets of the Company are classified into the following classes that are measured at amortised cost:

- Cash and cash equivalents;
- Trade receivables;
- Loans;
- Other receivables.

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

The following financial assets of the Company are measured FVPL:

- Equity instruments;
- Derivative financial instruments;
- Bonds.

Equity instruments

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

Derivative financial instruments

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

Impairment

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

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

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

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

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

Assessment of fair value

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

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

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

The Company uses fair value valuation techniques that are appropriate in the circumstances and for which there is sufficient data to estimate the fair value, maximizing the use of relevant observable inputs and 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 Company assesses at the end of each reporting period whether the assets and liabilities, which are recorded in the financial statements throughout different periods require reclassification between levels (based on the lowest input, which is important for estimating the fair value).

Cash and cash equivalents

Due from credit institutions and investment firms include short-term (with maturity of less than three months) demand deposits, which have no material market value change risk, and balances on trading accounts.

For the purposes of cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits with Credit institutions.

Recognition of off-balance assets and liabilities

Admiral Markets AS acts as an intermediary of investment services and is responsible for keeping their clients' deposited funds under their control.

As a result of the pass-through arrangement, the assets are considered as off-balance sheet assets, see Note 18.

Data analysis, AI and digital banking are our future.

Anatolii Mikhalchenko
Member of the Supervisory Board

Tangible fixed assets

Property, plant and equipment are recorded in the statement of financial position at cost less any accumulated depreciation and impairment losses. The Company depreciates items of property, plant and equipment under the straight-line method. The following useful lives are generally assigned to items of property, plant and equipment:

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

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

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

Intangible fixed assets

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

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

Group of intangible fixed asset	Useful life
Licenses, software	5 years

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

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

Impairment of tangible and intangible fixed assets

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

If as a result of the impairment test of a previously impaired asset, the asset's recoverable value exceeds its carrying amount, the earlier impairment expenses 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 recognized using regular depreciation over the years.

Accounting for financial liabilities

The Company classifies financial liabilities either:

- as financial liabilities measured at fair value through profit or loss, or
- as financial liabilities measured at amortised cost

Recognition of a financial liability (derivative) at fair value through profit or loss is disclosed under accounting policy Financial assets *Derivative financial instruments*. All other financial liabilities are subsequently measured at amortised cost using the effective interest method. Transaction costs are included in the calculation of the effective interest rate. The difference between the proceeds (less transaction costs) and redemption value are recognised in the statement of profit or loss during the term of the instrument, using the effective interest rate. Interest costs are included in the statement of profit or loss line "Interest expenses". Debt securities issued and similar subordinated debts are initially recognised at fair value, less transaction costs (cash received less transaction costs). The subordinated debts are those liabilities, which in case of a liquidation of an investment company or declaration of bankruptcy, are settled after the satisfaction of the justifiable claims of other creditors. Other financial liabilities (trade payables and accrued expenses) are initially recognised at fair value less transaction costs and are subsequently carried at amortised cost.

Financial liabilities are derecognised when they are extinguished (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 of the balance sheet date. Vacation pay liabilities are recognised together with social and unemployment insurance taxes in the statement of financial position under liabilities and prepayments and in the statement of profit or loss under personnel expenses.

Leases

The Company as a lessee

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing.

Lessees are required to recognise:

a. assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
b. depreciation of lease assets separately from interest on lease liabilities in the income statement.

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

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

Initial measurement

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

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

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Subsequent measurement

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

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

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

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

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

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

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

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

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

Provisions and contingent liabilities

Liabilities arising from an obligating event before the end of the reporting period that have either a legal basis or that have arisen from the Company current operating practice (legal or constructive obligation) that require probable outflow of resources, the realisation of which is probable (it is more likely than not that an outflow of resources will be required to settle the obligation) and the amount of which can reliably be estimated but for which the timing or amount are not definitely known are recognised as provisions in the statement of financial position.

The provisions are recognised based on the management's estimates regarding the amount and timing of the expected outflows. A provision is recognised in the statement of financial position in the amount which according to the management is necessary as at the end of the reporting period for the meeting of the obligation arising from the provision or transfer to the third party. The provision expense and an expense from the change in the carrying 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 longterm portion is separately disclosed in respective disclosure to these financial statements (see Note 5).

Corporate income tax

According to the current Income Tax Act, the profits distributed as dividends are taxed at the rate of 20/80 from the net dividend paid. Corporate income tax on dividends is recognised as an income tax expense in the statement of comprehensive income in the period when the dividend is declared, regardless of the period for which they are announced or when the dividends are paid out. The income tax liability and expense accounted from unpaid dividends as at the balance sheet date are adjusted according to the income tax rate in force in the new accounting period.

From 2019, a lower tax rate is applied to regularly payable dividends – 14% (14/86 of the net payment). The more beneficial tax rate can be used for dividend payments in the amount of up to the average dividend payment during the three preceding years that were taxed with the tax rate of 20/80. When calculating the average dividend payment of three preceding years, 2018 will be the first year to be taken into account.

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

Revenue and expenses

Commission revenue is a recognised point in time when the Company satisfies its performance obligation, usually upon execution of the underlying transaction. Such revenue includes brokerage fees from the companies in the same consolidation Group. Variable fees are recognised only to the extent that management determines that it is highly probable that a significant reversal will not occur.

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

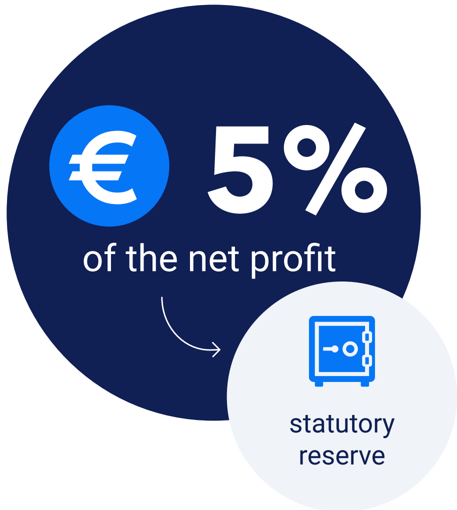
Interest income and expense are recognised in the statement of comprehensive income for all financial instruments that are recognised at amortized cost, using the effective interest rate method. The effective interest rate is the interest rate which when used for discounting the cash flows arising from financial asset or liability will result in the current carrying amount of the financial asset or liability. The calculation of the effective interest rate includes all payable or receivable transaction costs, premiums or discounts related to the financial asset or liability.

Trading income includes:

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

Statutory reserve capital

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



Cash flow statement

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

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

Events after the balance sheet date

The financial statements reflect all significant facts affecting the assessment of assets and liabilities which occurred between the balance sheet date, 31 December 2021, and the date of preparing the report, but are linked to transactions that occurred during the reporting period or transactions of previous periods.

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

Certain new IFRS, amendments to existing standards and the interpretations of the standards have been published by the time of compiling these financial statements which became mandatory for the Company's reporting periods beginning on or after 1 January 2021. The overview of these standards and the potential impact of applying the new standards and interpretations are stated below.

a Adoption of new or revised standards and interpretations.

There are no new or revised standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2021 that have a material impact on the Company.

b New accounting pronouncements

Certain new or revised standards and interpretations have been issued that are mandatory for the Company's annual periods beginning on or after 1 January 2022, and which the Company has not early adopted.

Classification of liabilities as current or non-current – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023; not yet adopted by the EU).

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

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

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

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

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28
- IFRS 17, Insurance Contracts
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41
- Amendments to IFRS 17 and an amendment to IFRS 4
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

Note 4. Use of estimates, assumptions and judgements

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

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

Impairment of assets

As at each balance sheet date, the Company determines whether there are any indications of impairment of a given financial asset or group of financial assets. In particular, the Company tests its past due receivables for impairment and writes down the estimated amount of doubtful and uncollectible receivables (Note 9). The Company also considers any need for expected credit loss of receivables.

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

Fair value of financial instruments

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

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

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

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

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

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

Quantitatively measurable

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

Qualitatively measurable

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

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

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

However, for other client profiles, the total net position is generally not economically hedged through the counterparty, except if the portfolio 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.

Capital management

The objective of Admiral Markets AS 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 Admiral Markets AS 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 Admiral Markets AS must be forward-looking and in line with the Company's short- and long-term business plans, as well as with expected macroeconomic developments.

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

On 26 June 2021, came into force Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms (IFR), which replaced Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

Under IFR, investment firms must always have own funds of at least D, where D is defined as the higher of the following values:

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

The Admiral Markets AS is required to have own funds at least higher than the K-factor requirement.

The own funds of Admiral Markets AS consist of Tier 1 and Tier 2 capital:

Own funds

(in thousands of euros)	31.12.2021	31.12.2020
Paid-in share capital	2,586	2,586
Other reserves	259	259
Retained earnings of previous periods	**52,090**	**34,566**
Intangible assets	-3,070	-824
Total Tier 1 capital	**51,865**	**36,587**
Subordinated debt securities	1,827	1,827
Total Tier 2 capital	**1,827**	**1,827**
Net own funds for capital adequacy	**53,692**	**38,414**

As of 31.12.2021, the own funds of Admiral Markets AS amounted to EUR 53.7 million (31.12.2020: EUR 38.4 million). At the end of the reporting period, Admiral Markets AS adequacy ratio was 299% and has complied with all regulatory capital requirements under IFR in 2021. At the end of 2020, the Company was required to comply with CRR, and then Admirals Markets AS capital adequacy ratio was 19,3%.

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, bonds and convertible loans 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

	31.12.2021	31.12.2020	Note
Due from credit institutions and investment companies	22,988	40,862	7
Financial assets at fair value through profit or loss	8,255	9,790	8
incl bonds	7,632	8,697	
incl convertible loans	499	590	
incl derivatives	124	503	
Loans granted	7,528	6,134	9
Other receivables	8,569	596	9
Total financial assets	**47,340**	**57,382**	

Due from credit institutions and investment companies

Rating (Moody's)	Credit institutions	Investment companies	Total 31.12.2021	Credit institutions	Investment companies	Total 31.12.2020
Aa1 - Aa3	3,054	0	3,054	24,898	0	24,898
A1 - A3	105	0	105	60	0	60
Baa1 - Baa3	781	0	781	754	0	754
Ba1 - Ba3	0	0	0	1	0	1
Non-rated	534	18,292	18,826	14	15,120	15,134
Cash in transfer	222	0	222	15	0	15
Total (Note 7, except cash)	**4,696**	**18,292**	**22,988**	**25,742**	**15,120**	**40,862**

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

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

Investment companies must have the operating permit of the supervisory authorities of their country of residence and a high reputation.

Twice a year, the ratings of credit institutions and investment companies are checked and publicly available information about potential problems is reviewed.

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

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

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

Loans granted

In 2021, the loans granted balance has increased – mainly, the loans granted disclosed in Note 9 – are for parent company and few counterparties and loans granted to third parties usually have mortgage collateral (loans are overcollateralized). The Company assesses based on historical loss rate and forward-looking macroeconomic information that the significant risk of the loans has not increased compared to when the loan was issued. Therefore, management assessed there is no significant risk in the credit risk for loans granted and resulting expected credit loss is immaterial.

Other receivables

Other receivables in amount EUR 8,569 thousand (31.12.2020: EUR 596 thousand) includes all other balance sheet financial assets. As at 31.12.2021 other receivables consist of claims against related parties in amount EUR 8,338 thousand. As at 31.12.2021 and 31.12.2020 there were no such overdue receivables. Management estimates that these receivables bear in substance low credit risk.

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

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

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

Financial assets at fair value through profit or loss

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

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

Ratings of bonds

	31.12.2021	31.12.2020
AAA	6,027	5,205
AA1	714	1,084
AA2	891	836
AA3	0	1,572
Total	**7,632**	**8,697**

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

In addition, the Group has granted a convertible loan in the amount of 499 thousand euros (31.12.2020: EUR 590 thousand), which is measured at fair value through profit or loss as the loan has a conversion option (Note 8). Management has assessed that the credit risk of the loan is within acceptable limits.

Off-balance sheet client bank accounts

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

As at 31.12.2021 and 31.12.2020, off-balance sheet cash and cash equivalents in credit institutions were divided by ratings as follows:

Rating (Moody's)

	31.12.2021	31.12.2020
Aa1 - Aa3	343	810
A1 - A3	23	370
Baa1 - Baa3	49	128
Caa2	0	11
Total	**415**	**1,319**

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 Company holds only very liquid positions with the counterparties.

Trading portfolio

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

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

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

Market risk

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

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

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

Foreign currency risk

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

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

Foreign currency risk arises mainly from derivatives consisting of currency pairs. In addition, clients are offered commodity and equity derivatives that are quoted in a currency other than the euro. Admirals also has 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:

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

31.12.2020	EUR	USD	GBP	JPY	CAD	CHF	Other currencies	Total
Due from credit institutions and from investment companies	39,455	1,030	298	0	0	7	57	40,847
Financial assets at fair value through profit or loss (excluding derivatives)	597	8,697	0	0	451	0	0	9,745
Loans and receivables	6,667	18	0	0	44	0	1	6,730
Total financial assets	**46,719**	**9,745**	**298**	**0**	**495**	**7**	**58**	**57,322**
Subordinated debt	1,827	0	0	0	0	0	0	1,827
Other financial liabilities	7,198	41	56	2	0	0	20	7,317
Lease liabilities	4,397	0	0	0	0	0	0	4,397
Total financial liabilities	**13,422**	**41**	**56**	**2**	**0**	**0**	**20**	**13,541**
Long positions of trading portfolio	113,929	196,882	55,378	38,522	11,943	23,335	32,278	472,267
Short positions of trading portfolio	120,192	240,162	30,844	28,257	20,289	5,197	16,327	461,268
Net open foreign currency position	**27,034**	**-33,576**	**24,776**	**10,263**	**-7,851**	**18,145**	**15,989**	**54,780**

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

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

Impact on the statement of comprehensive income:

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

(in thousands of euros)	GBP	USD	JPY	CHF	CAD
Exchange rate change in relation to EUR +/- 3%					
2020	743	1,007	308	544	235

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

Equity risk

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

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

The following are the positions of derivatives bearing the equity position risk in the trading portfolio as at 31.12.2021 and 31.12.2020:

	31.12.2021			31.12.2020	
Equity / Index	Long positions	Short positions	Equity / Index	Long positions	Short positions
[DAX40]	37,362	20,362	[DAX40]	32,408	25,566
[DJI30]	30,530	16,207	[DJI30]	21,314	11,220
[NQ100]	12,534	16,593	[NQ100]	4,480	4,837
[SP500]	9,142	5,076	[SP500]	3,227	3,210
[CAC40]	3,441	4,739	#TSLA	1,592	1,734
Other equities and indices	19,904	24,796	Other equities and indices	12,256	22,617
Total	**112,913**	**87,773**	**Total**	**75,277**	**69,184**

The following sensitivity analysis identifies the impact of the largest stock index changes on the profit/ loss arising from trading positions. Similarly with the currency risk, the largest possible volatility was also analysed. The largest intraday fluctuation in the last years of the DAX30 index took place on the Brexit vote day and was 9%. In addition, on one day the biggest daily fluctuation in a stock index was 5.6% in 2016. Accordingly, the management has estimated that the reasonable basis for the sensitivity analysis is the largest intraday fluctuation of ca 10%.

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

	[DAX40]	[DJI30]	[NQ100]	[SP500]
2021	1,700	1,432	406	407

	[DAX40]	[DJI30]	[NQ100]	[SP500]
2020	684	1,009	36	1

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.

In addition, in 2021, the Company obtained listed equity instruments in amount 1,182 thousand euros as at 31.12.2021 as part for a consideration received on the disposal of associate company (see also Note 22 and 28). Other equity investments are non-listed as at 31.12.2021 in amount 561 thousand euros.

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:

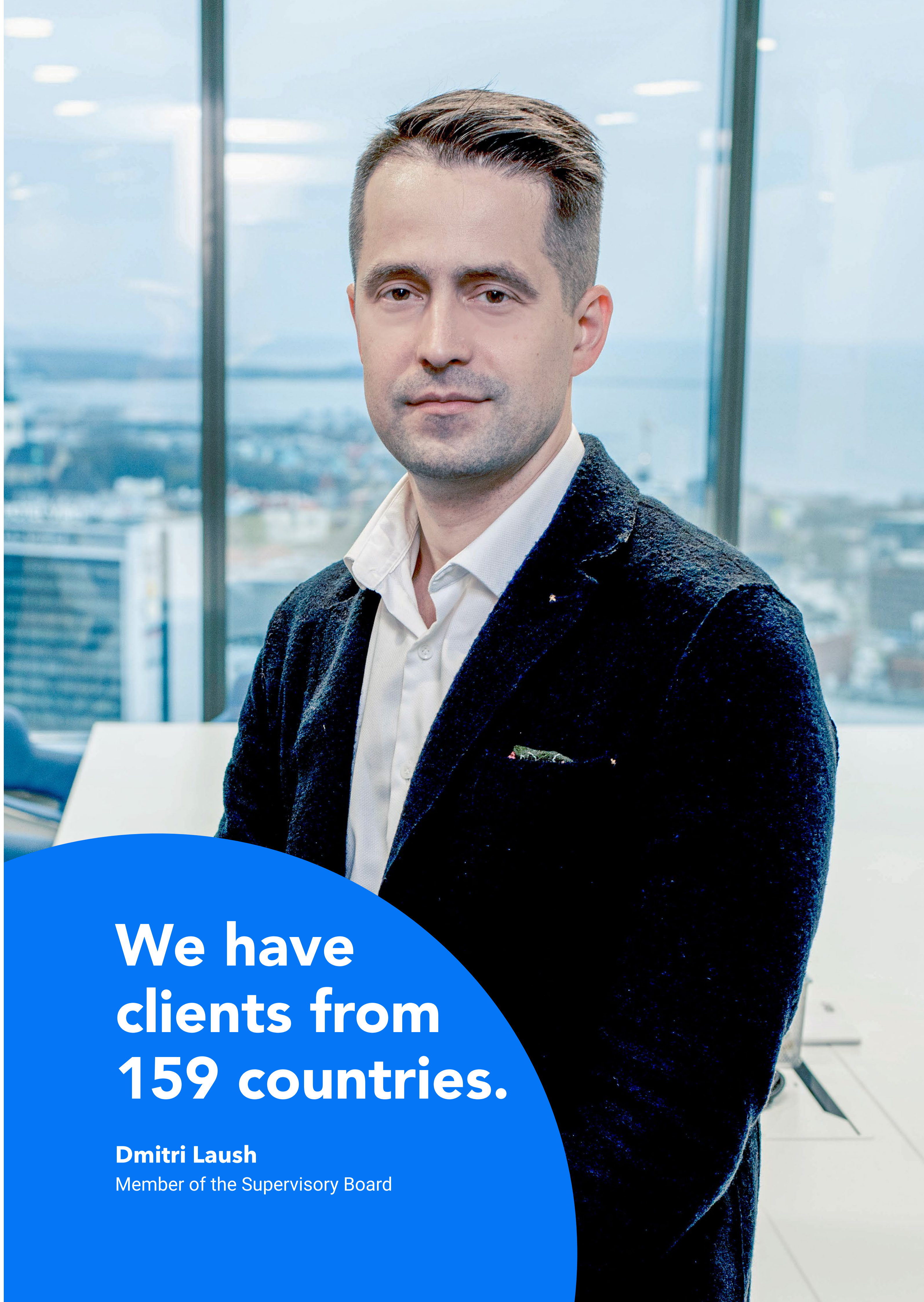
	31.12.2021			31.12.2020	
Commodity	**Long positions**	**Short positions**	**Commodity**	**Long positions**	**Short positions**
SILVER	1,983	4,612	SILVER	1,261	5,273
BITCOIN	1,325	1,558	BRENT (OIL)	739	406
ETHEREUM	645	845	BITCOIN	619	572
PLATINUM	471	668	PLATINUM	393	567
Other commodities	3,098	3,370	Other commodities	981	1,459
Total	**7,522**	**11,053**	**Total**	**3,993**	**8,277**

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

	SILVER	BITCOIN	ETHEREUM	PLATINUM
2021	131	12	10	10

	SILVER	BITCOIN	BRENT	PLATINUM
2020	201	2	17	9

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 31.12.2021 and 31.12.2020, the Admiral Markets AS had no overdue payables.

31.12.2021	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount	Note
Assets held for managing liquidity risk by contractual maturity dates								
Due from credit institutions and investment companies	22,989	0	0	0	0	22,989	22,989	7
Financial assets at fair value through profit or loss (excluding derivatives)	0	4,144	2,270	3,525	0	9,939	9,874	8
Financial assets at fair value through profit or loss (derivatives)	0	124	0	0	0	124	124	8
Loans and receivables	0	108	10,188	6,046	0	16,341	16,097	9
Assets total	**22,989**	**4,376**	**12,458**	**9,571**	**0**	**49,393**	**49,083**	
Liabilities by contractual maturity dates								
Subordinated debt securities	0	146	2,558	0	0	2,704	1,827	16
Other financial liabilities	0	1,381	0	0	0	1,381	1,381	14
Lease liabilities	0	126	381	2,681	430	3,618	3,375	16
Financial liabilities at fair value through profit or loss (derivatives)	0	637	0	0	0	637	637	8
Liabilities total	**0**	**2,145**	**527**	**5,238**	**430**	**8,340**	**7,221**	

31.12.2020	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	40,847	0	0	0	0	40,847	40,847	8
Financial assets at fair value through profit or loss (excluding derivatives)	0	1,718	2,629	5,612	0	9,959	9,745	9
Financial assets at fair value through profit or loss (derivatives)	0	503	0	0	0	503	503	9
Loans and receivables	0	627	2,627	3,682	77	7,013	6,730	10
Assets total	**40,847**	**2,848**	**5,256**	**9,294**	**77**	**58,322**	**57,825**	
Liabilities by contractual maturity dates								
Subordinated debt securities	0	0	146	585	2,118	2,849	1,827	16
Other financial liabilities	0	7,317	0	0	0	7,317	7,317	14
Lease liabilities	0	142	432	2,404	1,804	4,782	4,396	16
Financial liabilities at fair value through profit or loss (derivatives)	0	219	0	0	0	219	219	8
Liabilities total	**0**	**7,678**	**578**	**2,989**	**3,922**	**15,167**	**13,759**	

Interest rate risk

In 2021 and 2020, 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 and majority on loans granted are not exposed to interest rate risk, because of fixed interest rate.

	31.12.2021	31.12.2020
Due from credit institutions and investment companies (except cash and cash in transit)	22,988	40,847
Financial assets and liabilities at fair value through profit or loss (bonds)	7,632	8,697
Total assets	**30,620**	**49,544**

Concentration risk

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

Concentration risk is the ratio of Admirals' risk exposure to company's own funds. The activities of Admirals are aimed at avoiding excessive concentration risks, both geographically and by individual counterparties. To this end, the Company's management has established limits on concentration risk. 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.

	31.12.2021			31.12.2020	
Cash*	Balance sheet balances	Off-balance sheet balances	Cash*	Balance sheet balances	Off-balance sheet balances
United Kingdom	9,885	0	United Kingdom	11,290	83
Estonia	4,053	233	Estonia	25,652	694
Germany	5,620	0	Germany	1,304	0
Denmark	1,414	0	Latvia	0	736
Switzerland	682	0	Switzerland	934	0
Other Countries	1,334	182	Other Countries	1,667	550
Total	**22,988**	**415**	**Total**	**40,847**	**2,063**

* Cash (except cash on hand and cash in transit) and clients' bank accounts distributed by countries

Operational risk

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

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

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

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

Off-setting of financial assets and financial liabilities

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

31.12.2020	Gross amount in statement of financial position	Off-setting amount under agreement	Net Amount	Note
Financial assets				
Due from investment companies	15,120	0	15,120	7
Financial assets at fair value through profit and loss (derivatives)	504	219	285	8
Total	**15,624**	**219**	**15,405**	
Financial liabilities				
Financial liabilities at fair value through profit and loss (derivatives)	219	219	0	8
Total	**219**	**219**	**0**	

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

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

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

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Financial assets recognized at amortised cost:					
Due from credit institutions	4,474	0	4,474	0	7
Due from investment companies	18,292	0	18,292	0	7
Cash in transit	222	0	222	0	7
Loans	7,568	0	0	7,568	9
Loans and receivables from group companies	8,338	0	0	8,338	9
Other financial assets	191	0	0	191	9
Total	**39,085**	**0**	**22,988**	**16,097**	
Financial liabilities recognized at amortised cost:					
Other financial liabilities	860	0	0	860	13
Subordinated debt securities	1,827	0	0	1,827	16
Total	**2,687**	**0**	**0**	**2,687**	

Quantitative data disclosed on the assessment of fair value hierarchy as at 31.12.2020:

		Assessment of fair value using			
	Total	**Level 1**	**Level 2**	**Level 3**	**Note**
Financial assets recognised at fair value through profit or loss:					
Bonds	8,697	8,697	0	0	8
Convertible loan	590	0	0	590	8
Equity investments at fair value through profit or loss	458	0	0	458	8
Derivatives:					
Currency pairs	272	0	272	0	8
CFD derivatives	155	0	155	0	8
Other derivatives	76	0	76	0	8
Total	**10,248**	**8,697**	**503**	**1,048**	
Financial liabilities recognised at fair value through profit or loss:					
Derivatives:					
Currency pairs	83	0	83	0	8
CFD derivatives	52	0	52	0	8
Other derivatives	84	0	84	0	8
Total	**219**	**0**	**219**	**0**	

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Financial assets recognized at amortised cost:					
Due from credit institutions	25,727	0	25,727	0	7
Due from investment companies	15,120	0	15,120	0	7
Cash in transit	15	0	15	0	7
Loans	6,145	0	0	6,145	9
Loans and receivables from group companies	392	0	0	392	9
Other financial assets	193	0	0	193	9
Total	**47,592**	**0**	**40,862**	**6,730**	
Financial liabilities recognized at amortised cost:					
Other financial liabilities	6,489	0	0	6,489	13
Subordinated debt securities	1,827	0	0	1,827	16
Total	**8,316**	**0**	**0**	**8,316**	

Levels used in the hierarchy:

Level 1 quoted price in an active market;

Level 2 valuation technique based on market data;

Level 3 other valuation methods with estimated inputs.

Financial instruments on level 2

The value of trading derivatives is based on quotations received from counterparties (liquidity providers) and other public quotations.

Due from credit institutions and investment companies are short-term and very liquid.

Financial instruments on level 3

Interest rates on loans granted at amortised cost are mostly at 15% p.a. (range from 2% to 15%) and considering a relatively short period between the loan origination date and the balance sheet date, the management has estimated there have not been material changes in the market interest rates. Hence, the carrying values of the loans are close approximations of their fair value at the balance sheet date. Significant estimates of management are used to assess the fair value of loans, so they are classified in level 3.

Convertible loans and equity investments at fair value through profit or loss are investments made on market terms during the reporting period. Management has assessed that their investment value based on contractual terms is a close approximation of their fair value at the balance sheet date. Management is monitoring closely the investment performance and receives reporting from investees which serves as the basis of their assessment at balance sheet date.

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

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

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

Note 7.
Due from credit institutions and investment companies

	31.12.2021	31.12.2020
Demand and term deposits with maturity less than 3 months*	4,474	25,727
Demand deposits on trading accounts	18,292	15,120
Cash in transit	222	15
Total	**22,988**	**40,862**

*cash and cash equivalents in the statement of cash flows

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

Instrument	31.12.2021 Asset	31.12.2021 Liability	31.12.2020 Asset	31.12.2020 Liability	Note
Bonds	7,632	0	8,697	0	6
Convertible loan	499	0	590	0	6
Equity investments at fair value through profit or loss	1,743	0	458	0	6
Currency pairs	4	33	272	83	6
CFD derivatives	88	283	155	52	6
Other derivatives	32	321	76	84	6
Total	**9,998**	**637**	**10,248**	**219**	

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

Breakdown of financial assets (except derivatives) to current and non-current in subsequent periods as of 31 December 2021 and 31 December 2020 are set below:

Instrument	31.12.2021 Current assets	31.12.2021 Non-current assets	31.12.2020 Current assets	31.12.2020 Non-current assets
Bonds	6,365	1,267	3,558	5,139
Convertible loan	499	0	139	451
Equity investments at fair value through profit or loss	0	1,743	0	458
Total	**6,365**	**3,509**	**3,697**	**6,048**

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

Note 9.
Loans and receivables

	31.12.2021	31.12.2020	Note
Financial assets			
Trade receivables	13	83	
Doubtful receivables	0	0	
Settlements with employees	70	18	
Loans granted	7,528	6,134	6,27
Receivables from related parties	8,338	408	27
Other short-term receivables	148	87	
Total	**16,097**	**6,730**	

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

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

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.

		Distribution by maturity		Interest rate	Due date	Base currency	Interest receivables 31.12.2020
	31.12.2020	Up to 1 year	2-5 years				
Loan 1	55	55	0	2%	04.2021	EUR	0
Loan 2	2,300	2,300	0	2%	05.2021	EUR	0
Loan 3	5	5	0	12 month Euribor + 4%	12.2021	EUR	8
Loan 4	200	200	0	22%	12.2021	EUR	0
Loan 5	2,500	0	2,500	2%	12.2023	EUR	0
Loan 6	1,000	0	1,000	2%	11.2024	EUR	0
Loan 7	74	0	74	8%	07.2026	EUR	3
Total	**6,134**	**2,560**	**3,574**				**11**

Note 10.
Other assets

	31.12.2021	31.12.2020	Note
Prepaid expenditure of future periods	810	665	
Prepayments to suppliers	9	0	
Prepaid taxes	1,084	725	14
Total	**1,903**	**1,390**	

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

Note 11.
Tangible and right-of-use assets

	Other equipment	Right-of-use assets (office properties)	Total
Balance as at 31.12.2019			
Cost	2,674	4,479	7,153
Accumulated depreciation and amortisation	-1,391	-420	-1,811
Carrying amount	**1,283**	**4,059**	**5,342**
Acquisition/new lease contracts	799	691	1,490
Non-current assets sold	-205	0	-205
Write-off	-349	0	-349
Depreciation/amortisation charge	-263	-537	-800
Balance as at 31.12.2020			
Cost	2,919	5,170	8,089
Accumulated depreciation and amortisation	-1,305	-957	-2,262
Carrying amount	**1,614**	**4,213**	**5,827**
Acquisition/new lease contracts	489	0	489
Non-current assets sold	-26	0	-26
Write-off	-294	-652	-946
Depreciation/amortisation charge	-139	-414	-553
Balance as at 31.12.2021			
Cost	3,088	4,518	7,606
Accumulated depreciation and amortisation	-1,444	-1,371	-2,815
Carrying amount	**1,644**	**3,147**	**4,791**

The Company non-current assets increased in 2020 due to new floors were added. In 2021 one floor contract in Estonia was terminated. The rest of the tangible assets consist mainly of improvements to the office (office equipment and furniture).

Note 12.
Intangible assets

	Licenses	Intangible assets generated internally	Other intangible assets	Total
Balance as at 31.12.2019				
Cost	255	627	217	1,009
Accumulated depreciation and amortisation	-230	-125	-114	-469
Carrying amount	**25**	**502**	**103**	**630**
Acquisition of non-current assets	392	0	0	392
Write-off of non-current assets	-135	0	-158	-293
Depreciation/amortisation charge	-28	-126	-44	-198
Balance as at 31.12.2020				
Cost	512	627	59	1,198
Accumulated depreciation and amortisation	-123	-251	0	-374
Carrying amount	**389**	**376**	**59**	**824**
Acquisition of non-current assets	175	2,369	0	2,544
Write-off of non-current assets	0	0	-59	-59
Depreciation/amortisation charge	-114	-125	0	-239
Balance as at 31.12.2021				
Cost	687	2,996	0	3,683
Accumulated depreciation and amortisation	-237	-376	0	-613
Carrying amount	**450**	**2,620**	**0**	**3,070**

In 2021, the Company capitalised development costs for several new software products that are expected to generate future economic benefits. These new software products were released in late 2021, with expected useful life of 5 years. The Company estimates the useful life of the new software products to be at least 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than five years, depending on technical innovations.

Note 13.
Liabilities and prepayments

Type of liability	31.12.2021	31.12.2020	Note
Financial liabilities			
Liabilities to trade creditors	561	1,630	
Payables to related parties	258	4,514	27
Interest payable	1	1	16
Other accrued expenses	40	344	
Subtotal	**860**	**6,489**	
Non-financial liabilities			
Payables to employees	245	454	
Taxes payable	276	374	14
Subtotal	**521**	**828**	
Total	**1,381**	**7,317**	

Note 14.
Tax prepayments and liabilities

	31.12.2021		31.12.2020		
	Prepaid taxes	Taxes payables	Prepaid taxes	Taxes payables	Note
Value-added tax	0	91	0	118	
Corporate income tax	0	3	0	3	
Individual income tax	0	65	0	88	
Social security tax	0	104	0	148	
Unemployment insurance payments	0	7	0	10	
Contributions to funded pension	0	5	0	7	
Other tax receivables/ liabilities in foreign countries	81	0	125	0	
Prepayments account	1,003	0	600	0	
Total	**1,084**	**275**	**725**	**374**	**10, 13**

Note 15.
Leases

The Company 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 Company. In applying IFRS 16 for the first time, the Company applied a single discount rate to its portfolio of leases with reasonably similar characteristics and used 2% incremental borrowing rate to all its lease liabilities as permitted by the standard. For new lease agreements since 2021 applied a 2.8% borrowing rate, which was close to market price rates. The right-of use asset and lease liability are recorded on separate lines in the statement of financial position.

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

The table below analyses the movement in lease liabilities:

	Lease liabilities
Balance at 01.01.2020	**4,145**
Additions*	692
Repayment of lease liability	-536
Interest expense	96
Balance at 31.12.2020	**4,397**
Adjustments (incl. terminations)	-652
Lease payments made during the year	-453
Interest expense	83
Balance at 31.12.2021	**3,375**

* 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 2021 and 31 December 2020 are set below:

	31.12.2021	31.12.2020
Short-term office lease liabilities	443	485
Long-term office lease liabilities	2,932	3,911
Total	**3,375**	**4,396**

Note 16. Subordinated debt securities

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

Subordinated debt	Issuance year	Amount	Intereast rate	Maturity date
Subordinated bonds (ISIN:EE3300111251)	2017	1,827	8%	28.12.2027

The total number of bondholders at the end of the year was 357. Bondholder structure according to holders groups as at 31.12.2021 was the following:

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

In 2021, 174 transactions in the amount of EUR 260 thousand were made with Admiral Markets AS bonds.

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

Interest liability from subordinated debt	
Accrued interest on subordinated debts as at 31.12.2019	**1**
Interest calculated for 2020	151
Paid out during 2020	-151
Accrued interest on subordinated debts as at 31.12.2020	**1**
Interest calculated for 2021	151
Paid out during 2021	-151
Accrued interest on subordinated debts as at 31.12.2021	**1**

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 2021 Admiral Markets AS paid dividends to parent company Admirals Group AS in amount of EUR 2,742 thousand (2020: EUR 1,371 thousand) and the accompanying income tax liability was in the amount of EUR 567 thousand (2020: EUR 267 thousand).

Income tax	2021	2020
Income tax expense associated with profit earned in branches	0	3
Income tax expense associated with dividends payment	567	264
Total income tax	**567**	**267**

Conditional corporate income tax

As at 31.12.2021, the Company's retained earnings amounted to EUR 53,010 thousand (31.12.2020: EUR 54,832 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 31.12.2021 EUR 23,449 thousand (31.12.2020: EUR 29,551 thousand), and the corresponding income tax would have amounted to EUR 5,862 thousand (31.12.2020: EUR 7,388 thousand).

Note 18. Off-balance sheet assets

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

Off-balance sheet assets	31.12.2021	31.12.2020
Bank accounts	415	1,319
Interim accounts of card payment systems	0	774
Stocks	237	537
Cash in transit	0	382
Total	**652**	**2,982**

Note 19. Share capital

	31.12.2021	31.12.2020
Share capital	2,586	2,586
Number of shares (pc)	404,000	404,000
Nominal value of shares	6.4	6.4
Basic	2.28	50.16
Diluted earnings per share	2.28	50.16

As at 31.12.2021, the share capital of the Company's parent company consists of 404,000 ordinary shares with a nominal value of EUR 6.4 which have been fully paid for.

Basic and diluted earnings per share are calculated as follows:

	31.12.2021	31.12.2020
Profit attributable to the equity holders of the Company	920	20,265
Weighted average number of ordinary shares (pc)	404,000	404,000
Weighted average number of shares used for calculating the earnings per shares (pc)	404,000	404,000
Basic earnings per share	2.28	50.16
Weighted average number of shares used for calculating the diluted earnings per shares (pc)	404,000	404,000
Diluted earnings per share	2.28	50.16

Under the articles of association, the minimum share capital of the investment company is EUR 766,940 and the maximum share capital is EUR 3,067,759, in the range of which share capital can be increased and decreased without amending the articles of association. All issued shares are fully paid.

Each share grants one vote at the general annual meeting of shareholders of Admiral Markets AS.

In 2021, owners were paid dividends in the total amount of EUR 2,742 thousand i.e. EUR 6.79 per share (2020: 1,371 thousand i.e. EUR 3.39 per share).

Note 20. Segment reporting

The Management Board is responsible for the allocation of resources and assessment of the results of operating segments. In 2021 and 2020, the Management Board monitored the operations of the Company as one operating segment.

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

Note 21. Net income from trading

	2021	2020
Indices CFD's	13,936	28,409
Currency CFD's	9,673	18,927
Commodities CFD's	12,675	17,847
Other (crypto, bonds, ETF, shares, others)	598	579
Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	**36,882**	**65,762**
Commission fee revenue from clients	1,935	32
Brokerage and commission fee expense	-18,439	-18,719
Other trading activity related income	156	19
Other trading activity related expenses	-4	-23
Net income from trading	**20,530**	**47,071**

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

Brokerage and commission fee expense contains commissions paid to introducing brokers, commissions paid to liquidity providers and fees paid to payment systems. The Company concludes cooperation agreements with introducing brokers who receive commissions which depend on the trade generated under the cooperation agreements. The Company concludes agreements with liquidity providers and providers of payment systems which require different fees charged.

Other trading activity related income includes inactive fee, payment system fee for deposits and withdrawals, special trading account fee like "swap-free Islamic accounts".

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

Other trading activity related expenses are bonuses paid to customers, that are strictly related to trading in financial instruments by the customer with the Company.

The Company's operating incomes is generated from:

I. spreads (the differences between the "offer" price and the "bid" price);
II. net results (gains offset by losses) from 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

	2021	2020
Software development and support	358	997
Intra-group income	375	219
Other income	1,891	152
Other income total	**2,624**	**1,368**

The Company provided software development and support service to third parties amounted to EUR 358 thousand (2020: EUR 997 thousand). In 2021 other income also includes net income from sales of associate company Vorld OÜ.

Note 23.
Other expenses

	2021	2020
Cost of goods and services	-52	-314
Other expenses	0	-77
Other expense total	**-52**	**-391**

Note 24.
Personnel expenses

The remuneration for employees including social security taxes amounted to EUR 4,577 thousand (2020: EUR 7,570 thousand) and the remuneration for the management amounted to EUR 61 thousand (2020: EUR 100 thousand).

	2021	2020
Employees (headquarters of Admiral Markets AS)	-4,685	-7,310
Employees (branches and rep. office)	0	-127
Remuneration of the Management Board and Supervisory Board	-61	-100
Vacation pay reserve	108	-133
Total	**-4,638**	**-7,670**

Admiral Markets AS had 105 employees at the end of 2021 (2020: 141 employees).

There were no direct pension contribution expenses in 2021 and 2020. The social security tax includes a lump-sum payment of social, health and other insurances amounted to EUR 1,169 thousand (2020: EUR 1,928 thousand).

Note 25.
Operating expenses

Type of expense	2021	2020	Notes
Marketing expenses	-9,186	-9,856	
IT expenses	-3,056	-2,549	
Other outsourced services	-98	-151	
Bank charges	-53	-60	
VAT expenses	-452	-1,496	
Rent of low-value leases and utility expenses	-145	-150	
Legal and audit services	-566	-922	
Regulative reporting services	-75	-96	
Transport and communication costs	-206	-216	
Travelling expenses	-101	-68	
Supervision fee of the Financial Supervision Authority	-157	-118	
Small tools	-79	-150	
Other operating expenses	-399	-681	
Intra-group expense	-1,909	-887	27
Total operating expenses	**-16,482**	**-17,400**	

Note 26.
Contingent liabilities

Tax authorities have the right to review the Company's tax records for up to 5 years after submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines. The tax authorities have not performed any tax audits at the Company during 2020 - 2021. The Company's management estimates that in 2021 there are no such circumstances, which may lead the tax authorities to impose significant additional taxes on the Company.

Note 27.
Transactions with related parties

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

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

Mr. Alexander Tsikhilov has the ultimate control over the Company

Revenue

	Relation	2021	2020
Revenue from brokerage and commission fees*	Companies in the same consolidation Group	43,456	67,058
Services	Companies in the same consolidation Group	409	219
Services	Companies related to senior management	373	997
Interest income	Parent company	116	97
Interest income	Companies in the same consolidation Group	9	3
Interest income	Senior management and companies related to them	10	22
Total transactions with related parties		**44,370**	**68,396**

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

Expenses

	Relation	2021	2020
Commission fees	Companies in the same consolidation Group	-17,700	-18,150
Services	Parent company	-365	-457
Services	Companies in the same consolidation Group	-1,544	-430
Services	Senior management and companies related to them	-387	-152
Total transactions with related parties		**-19,996**	**-19,189**

Loans and receivables

	31.12.2021	31.12.2020	Note
Loans to parent company	5,800	5,800	
Loans to other companies in the same consolidation Group	636	448	
Loans to companies related to senior management	120	459	
Receivables from parent company	0	56	
Receivables from other companies in the same consolidation Group	8,353	339	
Receivables from senior management receivables from senior management	96	48	
Total receivables from related parties	**15,005**	**7,150**	**8, 9**

Payables

	31.12.2021	31.12.2020	Note
Payables to other companies in the same consolidation Group	216	4,514	13
Payables to senior management and companies related to them	42	0	
Total payables to related parties	**258**	**4,514**	

The payments made, bonuses and benefits granted to the management (gross) were EUR 61 thousand and EUR 100 thousand respectively in 2021 and 2020.

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

Note 28. Subsidiaries and associates

Admiral Markets AS has subsidiaries in Canada and in Jordan.

	Country	Ownership interest 31.12.2021	Ownership interest 31.12.2020	Business activity
Admiral Markets AS (Jordan) LLC	Jordan	100%	100%	Investment services
Admiral Markets Canada Ltd	Canada	100%	100%	Investment services

Subsidiary in Canada in 2021 and 2020 had not started its business activities.

In 2020, the Company made investment into associate company Vorld OÜ in amount EUR 1,376 thousand. In 2021 the Company has sold associate company Vorld OÜ (see Note 22).

Signatures of the Management Board members to the 2021 Annual Report

The Management Board has prepared the Management Report and the Financial Statements of Admiral Markets AS for the financial year ended on 31 December 2021.

The Management Board confirms that Management Report of Admiral Markets AS on pages 12 to 63 provides a true and fair view of the Company's business operations, financial results and financial position.

The Management Board confirms that according to their best knowledge the Financial Statements of Admiral Markets AS on the pages 64 to 129 presents a true and fair view of the Company's assets, liabilities, financial position and financial results according to the IFRS as they are adopted by the European Union and contains description of the main risks and doubts.

04.04.2022

Chairman of the Management Board:
Sergei Bogatenkov
Signed digitally

Member of the Management Board:
Jens Chrzanowski
Signed digitally

Member of the Management Board:
Andrey Koks
Signed digitally

Independent auditor's report

Independent auditor's report

To the Shareholder of Admiral Markets AS

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Admiral Markets AS (the "Company") as at 31 December 2021, and the Company´s financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 4 April 2022.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

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

AS PricewaterhouseCoopers
Pärnu mnt 15, 10141 Tallinn, Estonia; License No. 6; Registry code: 10142876
T: +372 614 1800, F: +372 614 1900, www.pwc.ee

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The non-audit services that we have provided to the Company and its parent and subsidiaries in the period from 1 January 2021 to 31 December 2021 are disclosed in the Management report.

Our audit approach

Overview

Materiality	Overall audit materiality is EUR 470 thousand, which represents approximately 5% of the Company's average profit before tax for years 2019 to 2021.
Key audit matters	Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers

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

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

Materiality

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

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

Overall Company materiality	EUR 470 thousand
How we determined it	Approximately 5% of the Company's average profit before tax for years 2019 to 2021
Rationale for the materiality benchmark applied	We have applied this benchmark, as profit before tax is one of the principal considerations when assessing the Company's performance and a key performance indicator for the Management and the Supervisory Board. We have used 3 years' average of profit before tax as the Company's results are volatile by nature and 3 years' average better reflects Company's operating volumes.

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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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers (detailed information is provided in Note 2 "Accounting policies and estimates used in preparing the financial statements" and Note 21 "Net income from trading") The Company provides its clients various Forex and Contract for Difference (CFD) products with leverage. The Company's net gains from trading predominantly comprises net gains from these CFD transactions placed by clients, and the net gains or losses from the hedging trades that the Company places with external liquidity providers to manage its risk. These transactions constituted one of the most important item in the statement of comprehensive income of the Company. 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 Company's accounting policies over recognition of net gains from trading comply with International Financial Reporting Standards as adopted by the European Union (IFRS EU). We assessed the design and operating effectiveness of the controls related to net gains from trading. We tested whether the net gains from trading reports include all transactions, i.e. the reports are complete and the system calculates the gains from trading transactions accurately. We have performed the following detailed testing: • we reconciled the detailed recognition of net gains from trading system reports with net gains from trading recorded in the financial statements; • we tested that net gains from trading is solely recognised from trading transactions; • we performed the cash and cash equivalent balances confirmation letters procedure, including on and off-balance sheet cash balances, and verified that both on and off-balance sheet bank account balances are accurate; • we reconciled the net loss from trading of financial assets at fair value through profit or loss with liquidity providers with the regular reports provided by liquidity providers; • we analysed the customer complaints register held in accordance with internal policy, to identify whether there are any shortfalls in the Company's processes and controls, which

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could result in over or under statement of Company's net gains from trading.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises Highlights 2021, To the investors of Admirals, Management report and Allocation of income according to EMTA classificators (but does not include the financial statements and our auditor's report thereon).

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

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

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

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

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

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

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

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

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

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

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Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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Report on other legal and regulatory requirements

Report on the compliance of the format of the financial statements with the requirements of the European Single Electronic Reporting format

The European single electronic reporting format has been applied by the management of the Company to the Company's financial statements to comply with the requirements of Article 3 of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). These requirements specify the Company's obligation to prepare its financial statements in a XHTML format. We confirm that the European single electronic reporting format of the financial statements for the year ended 31 December 2021 complies with the ESEF Regulation in this respect.

Appointment and period of our audit engagement

We were first appointed as auditors of Admiral Markets AS, as a public interest entity, for the financial year ended 31 December 2017. Our appointment has been renewed by tenders and shareholder resolutions in the intermediate years, representing the total period of our uninterrupted engagement appointment for Admiral Markets AS, as a public interest entity, of 5 years. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of Admiral Markets AS can be extended for up to the financial year ending 31 December 2036.

AS PricewaterhouseCoopers

/signed/

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

4 April 2022
Tallinn, Estonia

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Proposal for profit distribution

The Management Board of Admiral Markets AS proposes to the General Meeting of Shareholders to distribute the profit of financial year 2021 as follows:

- transfer the profit for the reporting period attributable to shareholders of the parent in the amount of EUR 920 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.

04.04.2022

Chairman of the Supervisory Board:
Alexander Tsikhilov
Signed digitally

Member of the Supervisory Board:
Anton Tikhomirov
Signed digitally

Member of the Supervisory Board:
Anatolii Mikhalchenko
Signed digitally

Member of the Supervisory Board:
Dmitri Laush
Signed digitally

Allocation of income according to EMTA classificators

The revenue of the Company is allocated according to the EMTAK codes as follows:

EMTAK code	Title of EMTAK group	2021
66121	Security and commodity contracts brokerage	20 530 614

Markets go
up and down.
We are going
forward.