

2021

Unaudited consolidated interim report

Admirals Group AS

(Translation of the Estonian original)

admirals  **ADMIRAL
MARKETS**

Admirals Group AS

Unaudited consolidated interim report 2021

Commercial Registry no.	11838516
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Main area of activity	Holding company
Beginning and end date of financial year	01. January - 31. December
Chairman of the Management Board	Sergei Bogatenkov
Members of the Management Board	Jens Chrzanowski Andrey Koks Olga Lustsik Roman Krutyanskiy Andreas Ioannou
Chairman of the Supervisory Board	Alexander Tsikhilov
Members of the Supervisory Board	Anton Tikhomirov Anatolii Mikhalchenko Dmitri Laush Fedor Ragin Priit Rohumaa Vjatseslav Balahontsev
Auditor	PricewaterhouseCoopers AS



**Admirals is a
trend-setter of
the FinTech world.**

Alexander Tsikhilov

Chairman of the Supervisory Board

Highlights 2021

- Group net trading income was 35.7 EUR million (2020: EUR 62.2 million and 2019: EUR 33.5 million)
- EBITDA¹ was 1.0 EUR million (2020: EUR 23.4 and 2019: EUR 6.9 EUR million)
- Net profit was 0.1 EUR million (2020: EUR 20.7 million and 2019: EUR 5.2 million)
- Value of trades went down 16% to EUR 842 billion comparing to period 2020 and up 43% compared to same period 2019 (2020: 998 billion and 2019: EUR 590 billion)
- Number of trades went down 22% to 52.1 million comparing to period 2020 and up 64% compared to same period 2019 (2020: 66.9 million and 2019: 31.8 million)
- Number of active clients² in Group up 2% to 49,080 clients comparing to period 2020 and up 103% compared to same period 2019 (2020: 48,341, 2019: 24,148 active clients)
- Number of active accounts³ in Group up 1% to 63,231 accounts compared to same period of 2020 and up 107% compared to same period 2019 (2020: 62,854 and 2019: 30,523 active accounts)
- Number of new applications in Group up 32% to 123,714 applications compared to same period of 2020 and up 283% compared to same period 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:



Net trading income EUR 35.7m



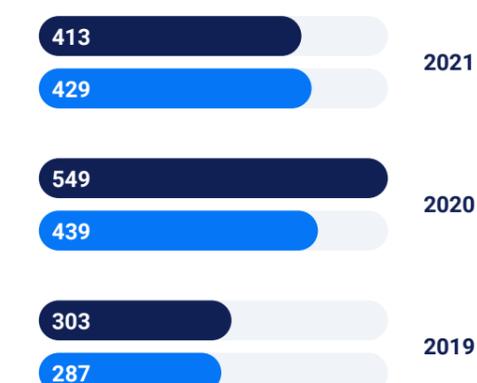
EBITDA¹ EUR 1.0m



Net profit (loss) EUR 0.1m



Value of trades EUR 842bn



Number of trades 52.1m



● H1 ● H2

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

Management Board declaration

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

The data and the additional information provided by Admirals Group AS in the consolidated interim report in the 2021 are true and complete.

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

The financial statements of the interim report of 2021 are unaudited.

/digitally signed/

Sergei Bogatenkov
Chairman of the Management Board
Tallinn, 28.02.2022



**We are in
the midst of
a remarkable
expansion.**

Sergei Bogatenkov
Chairman of the Management Board

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, North and Latin 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 "code/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 background force 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.

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**Our goal is
to reach new
clients through
innovation.**

Anton Tikhomirov

Member of the Supervisory Board

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

Management report

Our company

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

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

The main focus of the Group is the development 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 Group’s activities have largely targeted experienced traders, but this year saw us strengthen our position in the beginner’s segment. In order to accomplish this goal, the Group now focuses on the improvement of general trading skills in experienced traders, and in training new enthusiasts as well. Targeting new segments of clients is a significant strategic choice of the business expansion of the Group.

The licensed investment companies constituting the consolidation group include Admiral Markets AS, Admiral Markets UK Ltd, Admiral Markets Pty Ltd, Admiral Markets Cyprus Ltd and Admiral Markets AS/ Jordan LLC and Admirals SA (PTY) LTD. The companies belonging to the Group have 6 licenses from the Estonian Financial Supervisory Authority (EFSA) for Estonia, Financial Conduct Authority (FCA) for the UK, the Australian Securities and Investments Commission (ASIC) for Australia, the Cyprus Securities and Exchange Commission (CySEC) for Cyprus, Jordan Securities Commission (JSC) for Jordan and Financial Sector Conduct Authority (FSCA) for South Africa. No business

activities have been conducted yet in South Africa and Admirals SA (Pty) Ltd has submitted a request for an additional license.

Admiral Markets UK Ltd has been the primary retail office of the Group’s European customers due to the high reputation of the United Kingdom business environment and the presence of broader investor protection (Financial Services Compensation Scheme – FSCS). Admiral Markets AS role is that of a significant intra-group service provider. In line with the Group’s strategy, subsidiaries of Admirals Group AS hedge the risks arising from their clients’ transactions in their sister company – Admiral Markets AS, which is also their main liquidity provider.

Other companies within the consolidation group as at the time of publishing include Runa Systems, 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.

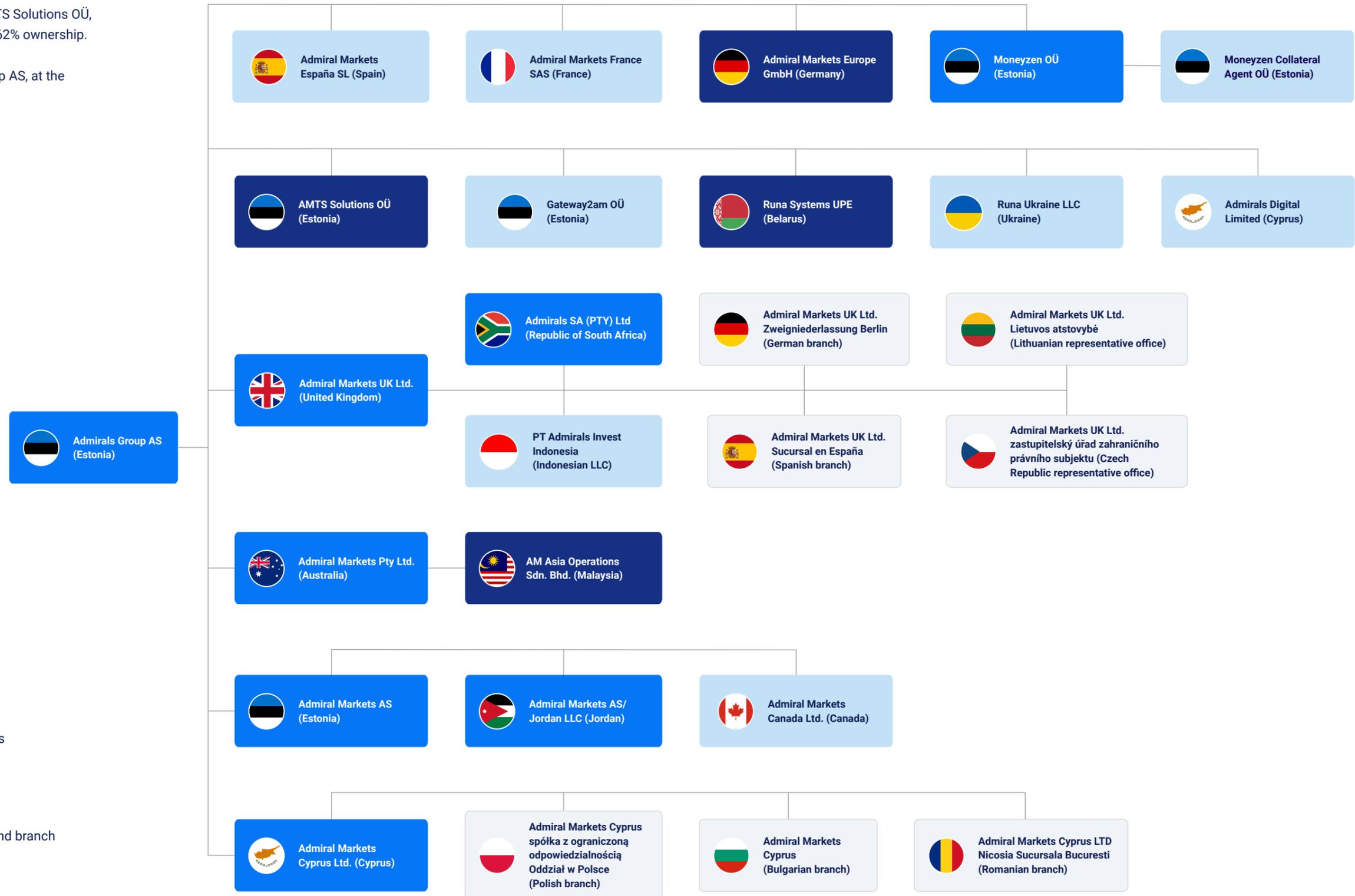
AM Asia Operations Sdn. Bhd (Malaysia) was established in 2019, Admiral Markets Europe GmbH (Germany), Admiral Markets France (Société par actions simplifiée), Admiral Markets Espana SL (Spain) later in 2020. PT Admirals Invest Indonesia, Runa Ukraine LLC, Admirals Digital Limited were established in 2021. In 2021, Admirals Group AS also acquired Admirals SA (PTY) Ltd and Moneyzen OÜ, a peer-to-peer lending platform, which established at the end of 2021 a subsidiary Moneyzen Collateral Agent OÜ.

Runa Systems UPE, AMTS Solution OÜ, AM Asia Operations Sdn. Bhd and Admiral Markets Europe GmbH offer IT and other intra-group services. Gateway2am OÜ, Admiral Markets Canada Ltd, Admirals SA (PTY) Ltd, PT Admirals Invest Indonesia LLC, Admiral Markets France SAS, Admiral Markets Espana SL, Runa Ukraine LLC, Admirals Digital Limited, Moneyzen Collateral Agent OÜ are inactive at the moment.

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 Admirals Group AS, at the time of publishing this report:



-  IT & intra-group services
-  Investment services
-  Representative office and branch
-  Inactive

Management

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

In 2021, the remuneration of the management, including social security taxes, totalled EUR 1,153 thousand (2020: EUR 2,406 thousand).

Supervisory Board of Admirals Group AS

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



Anton Tikhomirov
Member of the Supervisory Board



Dmitri Laush
Member of the Supervisory Board



Fedor Ragin
Member of the Supervisory Board



Priit Rohumaa
Member of the Supervisory Board



Vjatseslav Balahontsev
Member of the Supervisory Board



Alexander Tsikhilov
Chairman of the Supervisory Board



Anatolii Mikhailchenko
Member of the Supervisory Board

Management Board of Admirals Group AS

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



Sergei Bogatenkov

Chairman of the Management Board



Jens Chrzanowski

Member of the Management Board



Roman Krutyanski

Member of the Management Board



Andreas Ioannou

Member of the Management Board



Andrey Koks

Member of the Management Board



Olga Lustsik

Member of the Management Board

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

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 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 educational that included leadership sessions.

In 2021, the Group had 300 employees (2020: 340 employees).

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.



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.

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.

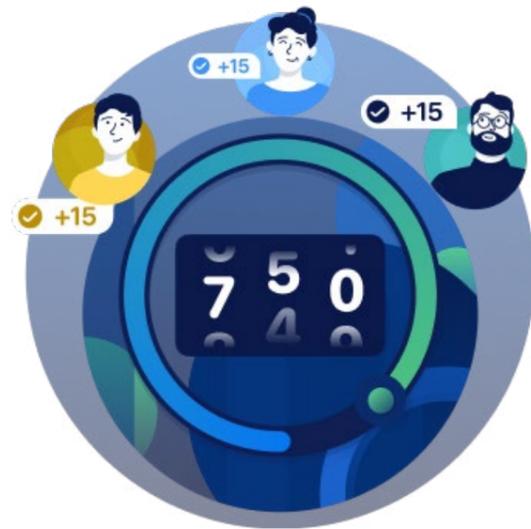
Expanded offer for crypto CFDs

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.

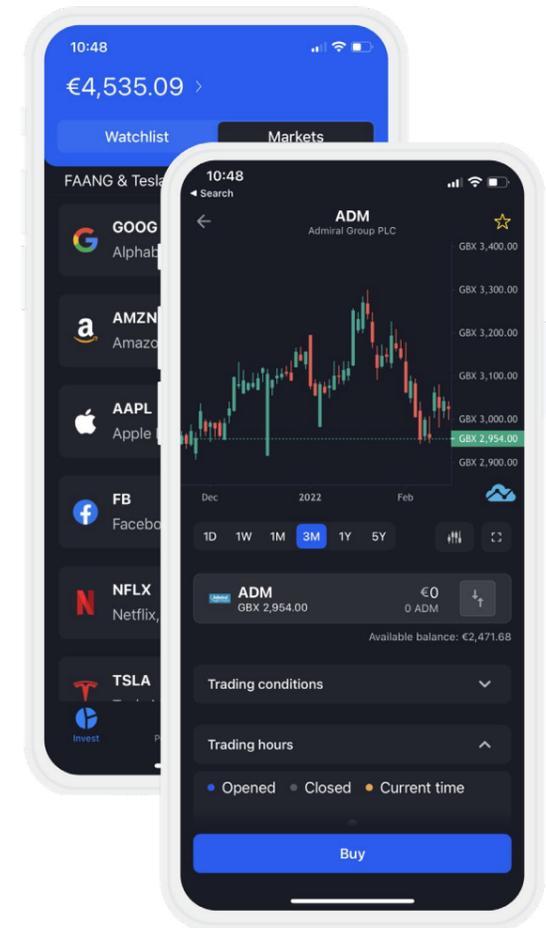
Investing, like most things, is better with friends. So, for each friend a client invites to join Admirals, both receive start-up capital for stock trading as a reward.



Further developing our Mobile App

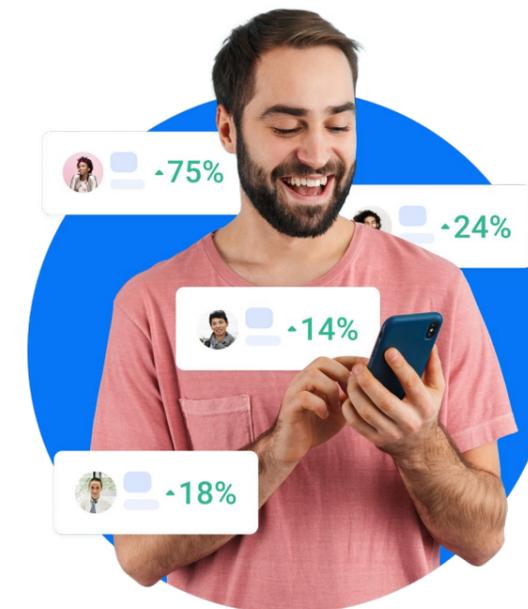
On the way towards becoming a financial hub for a variety of trading, investing, social trading, and financial added value services, the Mobile App the ultimate tool- a mobile application any person needs in order to trade on-the-go.

The Company 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 Company 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 Company therefore focuses on supporting financial literacy and the tools to enter the financial markets, bringing together all the necessary means of a financial hub.



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.



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 strategic goals. Admirals is repositioning and rebuilding its infrastructure datacenters to have an up-to-date, secure, flexible and scalable technological environment.

Also, the Company completed a migration to a new always-on VPN solution. This change makes use easier, enhances security, and reduces the amount of tech issues which used to arise from the Company's previous 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.

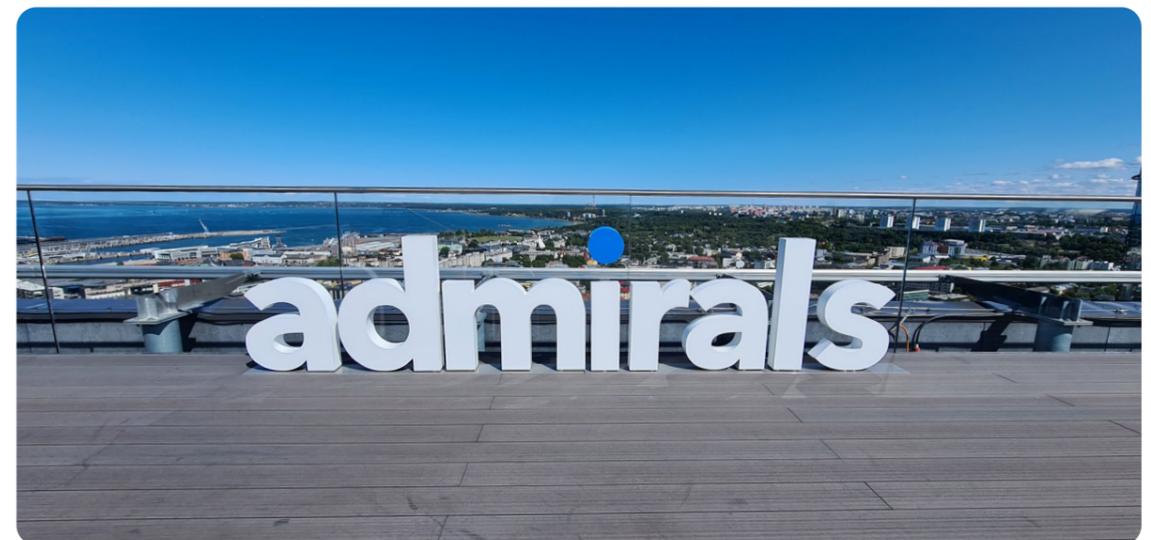
PCI-DSS infrastructure certification audit with reporting was successfully passed this year in November same way it was last year to allow Admirals clients to use VISA card to spend online and in shops, access trading profits and funds instantly - invest, spend, and manage funds from one account as well 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.



Advanced Trading Ideas

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

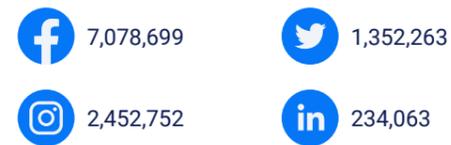
Explosion in followers

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



We informed

The Company 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.



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.

Number of available trading instruments grew over 8000.

Vjatseslav Balahontsev
Member of the Supervisory Board



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 Co-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%.

admirals



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



Financial review

Main consolidated financial indicators of Admirals 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 (loss), mln EUR	0.1	20.7	-100%	5.2
EBITDA margin, %	3%	38%	-35	20%
EBIT margin, %	-3%	35%	-38	17%
Net profit (loss) 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

Key Financial Ratios

	2021	2020	Change 2021 vs 2020	2019
Net profit per share, EUR	0,1	8,3	-8,2	2,1
Return on equity, %	0,2%	39,9%	-39,7	12,8%
Equity ratio	1,2	1,2	0	1,2
Return on assets, %	0,2%	32,5%	-32,3	10,9%
Short-term liabilities current ratio	12,4	8,6	3,8	11,9

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

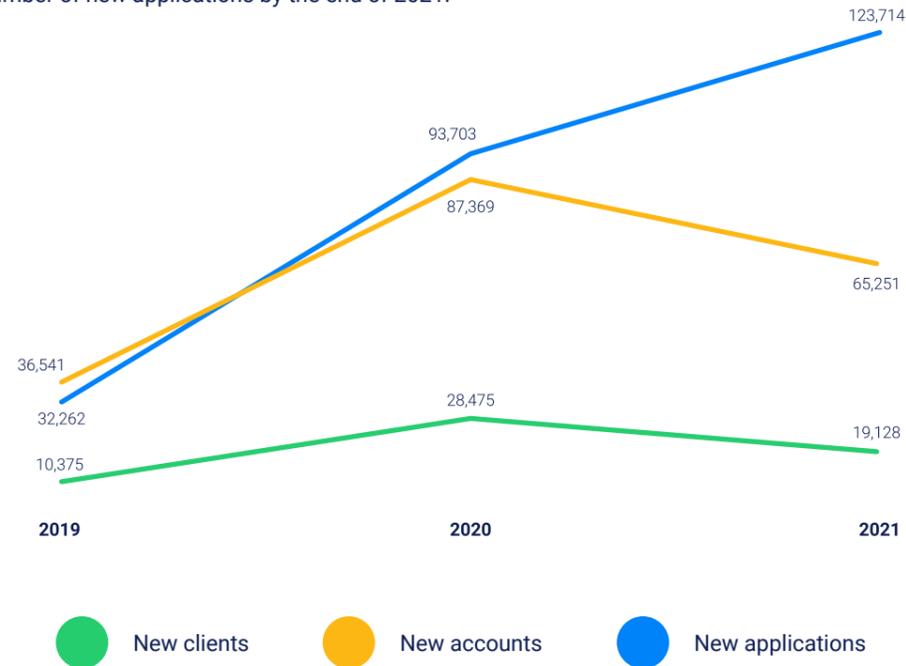
Return on assets (ROA), % = net profit / average assets * 100

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

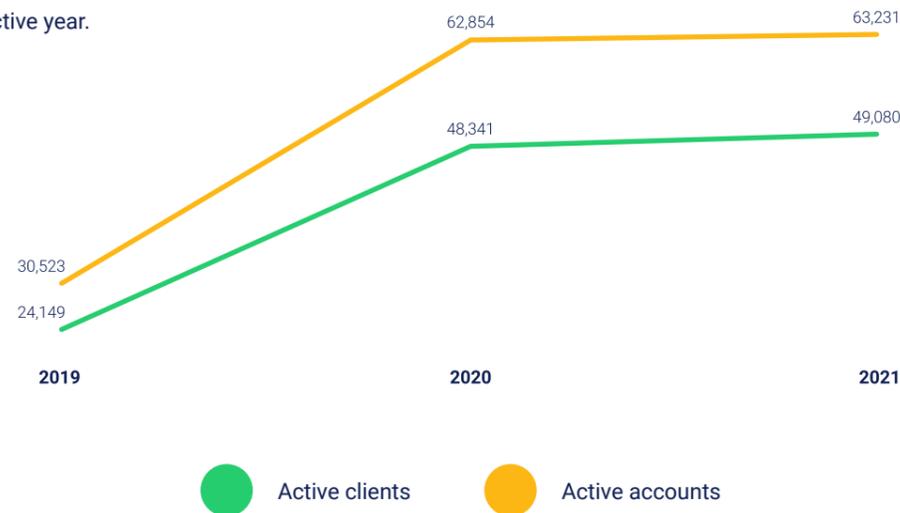
The ratios are calculated as an arithmetic average of closing balance sheet figures from the previous and current reporting period, and the indicators of the income statement are shown as at the end of the reporting period.

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.



	2021	2020	Change	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 period 2020 and up 103% compared to same period 2019. Number of new applications in Group up 32% to 123,714 applications compared to same period of 2020 and up 283% compared to same period 2019. The Group's client assets increased by 21% year-on-year to EUR 99.2 million in 2021.

At Admirals 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 8741 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.

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 categorized as professionals generating ca 43% of total gross trading revenue.



**Data analysis,
AI and digital
banking are our
future.**

Anatolii Mikhalchenko
Member of the Supervisory Board

Capitalisation

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

As of 31.12.2021, the own funds of Admirals Group AS amounted to EUR 58.9 million (31.12.2020: EUR 41.2 million).

Own Funds

(in thousands of euros)	31.12.2021	31.12.2020
Paid-in share capital	250	250
Own shares	-106	-114
Other reserves	122	-534
Retained earnings of previous periods	58,288	40,626
Intangible assets	-4,151	-831
Total Tier 1 capital	54,403	39,397
Subordinated debt securities	4,528	1,827
Total Tier 2 capital	4,528	1,827
Net own funds for capital adequacy	58,931	41,224

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.

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

Capital Requirements according IFR

(in thousands of euros)	31.12.2021
Fixed overheads requirement	8,827
Risk to client	841
Risk to market	9,448
Risk to firm	9,544
Total K-Factor requirement	19,833

Capital Adequacy according IFR

	31.12.2021
Capital adequacy	297.1%
Tier 1 capital ratio	274.3%

Capital requirements and capital adequacy as at 31.12.2020:

Capital Requirements according CRR

(in thousands of euros)	31.12.2020
Credit institutions and investment companies under standardised approach	13,423
Retail claims under standardised approach	9,420
Other items under standardised approach	11,904
Total credit risk and a credit risk	34,747
Currency risk under standardised approach	84,855
Position risk under standardised approach	19,016
Commodity risk under standardised approach	11,347
Total market risk	115,218
Credit valuation adjustment risk under standardised method	96
Operational risk under basic indicator approach	57,760
Total capital requirements for capital adequacy calculation	207,821

Capital Adequacy according CRR

	31.12.2020
Capital adequacy	23.0%
Tier 1 capital ratio	21.2%

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

Condensed Consolidated Interim Financial Statements

(in thousands of euros)	Note	31.12.2021	31.12.2020
Assets			
Cash	3	7	5
Due from credit institutions	3	25,373	36,993
Due from investment companies	3	20,294	16,243
Financial assets at fair value through profit or loss	4	9,501	9,799
Loans and receivables	5	3,348	1,279
Inventories		106	37
Investments into associates		0	1,376
Other assets		2,373	1,830
Tangible fixed assets	6	2,228	1,999
Right-of-use assets	6	3,817	4,752
Intangible fixed assets	7	4,835	873
Total assets		71,882	75,186
Liabilities			
Financial liabilities at fair value through profit or loss	4	637	219
Liabilities and prepayments	8	3,291	6,508
Deferred tax liability		31	567
Subordinated debt securities	10	4,559	1,827
Lease liabilities	9	4,056	4,948
Total liabilities		12,574	14,069

continued on next page ↓

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

Condensed Consolidated Interim Financial Statements

Equity			
Share capital	12	250	250
Own shares		-105	-114
Statutory reserve capital		25	25
Currency translation reserve		23	-711
Retained earnings		59,099	61,657
Total equity attributable to owners of the parent		59,292	61,107
Non-controlling interest		16	10
Total equity		59,308	61,117
Total liabilities and equity		71,882	75,186

Consolidated Statement of Comprehensive Income

(in thousands of euros)	Note	2021	2020
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers		37,063	65,634
Brokerage and commission fee revenue		2,138	1,829
Brokerage and commission fee expense		-2,954	-4,380
Other trading activity related income		196	313
Other trading activity related expense		-732	-1,227
Net income from trading	14	35,711	62,169
Other income similar to interest		185	195
Interest income calculated using the effective interest method		128	36
Interest expense		-426	-263

Other income		3,428	2,502
Other expenses		-164	-857
Net losses on exchange rate changes		-301	-1,504
Losses at fair value through profit or loss		-357	0
Personnel expenses		-11,499	-15,994
Operating expenses	15	-24,252	-22,909
Depreciation of tangible and intangible assets	6, 7	-1,062	-736
Depreciation of right-of-use assets	6	-973	-965
Profit before income tax		418	21,674
Income tax		-269	-1,018
Profit for the reporting period		149	20,656
Other comprehensive income:			
Items that subsequently may be reclassified to profit or loss:			
Unrealized exchange rate differences		734	-633
Total other comprehensive income/(loss) for the reporting period		734	-633
Total comprehensive income for the reporting period		883	20,023
Net profit attributable to the owners of the parent		146	20,654
Net profit attributable to non-controlling interest		3	2
Profit for the reporting period		149	20,656
Total comprehensive income attributable to the owners of the parent		881	20,021
Total comprehensive income attributable non-controlling interest		3	2
Comprehensive income for the reporting period		884	20,023
Basic and diluted earnings per share	12	0.06	8.38

Condensed consolidated statement of cash flows

(in thousands of euros)	Note	2021	2020
Cash flow from operating activities			
Net profit for the reporting period		149	20,656
Adjustments for non-cash income or expenses:			
Depreciation of tangible and intangible assets	6, 7	2,035	1,701
Gains on the sale of tangible assets		10	-32
Interest and similar income		-313	-231
Interest expense		426	263
Allowance for doubtful receivables	5	0	2
Corporate income tax expenses		269	1,018
Other financial income and expenses		301	1,326
Loss on financial assets at fair value through profit or loss		356	0
Operating cash flows before changes in operating assets and liabilities		3,233	24,703
Changes in operating assets and liabilities:			
Change in amounts due from investment companies	3	-4,051	-9,457
Change in trade receivables	5	-549	-476
Change in other assets		-543	-465
Change in derivative assets	4	379	-391
Change in payables and prepayments		-3,217	3,309
Change in the derivative liabilities	8	418	153
Changes in inventories		-69	-11
Operating cash flows before interest and tax		-4,399	17,365
Interest received		320	327

Interest paid		-338	-263
Corporate income tax paid		-836	-451
Net cash from operating activities		-5,253	16,978
Cash flow from investing activities			
Disposal of tangible and intangible fixed assets	6, 7	6	39
Purchase of tangible and intangible fixed assets	6, 7	-5,299	-1,457
Loans granted	5	-2,594	-135
Repayments of loans granted		1,364	26
Acquisition of financial assets at fair value through profit or loss (investment portfolio)		-3,652	-5,840
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)		3,592	5,463
Acquisition of subsidiaries		-806	0
Disposal of subsidiary, net of cash		10	0
Proceeds from disposal of associates		2,378	0
Investment in to associates		-3	-1,376
Net cash used in investing activities		-5,004	-3,280
Cash flow from financing activities			
Dividends paid	12	-2,704	-1,352
Proceeds from subordinated debt securities issued		2,718	0
Repayment of principal element of lease liabilities	9	-1,001	-807
Net cash used in financing activities		-987	-2,159
TOTAL CASH FLOWS		-11,244	11,539
Cash and cash equivalents at the beginning of the period	3	36,998	26,891
Change in cash and equivalents		-11,244	11,539
Effect of exchange rate changes on cash and cash equivalents		-374	-1,432
Cash and cash equivalents at the end of the period	3	25,380	36,998

Condensed consolidated statement of changes in equity

(in thousands of euros)	Share capital	Own shares (-)	Statutory reserve capital	Retained earnings	Currency translation reserve	Total equity attributable to owners	Non-controlling interest	Total equity
Balance as at 31.12.2019	250	-114	25	42,355	-78	42,438	8	42,446
Dividends paid	0	0	0	-1,352	0	-1,352	0	-1,352
Net profit for the reporting period	0	0	0	20,654	0	20,654	2	20,656
Other comprehensive loss for the reporting period	0	0	0	0	-633	-633	0	-633
Total comprehensive income for the reporting period	0	0	0	20,654	-633	20,021	2	20,023
Balance as at 31.12.2020	250	-114	25	61,657	-711	61,107	10	42,446
Dividends paid	0	0	0	-2,704	0	-2,704	0	-2,704
Sale of own shares	0	9	0	0	0	9	0	9
Contribution of noncontrolling interest into subsidiary's share capital	0	0	0	0	0	0	3	3
Net profit for the reporting period	0	0	0	146	0	146	3	149
Other comprehensive income for the reporting period	0	0	0	0	734	734	0	734
Total comprehensive income for the reporting period	0	0	0	146	734	880	3	883
Balance as at 31.12.2021	250	-105	25	59,099	23	59,292	16	59,308

For more information of share capital refer to Note 12.

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

Notes to the Condensed Consolidated Interim Financial Statements

Note 1. General information

ADMIRALS GROUP AS (previous business name Admiral Markets Group AS) is a holding company since 30.12.2009. ADMIRALS GROUP AS was established in 2009 with the aim of incorporating financial companies from different countries to form a multinational group of companies operating under a joint trademark - Admirals (hereinafter collectively referred to as "Admirals" or "the Group").

Admirals Group AS is a limited liability company incorporated in and domiciled in Estonia. The address of its registered office is Maakri 19/1, Tallinn, Estonia.

The condensed consolidated interim financial statements of Admirals Group AS have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted by the European Union.

The condensed consolidated interim financial statements should be read in conjunction with the Group's consolidated annual report as of 31 December 2020. The accounting policies used in the preparation of the condensed consolidated interim financial report are the same as the accounting policies used in the annual report for the year ended 31 December 2020.

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

Note 2. Risk management

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

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

Risk management is part of the internal control system of Admirals. Risk management procedures and basis of assessment are set out in the Group's

internal rules and internal risk management policy. In accordance with the established principles Admirals must have enough capital to cover risks.

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

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

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

Note 3. Due from credit institutions and investment companies

	31.12.2021	31.12.2020
Cash*	7	5
Demand and term deposits with maturity less than 3 months*	25,062	36,648
Demand deposits on trading accounts	20,294	16,243
Cash in transit*	311	345
Total	45,674	53,241

*cash and cash equivalents in the statement of cash flows

Note 4. Financial assets and liabilities at fair value through profit or loss

Instrument	31.12.2021		31.12.2020	
	Asset	Liability	Asset	Liability
Bonds	7,632	0	8,697	0
Convertible loan	0	0	139	0
Equity investments at fair value through profit or loss	1,743	0	458	0
Currency pairs	4	33	272	83
CFD derivatives	88	283	155	52
Other derivatives	34	321	78	84
Total	9,501	637	9,799	219

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

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

Instrument	31.12.2021		31.12.2020	
	Current assets	Non-current assets	Current assets	Non-current assets
Bonds	6,365	1,267	3,558	5,139
Convertible loan	0	0	139	0
Equity investments at fair value through profit or loss	0	1,743	0	458
Total	6,365	3,010	3,697	5,597

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

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

	Total	Assessment of fair value using			Note
		Level 1	Level 2	Level 3	
Financial assets recognised at fair value through profit or loss:					
Bonds	7,632	7,632	0	0	
Equity investments at fair value through profit or loss	1,743	1,182	0	561	
Derivatives:					
Currency pairs	4	0	4	0	
CFD derivatives	88	0	88	0	
Other derivatives	34	0	34	0	
Total	9,501	8,814	126	561	
Financial liabilities recognised at fair value through profit or loss:					
Derivatives:					
Currency pairs	33	0	33	0	
CFD derivatives	283	0	283	0	
Other derivatives	321	0	321	0	
Total	637	0	637	0	
Financial assets recognized at amortised cost:					
Cash	7	7	0	0	3
Due from credit institutions	25,062	0	25,062	0	3
Due from investment companies	20,294	0	20,294	0	3
Cash in transit	311	311	0	0	3

Loans	1,603	0	0	1,603	5
Other financial assets	1,745	0	0	1,745	5
Total	49,022	318	45,356	3,348	

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

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

	Total	Assessment of fair value using			Note
		Level 1	Level 2	Level 3	
Financial assets recognised at fair value through profit or loss:					
Bonds	8,697	8,697	0	0	
Convertible loan	139	0	0	139	
Equity investments at fair value through profit or loss	458	0	0	458	
Derivatives:					
Currency pairs	272	0	272	0	
CFD derivatives	155	0	155	0	
Other derivatives	78	0	78	0	
Total	9,799	8,697	505	597	
Financial liabilities recognised at fair value through profit or loss:					
Derivatives:					
Currency pairs	83	0	83	0	
CFD derivatives	52	0	52	0	
Other derivatives	84	0	84	0	
Total	219	0	219	0	
Financial assets recognized at amortised cost:					
Cash	5	5	0	0	3
Due from credit institutions	36,648	0	36,648	0	3

Due from investment companies	16,243	0	16,243	0	3
Cash in transit	345	345	0	0	3
Loans	345	0	0	345	5
Other financial assets	934	0	0	934	5
Total	54,520	350	52,891	1,279	

Financial liabilities recognized at amortised cost:					
Other financial liabilities	5,067	0	0	5,067	8
Subordinated debt securities	1,827	0	0	1,827	10
Total	6,894	0	0	6,894	



**Admirals received
32% more new
applications than
in 2020.**

Fedor Ragin

Member of the Supervisory Board

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.

Note 5. Loans and receivables

	31.12.2021	31.12.2020
Financial assets		
Trade receivables	456	88
Settlements with employees	72	21
Loans granted	1,564	334
Other short-term receivables	1,256	836
Total	3,348	1,279

Other short-term receivables include bank guarantees, in total amount of EUR 666 thousand (31.12.2020: EUR 246 thousand).

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

Based on management assessment of these loan exposures, there has not been significant increase in credit risk after initial recognition of these loan exposures, hence all loans have been assessed to

be in stage 1 as of the balance sheet date. 12-month ECL has been considered immaterial, given the low probability of default and loss given default.

	31.12.2020	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivables 31.12.2020
		Up to 1 year	2-5 years				
Loan 1	55	55	0	2%	04.2021	EUR	0
Loan 2	5	5	0	12 month Euribor + 4%	12.2021	EUR	8
Loan 3	200	200	0	2%	12.2021	EUR	0
Loan 4	74	0	74	8%	07.2021	EUR	3
Total	334	260	74				11

Note 6. Tangible and right-of-use assets

	Other equipment	Right-of-use assets (office properties)	Total
Balance as at 31.12.2019			
Cost	2,931	5,108	8,039
Accumulated depreciation and amortisation	-1,536	-647	-2,183
Carrying amount	1,395	4,461	5,856
Acquisition / new lease contracts	1,139	1,256	2,395
Non-current assets sold	-205	0	-205
Exchange differences	-20	0	-20
Write-off	-337	0	-337
Depreciation/amortisation charge	-310	-965	-1,275
Balance as at 31.12.2020			
Cost	3,508	6,364	9,872
Accumulated depreciation and amortisation	-1,509	-1,612	-3,121
Carrying amount	1,999	4,752	6,751
Acquisition / new lease contracts	811	603	1,414
Non-current assets sold	-15	0	-15
Exchange differences	28	0	28
Write-off	-312	-565	-877
Depreciation/amortisation charge	-595	-973	-1,568

Balance as at 31.12.2021

Cost	4,020	6,402	10,422
Accumulated depreciation and amortisation	-1,792	-2,585	-4,377
Carrying amount	2,228	3,817	6,045

The Group's non-current assets increased in 2020 by EUR 1,2 million due to new floors were added to the Tallinn head office and a new office in Belarus. The rest of tangible assets consist mainly of improvements to the new office in Tallinn (office

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

Note 7. Intangible assets

	Licenses	Intangible assets generated internally	Other intangible assets	Prepayments of internal development costs	Total
Balance as at 31.12.2019					
Cost	387	627	217	0	1,231
Accumulated depreciation and amortisation	-278	-125	-114	0	-517
Carrying amount	109	502	103	0	714
Acquisition of non-current assets	401	0	0	0	401
Write-off of non-current assets	-169	0	-158	0	-327
Depreciation/amortisation charge	-72	-126	-44	0	-242
Balance as at 31.12.2020					
Cost	619	627	59	0	1,305
Accumulated depreciation and amortisation	-181	-251	0	0	-432
Carrying amount	438	376	59	0	873

Note 9. Leases

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

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

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

The table below analyses the movement in lease liabilities:

	Lease liabilities
Balance at 31.12.2019	4,571
Additions*	1,060
Adjustments	178
Lease payments made during the year	-976
Interest expense	115
Balance at 31.12.2020	4,948
Additions*	603
Adjustments (incl terminations)	-592
Lease payments made during the year	-1,001
Interest expense	98
Balance at 31.12.2021	4,056

* 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	827	877
Long-term office lease liabilities	3,229	4,071
Total	4,056	4,948

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

Acquisition of non-current assets	642	1,086	0	2,759	4,487
Exchange differences	4	-3	0	0	1
Write-off of non-current assets	0	0	-59	0	-59
Depreciation/amortisation charge	-210	-257	0	0	-467
Balance as at 31.12.2021					
Cost	1,265	1,710	0	2,759	5,734
Accumulated depreciation and amortisation	-391	-508	0	0	-899
Carrying amount	874	1,202	0	2,759	4,835

Internally generated intangible assets consist mainly of the development costs of Trader's Room 3.

In 2021, the Group capitalised development costs for several new software products that are expected to generate future economic benefits.

Note 8. Liabilities and prepayments

Type of liability	31.12.2021	31.12.2020
Financial liabilities		
Liabilities to trade creditors	1,802	2,882
Interest payable	0	1
Other accrued expenses	373	2,184
Subtotal	2,175	5,067
Non-financial liabilities		
Payables to employees	443	692
Taxes payable	673	749
Subtotal	1,116	1,441
Total	3,291	6,508

Note 10. Subordinated debt securities

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

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

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

The total number of bondholders at the end of the year was 434. Bondholder structure according to the holders' groups as at 31.12.2021 was the following:

Subordinated debt	Private persons	Legal persons
Subordinated bonds (ISIN:EE3300111251)	78%	22%
Subordinated bonds (ISIN:EE3300001999)	37%	63%

In 2021, 174 transactions in the amount of EUR 260 thousand were made with Admiral Markets AS bonds and 8 transactions in the amount of EUR 7 thousand were made with Admirals Group AS bonds.

Interest expenses on subordinated bonds for each reporting period and accrued interest liabilities as at the end of each reporting period 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	341
Paid out during 2021	-254
Accrued interest on subordinated debts as at 31.12.2021	88

Note 11. Off-balance sheet assets

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

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

Off-balance sheet assets	31.12.2021	31.12.2020
Bank accounts	79,391	70,357
Interim accounts of card payment systems	0	975
Stocks/shares	19,176	10,480
Cash in transit	584	382
Total	99,151	82,194

Note 12. Share capital

	31.12.2021	31.12.2020
Share capital	250	250
Number of shares (pc)	2,500,000	2,500,000
Nominal value of shares	0.1	0.1
Basic earnings per share	0.06	8.38
Diluted earnings per share	0.06	8.38

As at 31.12.2021, the share capital of the Group's parent company consists of 2,500,000 ordinary shares with a nominal value of EUR 0.1 which have been fully paid for.

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

Basic and diluted earnings per share are calculated as follows:

	31.12.2021	31.12.2020
Profit attributable to the equity holders of the Company	149	20,656
Weighted average number of ordinary shares (pc)	2,500,000	2,500,000
Own shares	31,250	33,750
Weighted average number of shares used for calculating the earnings per shares (pc)	2,468,750	2,466,250
Basic earnings per share	0.06	8.38
Weighted average number of shares used for calculating the diluted earnings per shares (pc)	2,468,750	2,466,250
Diluted earnings per share	0.06	8.38

In 2021, the owners of the Group's parent company were paid dividends in the total amount of EUR 2,704 thousand (2020: EUR 1,352 thousand). The Group's

adjusted dividend per share (excluding own shares) was EUR 1.10 (2020: EUR 0.55).

Note 13. Segment reporting

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

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

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

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

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

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

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

Since 2021 the other company information include: Admiral Markets Cyprus sp. z o.o. Oddział w Polsce,

Admiral Markets Cyprus - Bulgaria Branch, Admiral Markets Cyprus Ltd Nicosia Sucursala Bucuresti, ADMIRAL MARKETS CANADA LTD, Admiral Markets España Sl., Admiral Markets Europe GmbH, Admiral Markets France, Am Asia Operations SDN BHD, AMTS Solutions OÜ, Gateway2am OÜ, Runa Systems, Admirals SA (PTY) Ltd, MoneyZen OÜ, PT. Admirals Invest Indonesia, Runa Ukraine LLC and Admirals Digital Limited.

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

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

Equations used for the calculation:

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

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

2020	Admirals Group AS	Admiral Markets AS	Admiral Markets UK	Admiral Markets PTY	Admiral Markets CY	Other	Elimination	Total
Net trading income	0	47,071	9,353	4,628	1,178	0	-61	62,169
Incl. Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	0	65,762	0	-127	0	0	0	65,635
Incl. Commission and fee revenue from clients and brokerage fee according to WL agreement	0	28	11,273	7,412	1,203	0	-19,001	915
Incl. Commission and fee expense	0	-18,719	-1,920	-2,656	-25	0	18,940	-4,380
Other income/expenses, Financial income/loss and Net gains/losses on exchange rate changes	1,346	-305	145	-82	5	2,548	-3,549	108
Operating expenses incl. personnel and depreciation expenses	-270	-26,233	-8,494	-4,058	-1,053	-2,639	2,143	-40,604
EBITDA	-209	21,618	1,201	539	131	214	-87	23,407
EBIT	-209	20,455	1,002	490	131	-74	-87	21,707
Profit Before Tax	1,076	20,533	1,004	489	131	-92	-1,467	21,674
Total Assets	10,954	71,436	8,976	4,446	608	5,283	-26,517	75,186
Incl. own cash and debt securities	667	52,005	59,004	15,592	2,458	3,926	-71,714	61,938
Total Liabilities	6,836	13,760	3,276	650	97	1,220	-11,770	14,068
Off-balance sheet client equity	0	2,982	64,807	12,220	2,185	0	0	82,194

For 2020 period the other company include: Admiral Markets AS (Jordan), Admiral Markets Cyprus sp. z o.o. Oddział w Polsce, ADMIRAL MARKETS CANADA LTD, Admiral Markets España SL, Admiral Markets Europe GmbH, Admiral Markets France, Am Asia Operations SDN BHD, AM Investments and Trading SA (PTY) LTD, AMTS Solutions OÜ, Gateway2am OÜ, Runa Systems.

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

**We have
clients from
159 countries.**

Dmitri Laush

Member of the Supervisory Board

Note 14. Net income from trading

	2021	2020
Indices CFD's	13,936	28,409
Currency CFD's	9,673	18,927
Commodities CFD's	12,676	17,847
Other (crypto, bonds, ETF, shares, others)	778	451
Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	37,063	65,634
Commission fee revenue from clients	2,138	1,829
Brokerage and commission fee expense	-2,954	-4,380
Other trading activity related income	196	313
Other trading activity related expenses	-732	-1,227
Net income from trading	35,711	62,169

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

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

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

All payment methods are free for clients, except for Skrill deposits, which charge 0.9% (minimum \$1) and Skrill for clients has 2 free withdrawals every month and 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 Group.

The Group's operating incomes is generated from:

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

Note 15. Operating expenses

Type of expense	2021	2020
Marketing expenses	-12,561	-11,376
IT expenses	-4,451	-3,607
Other outsourced services	-169	-243
VAT expenses	-500	-1,992
Rent of low-value leases and utility expenses	-504	-413
Legal and audit services	-2,723	-2,055
Regulative reporting services	-1,062	-473
Transport and communication costs	-267	-304
Travelling expenses	-160	-96
Other operating expenses	-979	-1,132
Small tools	-124	-201
Bank charges	-434	-267
Benefits for employees	-149	-261
Consulting services	-169	-489
Total operating expenses	-24,252	-22,909

Note 16. Transactions with related parties

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

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

Mr. Alexander Tsikhilov has ultimate control over the Group.

Revenue

	Relation	2021	2020
Services	Senior management and companies related to them	410	1,127
Interest income	Senior management and companies related to them	10	0
Total transactions with related parties		420	1,127

Expenses

	Relation	2021	2020
Services	Senior management and companies related to them	710	193
Total transactions with related parties		710	193

Loans and receivables

	31.12.2021	31.12.2020
Loans to senior management and companies related to them	120	459
Receivables from senior management and companies related to them	103	49
Total receivables from related parties	223	508

Payables

	31.12.2021	31.12.2020
Payables to senior management and companies related to them	57	0
Total receivables from related parties	57	0

The payments made, bonuses and benefits granted to the management (gross) were EUR 1,153 thousand and EUR 2,406 thousand respectively in 2021 and 2020.

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