

**2020**

# Annual Report

Admiral Markets AS

(Translation of the Estonian original)



**admirals**

# Admiral Markets AS

## Annual Report 2020

Commercial Registry no.	10932555
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Main area of activity	Investment services
Activity licence no	4.1-1/46
Beginning and end date of fiscal year	01. January - 31. December
Chairman of the Management Board	Sergei Bogatenkov
Members of the Management Board	Dmitri Laush Jens Chrzanowski Victor Gherbovet
Chairman of the Supervisory Board	Alexander Tsikhilov
Members of the Supervisory Board	Anton Tikhomirov Anatolii Mikhilchenko
Auditor	PricewaterhouseCoopers AS



**We are becoming a  
global financial hub.**

**Alexander Tsikhilov**  
Chairman of the Supervisory Board

# Highlights 2020

- Net trading income was EUR 47.1 million (2019: EUR 23.2 million)
- EBITDA<sup>1</sup> was EUR 21.6 million (2019: EUR 5.8 million)
- EBITDA margin was 46% (2019: 25%)
- Net profit was EUR 20.3 million (2019: EUR 4.6 million)
- Net profit margin was 43% (2019: 20%)
- Cost to income ratio was 56% (2019: 83%)
- Value of trades up 67% to EUR 988 billion (2019: EUR 590 billion)
- Number of trades up 110% to 66.9 million (2019: 31.8 million)

↑ 341 %

Net profit increased

↑ 272 %

EBITDA increased

↑ 67 %

Trading volumes increased

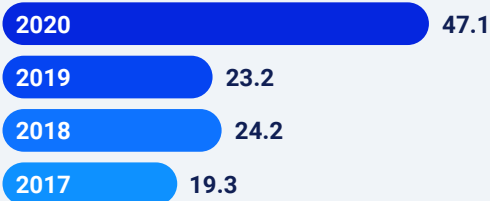
↑ 110 %

Number of trades increased

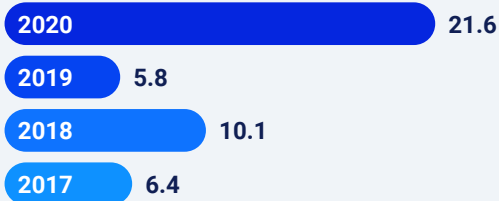
↑ 103 %

Net trading income increased

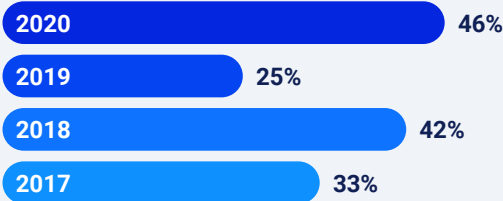
## Net trading income EUR 47.1m



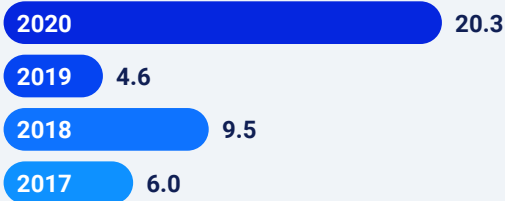
## EBITDA<sup>1</sup> EUR 21.6m



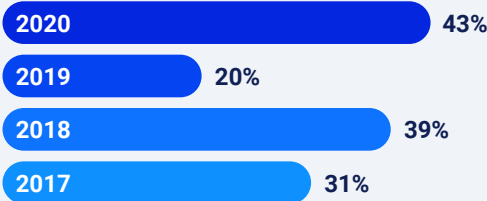
## EBITDA margin was 46%



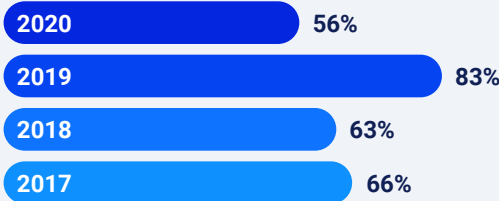
## Net profit EUR 20.3m



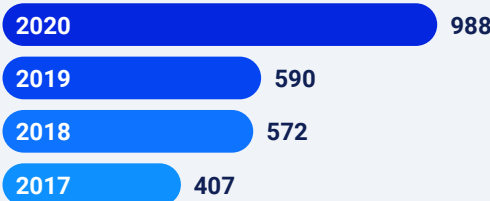
## Net profit margin 43%



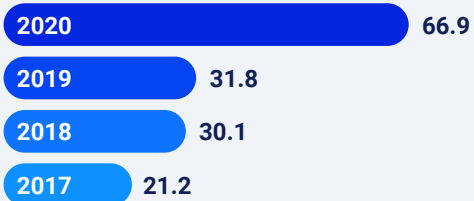
## Cost to income ratio 56%



## Value of trades EUR 988bn



## Number of trades 66.9m



<sup>1</sup> Earnings before interest, taxes, depreciation and amortization



# To the investors of Admiral Markets

Dear Investors,

This year, 2021, Admiral Markets celebrates its 20th anniversary. It is a groundbreaking landmark not only for us, Admirals, but also for all the people and stakeholders who have been on this exciting journey with us. We are grateful for the lessons which have led us to become a successful global financial hub. Today we are disrupting the FinTech world.

Despite all the difficulties the world experienced, 2020 was the most successful year the Company has ever had. We exceeded all expectations.

Our impressive growth was accompanied by the launch of new regions which have brought us significantly closer to our long-term goals. We launched exceptional new services which bring our clients closer to financial freedom. We acquired a platform to offer Peer to Peer lending. As a result, the next generation is open to access capital from crowdfunding and friends. They are open to reducing the costs and unnecessary red tape from traditional banks.

20 years ago we were a Forex-and CFD-focused company. We wanted to be a global leader. Today, we already achieved that. Now, we are in the midst of remarkable expansion. We are on our way towards becoming an A-listed finance center.

We need to disrupt, transform and define a new mission. We have a vision for 2030, with the ultimate goal to have 10 million clients on board with us. We want to enable 10 million people to experience financial freedom.

We have brought investment, trading, lending, and payment possibilities closer to everyone. It is now possible to manage your personal finances no matter where you are. We are very delighted with the experienced clients trading with us. At the

same time, we keep approaching beginners to join and grow with us. Our new mobile app makes it convenient for people to take their first steps into the financial markets and make their first investments. It's the simplest way to get acquainted with the endless possibilities of the financial markets.

We have replaced our product-centric ethos with a client-oriented approach which enables us to be agile, transparent, and convenient for our clients. Quality is what motivates our goals as we bring the financial community together into one powerful marketplace. Today, we as Admirals stand for a unified experience in the financial world. We are a FinTech company dedicated to the successful creation of a lifestyle community and ecosystem.

2020 can be described in terms of business excellence. At the same time, it was a year unlike any we have ever experienced before. It was not easy but has proven that with a common goal, we are able to adjust and adapt to any new challenge.

**I am overwhelmed by the spirit of togetherness our team expressed during the past many months of a global lockdown.**

Admiral Markets works for results. We continued to expand in regions, products, and world-class services. We outperformed our own targets and doubled our revenue. At the same time, we are developing talents and managing the global situation which affects us every day.

In March, within just a few days, we established a safe work environment for our team. We transitioned our employees to a work from home approach. It was an utmost priority to maintain the high standards we have set for ourselves, even when working from home. And we did it.

The success we witnessed last year is the combination of strategic management, rapid adjustment to the global situation, and the willingness to be agile, flexible, and open to change. But it is the fantastic Admirals team who pulled it off.

The loyalty, dedication, and willingness to go the extra mile proved that we have the best people to implement the vision we have developed for the next decade.

We define ourselves as being forward-thinking. Last year, we invested in IT technologies and infrastructure in order to achieve the best performance possible. We opened in new markets and launched numerous new products. And of course, we did so while being as socially and environmentally responsible as possible.

2020 reminded us that changes are inevitable. We must welcome the chance to help keep balance in the world around us. We must act together in terms of having a green and sustainable impact on the environment.

I am grateful for the joint effort on the long road we have traveled. I am forever grateful for our investors, partners, our team of Admirals, and clients who have put their trust in us.

## We keep working together to reshape the future of personal finance.

**Sergei Bogatenkov**  
Chairman of the Management Board



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

# Management report

## Our company

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 – Admiral Markets. Admiral Markets Group AS, the parent company of Admiral Markets AS, owns 100% of the shares of Admiral Markets AS.

who 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 in cooperation with AMTS Solutions OÜ and Runa System UPE, the subsidiaries of Admiral Markets Group AS;
- Risk management;
- Liquidity provision – Admiral Markets AS is the main liquidity provider for all investment companies in Admiral Markets Group AS;
- Marketing;
- Financial services;
- Compliance.

## Our business

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

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, Forex 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 general trading skills of experienced traders and the training of new enthusiasts as well.

The licenced investment companies that are a part of the same consolidation group as Admiral Markets AS are Admiral Markets UK Ltd, Admiral Markets Pty Ltd and Admiral Markets Cyprus Ltd. Admiral Markets AS has a licence granted by the Estonian Financial Supervisory Authority. Since Admiral Markets AS and other licenced investment companies that are part of the same consolidation group use the same joint trademark, the reputation of the trademark of Admiral Markets has a major direct impact on the financial indicators as well as the business success of Admiral Markets AS.

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,

Admiral Markets AS has subsidiaries in Canada and in Jordan. The branch in Poland is closed and the representative office in the Russian Federation is in the process of being liquidated in connection with shaping the strategy of Admiral Markets AS' parent company Admiral Markets Group AS for the coming years. As the branch and representative office are not engaged in providing investment services nor have clients, the closing will not 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 UPE, AMTS Solution OÜ, AM Asia Operations Sdn. Bhd., AM INVESTMENTS AND TRADING SA (PTY) LTD ja Gateway2am OÜ (former name Admiral Virtual OÜ), Admiral Markets Europe GmbH, Admiral Markets France SAS, Admiral Markets Espana SL.

In 2021 Admiral Markets Group AS also acquired MoneyZen OÜ, a peer-to-peer lending platform.

Runa Systems UPE and AMTS Solution OÜ offer IT and other intra-group services. Gateway2am OÜ, AM INVESTMENTS AND TRADING SA (PTY) LTD, Admiral Markets AS/ Jordan LLC, Admiral Markets Canada Ltd, Admiral Markets Europe GmbH, Admiral Markets France SAS and Admiral Markets Espana SL are inactive at the moment.

A portrait of Anton Tikhomirov, a man with a beard and glasses, wearing a blue shirt and a dark blazer. He is standing in front of a window with a blue circular graphic element in the background.

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

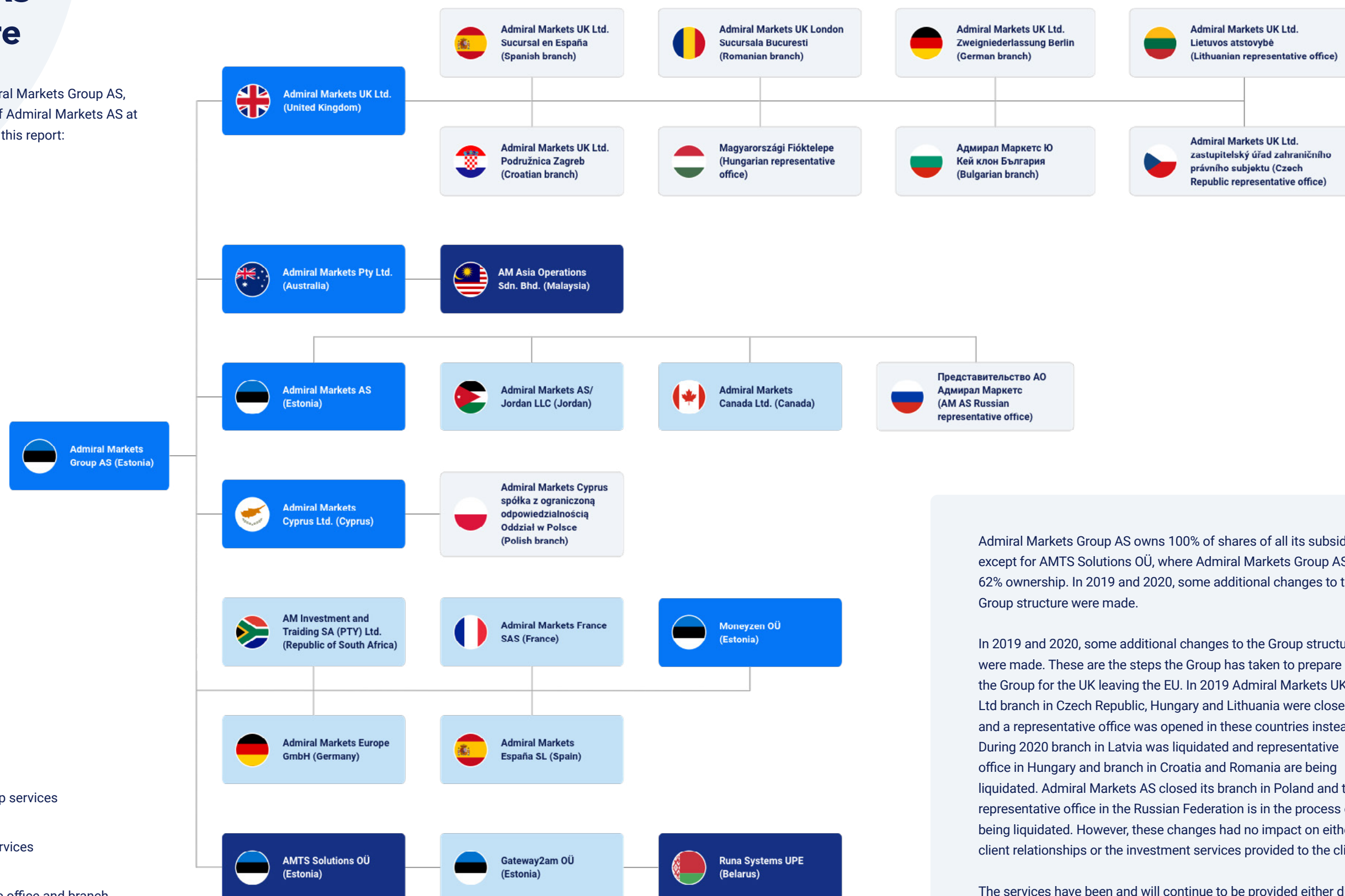
**Anton Tikhomirov**

Member of the Supervisory Board



# Admiral Markets Group AS structure

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



Admiral Markets Group AS owns 100% of shares of all its subsidiaries, except for AMTS Solutions OÜ, where Admiral Markets Group AS has 62% ownership. In 2019 and 2020, some additional changes to the Group structure were made.

In 2019 and 2020, some additional changes to the Group structure were made. These are the steps the Group has taken to prepare the Group for the UK leaving the EU. In 2019 Admiral Markets UK Ltd branch in Czech Republic, Hungary and Lithuania were closed and a representative office was opened in these countries instead. During 2020 branch in Latvia was liquidated and representative office in Hungary and branch in Croatia and Romania are being liquidated. Admiral Markets AS closed its branch in Poland and the representative office in the Russian Federation is in the process of being liquidated. However, these changes had no impact on either client relationships or the investment services provided to the clients.

The services have been and will continue to be provided either directly in the jurisdiction of the respective client's choice or on a cross-border basis through entities of the Group holding respective licence.

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

## 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.

Admiral Markets' 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. Admiral Markets highly values financial education, and over the past 20 years, we have addressed hundreds of thousands of people to financial literacy.

## 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 centers and Internet exchange points for international financial services providers – Equinix London LD4. The proximity to trading servers of all major liquidity providers and institutional trading counterparties in combination with our proprietary order routing and execution engine consistently ensure best possible order execution outcomes for our clients across all financial products.

The service to retail 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 Admiral Markets to engage with new market segments, reach an even broader group of traders and expand the global footprint of Admiral Markets by enabling trading in stocks and exchange-traded funds.

In a 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.

## 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 3,900 over-the-counter products, including Forex and CFDs on stocks, bonds, indices, cryptocurrencies, agricultural products, precious metals and energies; and over 4,200 listed instruments, including over 4,000 stocks and over 150 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 will be developed even further. Our driving force is all kinds of trading and investment products and offering the best education in these areas.

## Our clients

The quality of a product or service weighs heavily on client satisfaction. That is the reason why we truly pay respect to the quality of our customer service. The activities of Admiral Markets are primarily targeted at experienced traders, but at the same time for many clients Admiral Markets is the very first company with whom they start investigating the world of financial trading. Due to this, we focus on the improvement of their general trading skills and the training of new enthusiasts.

We continuously kept providing webinars. Here we are not only speaking about the trading ABCs, but also giving our clients the opportunity to freely and without risk explore trading possibilities with over 8,300 trading instruments via free demo accounts. Moreover, for many clients we are and remain their only trading provider, as Admiral Markets supports a wide range of different trading-related services, which is sufficient even for the very demanding client.

Our goal is to widen our client base and reach new customers via a new native application which expands their possibility to use trading services. This was launched in 2020, providing the ultimate personalisation and access to financial markets. Never before has trading-on-the-go been so convenient.



# 2020 Overview

2020 saw the Company make significant progress towards positioning itself as a global FinTech company which offers its clients the best financial services, empowered by a premium customer service experience. A wide range of new large-scale IT developments and projects were launched, which all contributed to the Company's digital maturity.

We are constantly working to develop our IT solutions in order to maintain them at the highest possible quality. We keep ourselves ahead of the curve with

future technologies which enable us to be fast, flexible, and responsive to the changes around us.

We adhere to the platform approach as a process of building our business in the ecosystem format.

In 2020, we started preparations for the rebranding of the company as we are on our way becoming a global financial hub. On March 5, 2021, we launched Admirals as a company trademark.

## The Admiral Markets App

Today, the world is mobile. This is the reason why we used 2020 to define ourselves as such. It is an obligation, not an opportunity, to offer the best possible mobile user experience. On the way towards becoming a financial hub for a variety of trading, investing, social trading, and financial added value services, the Company launched a Mobile App, the ultimate mobile application any person needs in order to trade-on-the-go.

It is an app, available for both Android and iOS, offering users the utmost in personalisation while providing access to an extensive product offering: Forex, CFDs on stocks, indices, commodities, and cryptocurrencies. The app has a user-friendly interface, which allows users to trade with their mobile devices at any time, at any place, opening up a more personal and easier native trading experience than ever. It is also possible to switch between Demo and Live Trading modes at will.

The revamped app enables the Company to focus on the novice investor, one who is considering their first encounter with the financial markets. We are able to provide them with the technology, customer service, research, and education necessary, while they get acquainted with the ongoing trends in the global financial sphere.



## Cutting-edge IT team

The implementation of ambitious and groundbreaking plans came with the excellent support of our in-house IT and technology department. Being in an expansion phase, the Company is making large-scale investments in its infrastructure and development in order to keep momentum towards our common goals.

We all know the speed at which technology changes. That's why it takes the best team to keep pace with the innovation taking place in the FinTech world. Today, Admiral Markets has a world-class IT and technology department, where each position stands for the continued success of the company.

We expanded the team, as well as the geographical locations of the infrastructure systems of the Company. Our greatest achievement for 2020 in terms of IT is the formation of the excellent team behind it, as the competition to hire the best expertise and know-how in the sector is extremely intense. Today, the Company has a full roster of the best experts in order to complete all the projects we have launched and support those coming down the pipeline.

In addition to this, we have hired four key team members who each contribute to the Company's ability to meet the highest standards of cybersecurity, technology development, stability, and overall operating efficiency of the Company.

At the same time, we increased our resources and expanded our cybersecurity team to help protect the company at the highest possible level. Information security is our utmost priority. Our everyday work is dedicated to updating our technology to the highest possible standards.

## Marketing

The Company has continuously been involved in significant marketing activities, which combined with the general business activities has led to outstanding results. The aim of the marketing team is to keep providing the best content, design, ideas and themes to support different teams and projects of the Company to reach their targets and goals.

The first half of 2020 could be described in terms of high market volatility, which made a strong start for the year. A variety of projects and campaigns led the Company to record numbers in the lead prospective and overall acquisition numbers. Various campaigns were launched which were related to the best clients' offers for trading activities.

These bonus campaigns, that were promoted in Google, Bing, Facebook and at a variety of 40+ industry sources set the record amount of new clients registered in the Company, and also a new record for trading volumes.

We've all seen how COVID-19 has shaken up the markets, but it also gave great opportunities to improve communication with clients.

This year we have served and engaged our (potential) clients by adding more educational articles than ever, launching informational campaigns and introducing a hot news service.

The Company is thrilled to have a Social Media team on board, who are working from now on with Social Media Channels and increasing our presence there. For example, we have opened ourselves up to Instagram.

Admiral Markets pays a lot of attention to its clients' education and the quality of the analytical materials.

In March 2020 the Company branded Gate 5 in the Lennart Meri Airport in Tallinn. While waiting for flights, people may open a trading account and get educational information about trading financial markets with special videos.

Admiral Markets offers its clients options to trade all over the world, which is why in the first part of the year it launched a redesign of the mobile App, which was highly appreciated in the traders' society.



## Our people

The COVID-19 pandemic impacted us all. To this end, the main focus for 2020 was the development of our people and organizational culture. We are very proud of our fantastic team and their outstanding expertise in their work, and their dedication and commitment to togetherness.

Our main focus was on developing our people, keeping them safe in emergency situations and starting new initiatives to increase the togetherness as a global team.

As a Company, we kept growing all year, even during quarantine, and all of our employees were kept safe and healthy - the company did not have to lay off any people or reduce wages.

The biggest challenge for the first half of 2020 was definitely this transition to remote work. Although our business is fundamentally online, it was a very challenging time for the company. However, we worked together, and we made it happen and supported everyone step-by-step in our adoption of a "new normal".

Since 2020 we have been holding quarterly Town Hall meetings where the management board members share information and updates regarding the company on a global level. We have also consistently issued monthly HR Newsletters, which have given overviews of smaller events and ongoing projects, as well as our victories and milestones.

2020 was also the year of different positive initiatives. We continue to take part in a scholarship program with cooperation with TalTech University. Internally, we have had different projects directed towards our people, such as the HR Hackathon and the Outstanding People Awards. As the organizational culture has been our main focus for the year, we initiated the praise your colleague month for in October (#Kudober). The year culminated with official recognition by the Estonian Ministry of Social Affairs, and Admiral Markets AS was awarded the gold level as a Family-Friendly Employer. All our efforts seem to be paying off, as our employee turnover has hit an all-time low in 2020.

**Keeping Distance  
to Stay Together -  
Quarantine 2020**



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

**Anatolii Mikhalechenko**  
Member of the Supervisory Board





# Doing Good & Corporate Social Responsibility

The Company values togetherness and this is carried out in the CSR activities and various sponsorship and collaboration projects.

2020 announced to the world that some changes are inevitable and we must all engage in activities that help to reduce the burden on the environment around us. More than before, 2020 proved that it is important to support those who have been hit the hardest in the aftermath of the COVID-19 outbreak. We also witnessed great ideas on how to stay together when it was not physically possible.

## Standards

During recent years the world has witnessed an enormous effort and success towards implementing corporate responsibility. The Company today operates on full transparency, while publicly communicating its shortcomings and good results to the investors and all the interest groups through various communication channels. Our goal is to constantly and continually improve our standards towards a comprehensive GRI (*Global Reporting Initiative*) reporting system in our annual reports.

## Pärnu Music Festival

Pärnu, the summer capital of Estonia, brings world-class musicians to this beautiful city over one week in summer. It is one of the most outstanding classical music festivals in Europe. We are happy to be one of the background forces making it come true.



## Collaboration with student inventors

In autumn 2020, the Estonian national competition for the best student inventors was held. In total, more than 600 exciting inventions were submitted. We were excited and honored to take part in this fabulous event and reward two young outstanding inventors.

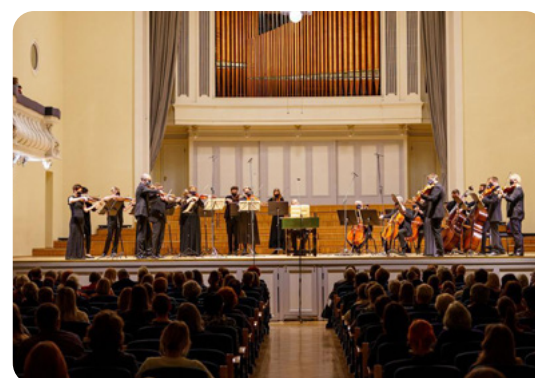
The Admiral Markets awards went to young inventors - Ruudi Seppel from the 3rd grade and Arabella Kruuse from the 8th grade. Ruudi's invention is called "Shoe and Boot Beep". His idea of shoe and boot beep is for children whose feet are growing fast. It is a sock that signals when the shoe is getting small for a child.

Arabella came up with an innovative telephone app, "VAIB", which supports students' mental health. Her app provides solutions to students' concerns that are easy to encounter in everyday school life.



## Eesti Kontsert

In 2020, the Company announced its sponsorship for Eesti Kontsert, meaning that the Company is the main sponsor for 2020. Eesti Kontsert is a high-level concert organizer with the widest repertoire selection in Estonia and a well-known partner abroad. We are delighted to be their partners.



## Scholarships at TalTech

The Company has continuously over the years issued scholarships for outstanding young students of TalTech University, studying IT or Economics at the University. Our latest scholarship went to Henty Härm, who studies at the faculty of Information Technology. He caught our attention with his innovative ideas.



## Tallinn Zoo

We are the godfather of the polar bear Aron, who until July, 2020, lived in Tallinn Zoo. However, as it is in nature, young individuals also do not live with their parents forever in zoos, but must become independent. On the recommendation of the coordinator of the EAZA polar bear breeding program, a new habitat was found for Aron at the La Flèche zoo in France. Aron is not living alone in the magnificent polar bear cage but with a chérie! So even though Aron moved to France to start his own family and we will miss him terribly, a polar bear named Rasputin has arrived in Tallinn Zoo and we are thrilled to welcome him. Our collaboration with Tallinn Zoo continues.



## Hõbevalge

We are happy to announce the successful conclusion of a project which means a lot to us and which was funded and initiated by Alexander Tsikhilov, the founder of the Company.

The landmark in Estonian cultural history, "Hõbevalge", written by former president of Estonia Lennart Meri, has been published for the first time in Russian language. The book has been given as a gift to all Russian-speaking Estonian schools.

To Alexander Tsikhilov's great surprise, he found out that the book, written in 1976 by Lennart Meri, had not yet been translated into Russian, though it had been published in Finnish in 1983 and even in Italian in 2016. He then decided that the book, a significant landmark of Estonian culture and literature, should also be available in Russian.

Mart Meri, the son of the former president, wrote an introduction and provided the unique photos from the family archive which had never been published before. The Russian version of the book includes memories of Lennart Meri's friends, and the speeches given by him as the president.



# Our strategy and objectives

Admiral Markets AS' objectives are aligned with that of the Group's. Admiral Markets is 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. Our goal is to provide financial freedom to 10 million people globally.

For its first 20 years, Admiral Markets 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.

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.

Admiral Markets 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.

We always followed the global demand of our clients. Coming from the 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 DAX30 and DJI30 have become two of our top five traded instruments globally.

As we expand our personal finance products and services we continue to build from the solid foundation of experience we have gained over the past 20 years. Trading will always be an important part of our identity and our clients will continue to receive the best quality and conditions in the sector.

Over the past two decades, we have revolutionised trading and investing, enabling millions of satisfied individuals to structure and manage their investments in a safe, secure, and simplified way.

Admiral Markets is well established in Europe. Today, our expansion plans include the entrance into new markets, focusing on Asia, Africa, and Latin America. Our client base will increase through the expansion of our range of products and services, exploring new markets, and growth in our long-established markets. We are in the process of opening or activating offices in Jordan, Canada, and South Africa later this year; global expansion is already underway.

Our flexibility and innovation, desire to understand the needs of our clients, and our integration of customer service and investing in our brand will be the groundwork of the strategic decisions influencing our activities in the coming years.

In addition, we seek possibilities to extend our availability to clients via new offices, customer support solution, and websites in new languages.

## Brand

Admiral Markets was founded in 2001. After 20 years in business, the Group announced its rebranding into Admirals on March 5th, 2021. The logo and name will reflect this change as the Group starts to write its new chapter. The rebranding is a natural step to reflect where the company stands as a business today.

Over the past two decades, Admiral Markets has revolutionised trading and investing, enabling millions of satisfied individuals to structure and manage their investments in a safe, secure, and

simplified way. Back in 2001, Admiral Markets was purely a Forex and CFD brokerage company. Today, it stands as an innovative and streamlined personal finance experience.

In October 2021, the Dubai Expo will open. Admiral Markets has announced its participation at the world exhibition, opening the Estonian-based fintech success story to 192 countries participating at the event.



# admirals

## Our clients

In 2020, we reached the highest number of active clients in our history. In 2021, we seek to continuously increase our client base.

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. Our aim is to streamline personal finance for over 10 million people all around the world in the next 10 years.

Our clients' trust in us is characterised by the majority of them being long-term clients.

In 2020, we brought trading and investing closer to everybody when we launched our new app, which is an excellent entry for a beginner trader to get acquainted with the global financial markets.

The biggest challenge for the coming years is accessing Asian markets and offering local instruments in the region. In doing this, we ensure the growth of our portfolio. We must raise local knowledge and awareness of the brand.



# Main trends and factors likely to affect our future

## Market volatility

In 2020, the financial sector was clearly affected by the pandemic, particularly at the beginning of the crisis, when markets around the world panicked and volatility reached unprecedented levels. This was one of the reasons why the trading industry received special attention from new investors with no prior experience in active trading. Demand was immense, and we saw record numbers of new clients to compliment record trading volumes. During this turbulent period, all our trading systems performed reliably and stably. Market volatility may have an immense impact on our business, as more volatility usually leads to a higher trading volume of our active clients.

## Coronavirus and inflation

The outbreak of the coronavirus at the beginning of 2020 had an impact on every borderless company, and the world economy has been changed because of it. Policymakers around the world have implemented measures to help businesses during the spread of the virus. When speaking of global chaos, uncertainty and confusion are the biggest sources of concern. This also applies to information regarding the virus, because as of today, it is unknown when and how the spread of the virus will wane, and when the vaccines will reach each person.

At the same time, our entire business and industry is tailor-made for remote work. All our clients can trade and manage their accounts from anywhere, on any device, from home or on the road.

The same is true for our business systems, which allow our employees to work from anywhere, with the highest security standards. Working from home and other remote options are possible. Messenger systems as Slack, the security of our VPN and cloud data systems, are built for situations like this. As a global company and as an employer that cares about the health of its people 24/7, we are prepared.

Markets speculate as to whether inflation will grow to concerning levels. Over the last few years, it has been notably low in the US and EU and the effect of this has changed, and will keep changing, the investment marketplaces.

## Technology

Each year, the world becomes increasingly more and more mobile. People expect mobile services and products which perform at increasingly higher levels. We have set out to ensure that our clients' trading experience will always be excellent as we develop their access to our new personal finance services. We are a financial hub, offering a wide range of products and services which make personal finance transparent and accessible. We use innovative technology to ensure that our clients receive the best customer support. Because of this, we are able to successfully compete with neobanks and brokerages.

A portrait of Victor Gherbovet, a man with short dark hair, smiling, wearing a dark suit jacket over a light blue shirt. The background is a blurred outdoor setting with greenery and a building. A large blue circle is overlaid on the bottom right of the image, containing white text.

**The COVID-19  
pandemic  
impacted us all.**

**Victor Gherbovet**

Member of the Management Board



# Economic environment

Admiral Markets has headquarters in Estonia and another 18 offices around the world, along with customers from all over the world, with the main customer base located in the EU. The products Admiral Markets offers are dependent on economic trends worldwide.

## Global economy

During the second half of 2020, the global economy saw a gradual recovery after the massive economic downturn resulting from the COVID-19 lockdown beginning Q1/2020.

After the Eurozone economy shrank by 3.2% (QoQ) in Q1/2020, it saw a record slump in annual GDP growth of -14.7% in Q2/2020 before easing to -4.3% in Q3/2020.

The US economy also recovered during the second six months of 2020: after plunging by 31.4% in the second quarter, having already shrunk by an annualized 5% in the first quarter of 2020, the US economy expanded by an annualized 33.4% in Q3 2020 – its biggest expansion ever.

But it remains to be seen whether this recovery will continue over the coming months going into the first quarter of 2021: the US GDP growth rate is still 3.5% below its pre-pandemic level, and although coronavirus vaccinations have begun their roll-out, the pandemic is far from roll-out, the pandemic is far from control in the US and abroad. In Europe, particularly in Germany, a renewed lockdown was imposed shortly before Christmas in response to a record number of COVID-19 infections and deaths, before reports of a virus mutation in the UK made the news.

In Germany, the lockdown will likely continue deep into the first quarter of 2021, with politicians indicating the loss of control and expressing no plan for easing the lockdown and reviving the economy.

A massive wave of insolvency, particularly in small businesses, seems likely for the first half of 2021, stressing that even the already-lowered GDP growth forecast for 2021 – 3.7% from its previous estimate of 4.9% by the German government's council of economic advisers in November (and thus before the second lockdown) – is too optimistic.

That said, we are doubtful that the IMF's (*International Monetary Fund*) updated forecast for advanced economies, expecting a rebound in growth to 5.5% in 2021, is likewise overly optimistic.

However, global central banks, especially the Fed and the ECB (*European Central Bank*), will continue to flood markets with liquidity and expand their balance sheets to new heights for Q1/2021 and beyond, even though more liquidity to keep banks afloat, particularly in Europe, does not necessarily translate into an increase in demand and consumption.

While this flood of liquidity was designed to prop up sluggish economies, it also helped to lift global stock markets. In fact, at the end of 2020, the total value of the world's equity market reached an all-time high of \$95 trillion, with some investment banks forecasting another \$1 trillion could flow into stock markets in 2021 due to the V-shaped recovery that is currently taking place.

The surge in demand for equities has been uneven, with the US and Asian stock markets leading the way while reaching all-time highs towards the end of 2020. European and UK stock markets have been much more sluggish with the CAC 40 and FTSE 100 trading well below previous all-time high levels. However, the DAX 30 did manage to record an all-time high on the last trading day of 2020.

## The United States

After the US economy plunged by 31.4% in Q2/2020, it expanded by an annualized 33.4% in Q3 2020 – its biggest expansion ever. While this seems impressive at first glance, it becomes worrisome under scrutiny, as the US GDP growth rate is still 3.5% below its pre-pandemic level.

Since the US is recording an average of around 200 thousand new COVID-19 cases every day and states are tightening restrictions, and while the US Congress has only approved a small \$892 billion aid package back in December, including a mere \$600 direct payment to most Americans, a \$300-per-week unemployment benefit and \$284 billion for the Paycheck Protection Program, a bigger relief package is likely already needed for Q1/2021 to dampen the negative effect on the US economy.

That being said, the outlook for a US GDP Growth Rate of 3.4% for Q4/2020 and a US GDP Growth Rate of around 3% for the next 12 months, as expected by several economic analysts, seems quite optimistic and likely needs further substantial monetary stimulus from the Fed. Many analysts expect the US central bank to balloon its balance sheet significantly beyond 7 trillion USD in the first quarter of 2021.

## The United Kingdom

Britain's gross domestic product shrank by 8.6% (YoY) in Q3/2020, but less than the -9.6% previously estimated and following a record contraction of 20.8% in Q2/2020.

While it initially seemed as though the UK economy was beginning to recover as restrictions on movement eased across June, July, August and September, news of the rapid spread of a new variant of the coronavirus came shortly before Christmas, resulting in sharp restrictions in the UK, while other countries placed a travel ban on nationals from the UK. Fears of a continued lockdown in the UK will likely result in another sharp economic downturn for the first months of 2021.

The CBI Business Optimism Indicator, which gauges manufacturing optimism in the UK on a quarterly basis, was published at a rating of 0 for the fourth quarter of 2020, compared to -1 in the previous period and an all-time low of -87 for the three months leading up to June. One-third of the manufacturers concerned fear that a lack of access to materials or components may limit their output over the coming quarter, and this was before news of the coronavirus mutation made the rounds,

naturally resulting in rising fears of a travel and trade ban from the UK.

Still, we remain positive for the UK in the mid- to long-term from an economic perspective: when assessing previous epidemics, it seems realistic to expect a period of three years for the real GDP to return to its pre-epidemic level. Brexit could possibly be positive for the UK, particularly as signs intensify that the EU and the UK continue to intensely work on a post-Brexit deal.

## China

The Chinese economy advanced by 4.9% (YoY) in Q3/2020, faster than the published 3.2% expansion in Q2 but still below the forecast of 5.2% growth.

Despite the lower-than-expected reading, there are signs that the expansion is finally extending to consumption after a state-backed industrial recovery. Retail sales rose by 3.3% (YoY) in September, well above forecasts, and is the highest reading in 2020. Industrial production went up by 6.9%, also higher than expected and, again, the biggest gain in 2020. For the first nine months of the year, the economy expanded by 0.7%, recovering all the ground it lost during the first half of 2020 as a result of the coronavirus pandemic and imposed lockdown measures.

Compared with other countries, China seems to be emerging stronger than expected from the pandemic with the GDP Annual Growth Rate in China expected to be between 5-6% for the first quarter of 2021. Several analyst expectations and estimations indicate that, in the long-term, China's GDP Annual Growth Rate is projected to trend around 5.6% in 2021.



## The Eurozone

The Eurozone economy shrank by 4.3% year-on-year during Q3/2020, easing from a record slump of 14.7% in Q2/2020. What is most interesting here is that the European Commission's "European Summer Economic Forecast" expected the GDP Annual Growth Rate in the EU to be -14.2% by the end of Q2/2020 – a reasonably accurate prediction.

With that in mind, the "Autumn 2020 Economic Forecast" of the European commission projects a growth of 4.2% in 2021 and 3% in 2022, painting a quite positive picture.

But as we discussed earlier, these projections were made before the next wave of lockdowns were imposed in several European countries shortly before Christmas, with many countries suffering a record number of COVID-19 related infections and deaths. It seems likely that not just in Germany, but in other EU Member States as well, the lockdown will continue well into Q1/2021, particularly after news of the mutation in the UK was disseminated.

It seems likely that the first quarter of 2021 will see a huge wave of business insolvency, placing increased pressure on European banks and increased hopes on the ECB to have enough ammunition left to step in and deliver enough fresh liquidity to keep financing conditions afloat.

Initial signs of the need for further monetary stimulus were shown during December's ECB meeting, with the announcement of its intention to expand its €1.35 trillion emergency bond-buying programme by another €500 billion, extending it to March 2022.

### Significant global events in 2020:

- Donald Trump impeachment trial starts
- Coronavirus lockdowns begin worldwide
- United States presidential election
- Expiration of the UK's current transition period for negotiations on a future relationship with the EU

## Estonian Economy

The Estonian economy shrank by 1.9% year-on-year in Q3/2020, following a 6.9% fall in Q2/2020, resulting in the third straight quarter of contraction, which was mainly a result of the COVID-19 pandemic hitting the global economy and workforce.

During the third quarter, private consumption contracted by 0.7% vs -8.7% seen in the previous period, while net external demand contributed negatively to GDP as exports fell by 8.6% (vs -19% in Q2).

Government spending expanded by 5.3%, mostly due to higher healthcare spending in response to the coronavirus (vs 3.7% in Q2). Although the economy performed better in the third quarter, investments were still modest. On the production side, negative contributions to the GDP came from real estate activities, accommodation and food service activities and the construction sector. On a seasonally adjusted quarterly basis, the GDP grew by 3.3% in Q3 after a downwardly revised 5.5% contraction in Q2.

In its current economic policy statement, Eesti Pank points out that the recovery of the Estonian economy depends on how the virus is contained and whether vaccination efforts succeed: if containment is successful in H1/2021, the Estonian economy will be able to grow by 2.9% in 2021.

In the negative scenario, with vaccination failing to bring the pandemic under control, the Estonian economy could contract by a further 1.8% in 2021.

A portrait of Dmitri Laush, a man with short dark hair, wearing a dark blue textured blazer over a white shirt. He is standing in front of a large window with a view of a city and water. A large blue circular graphic is overlaid on the bottom right of the image.

# We have clients from 154 countries.

**Dmitri Laush**

Member of the Management Board



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



# admirals





# Financial review

## Main Financial Indicators of Admiral Markets AS

Income statement (in millions of euros)	2020	2019	Change 2020 vs 2019	2018	2017	2016
Net trading income	47.1	23.2	103%	24.2	19.3	18.0
Operating expenses	-26.2	-19.2	36%	-15.2	-12.7	-12.5
EBITDA	21.6	5.8	272%	10.1	6.4	6.3
EBIT	20.5	4.9	318%	9.8	6.2	5.9
Net profit	20.3	4.6	341%	9.5	6.0	5.9
EBITDA margin, %	46%	25%	21	42%	33%	35%
EBIT margin, %	44%	21%	23	40%	32%	33%
Net profit margin, %	43%	20%	23	39%	31%	33%
Cost to income ratio, %	56%	83%	-27	63%	66%	69%
<b>Business volumes (in millions of euros)</b>						
Due from credit institutions and investment companies	40.9	26.5	54%	22.2	22.0	18.0
Debt securities	8.7	9.3	-6%	10.8	3.3	2.4
Shareholders' equity	57.7	38.8	49%	35.6	27.4	22.8
Total assets	71.4	47.2	51%	39.4	30.6	24.1
Off-balance sheet assets (client assets)	3.0	2.7	11%	3.6	3.3	4.4
Number of employees	141	147	-4%	123	124	119

### Equations used for the calculation of ratios:

EBITDA margin, % = EBITDA / Net trading income

EBIT margin, % = EBIT / Net trading income

Net profit margin, % = Net profit / Net trading income

Cost to income ratio, % = Operating expenses / Net trading income

# Statement of Comprehensive Income

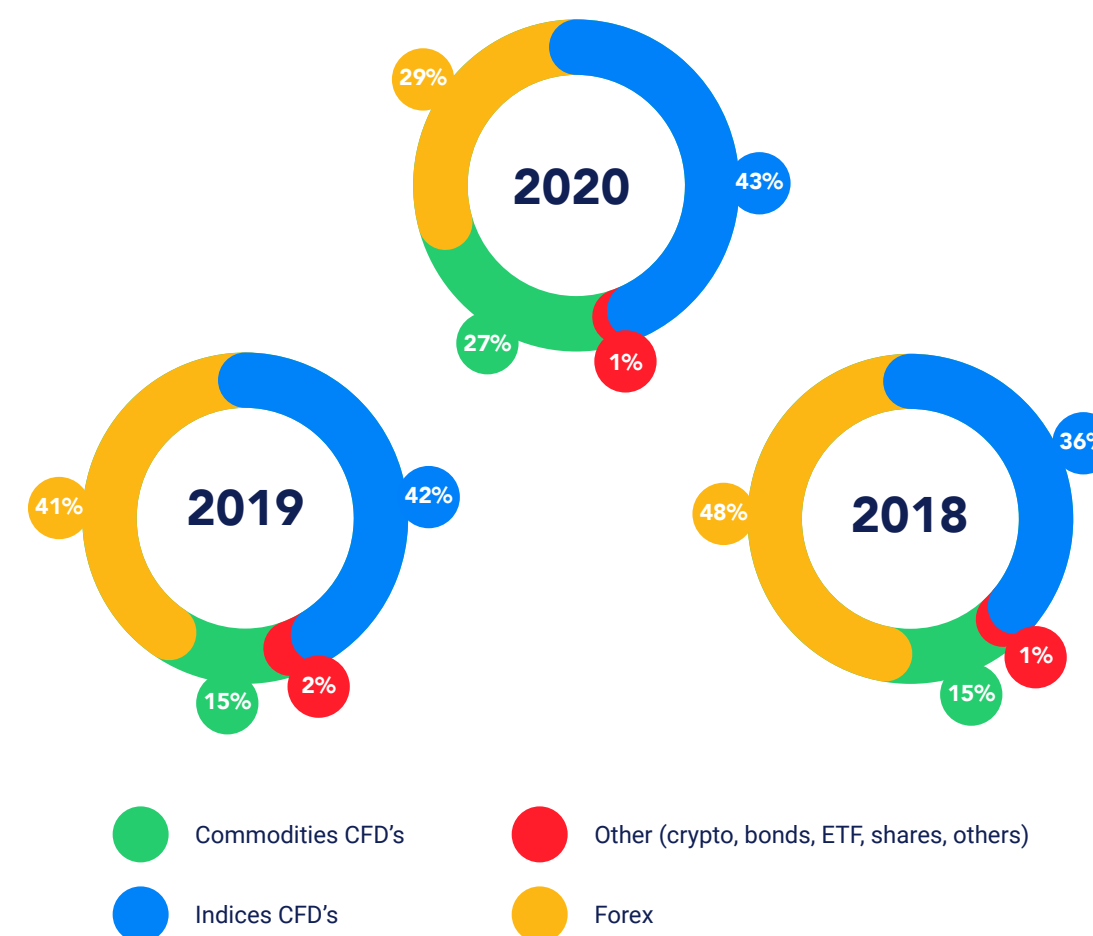
## Net Trading Income

High volatility in global markets affected the skyrocketing of Admiral Markets' net trading income compared to the previous year's level. In 2020, Admiral Markets net trading income increased to EUR 47.1 million, a rise of 103% compared to EUR 23.2 million a year earlier.

Also, the Group's net trading income rose substantially (86% year-on-year) and reached EUR 62.2 million by the end of 2020. The results of Admiral Markets AS depend on other companies in the Group, particularly its sister investment companies, as its sister investment companies hedge the risks arising from their clients' transactions in Admiral Markets AS only.

The Group's business is generally managed on a geographical basis with 4 main geographical segments, based on the location of Admiral Markets offices: EU, UK and Australia & Other. Active yearly clients increased by 100% while the value of trades went up by 67% year-on-year in 2020, reaching EUR 988 billion.

In 2020, Forex products accounted for 29% of total gross trading income, a decrease of 12% year-on-year. Forex' share decreased mainly due to a 12% increase in Commodities CFDs. Indices CFDs and other products such as crypto, stocks, bonds, ETFs, etc remained around their prior year's existing levels, with fluctuation of +/- 1% from the total gross trading income.



The Group's business is managed on a geographical basis with 4 main geographical segments: EU, UK, Australia and Other.

## Gross revenue per geographical region:

	2020	2019	Change
EU	90%	83%	7
UK	-1%	5%	-6
Australia	1%	2%	-1
Other	10%	10%	0

Admiral Markets has clients in 154 countries. Most EU clients are from Germany, followed by France, Spain, Estonia, Poland, Lithuania, Bulgaria, Romania, and the Czech Republic. German clients generate 24% of total revenue for the Group, and clients from

France generate 11%, Spanish clients 9%, Estonian 7%, Lithuanian, and Polish 5%, while clients from Bulgaria, Romania, and the Czech Republic each country generates generate 4% of total revenue for the Group.

## Expenses

Operating expenses increased by 36%, which was mainly due to the increase in personnel, marketing, and VAT costs.

The largest share of total operating expenses for the Company comes from marketing expenses, which increased by 80% compared to the previous year and reached EUR 9.9 million in 2020, which accounts for over 38% of total operating expenses. The increase in marketing expenses resulted in a 100% higher number of active clients by the end of 2020 as well as in a 130% higher number of leads. The increase in leads gives great potential for increasing the number of active clients even more in 2021.

Personnel expenses increased to EUR 7.7 million in 2020, which accounts for 29% of total operating expenses. There was an increase in personnel expenses mostly due to the increase in bonuses paid to employees every quarter of 2020 as the Company introduced a new Internal Motivation System in 2019 in the form of the bonus pool which is dependent on employee development and financial and operational results of the Company.

IT costs remain almost on the same level. VAT costs higher due to increase of marketing expenses.

What is more, depreciation and amortization expenses also increased from EUR 0.9 million to EUR 1.2 million in one year. The main reason for the increase is the application of IFRS 16 "Leases", which resulted in office rental space being accounted for as a financial lease asset. For 2020 the Company took under long-term rent two extra floors for Estonian office.

## Operating expenses by largest expense types:

Type of expense (in mln EUR)	2020	2019	Change
Personnel expenses	7.7	7.0	0.7
Marketing expenses	9.9	5.5	4.4
IT expenses	2.5	2.4	0.1
Legal and audit expenses	0.9	0.3	0.6
VAT expenses	1.5	0.6	0.9
Amortization and depreciation	1.2	0.9	0.3
Regulative reporting services	0.2	0.3	-0.1
Rent of low-value leases and utility expenses	0.1	0.2	-0.1
Other outsourced services	0.2	0.2	0.0
Other	2.0	1.8	0.2
<b>Total</b>	<b>26.2</b>	<b>19.2</b>	<b>7.0</b>

## Net Profit

**20.3 m**

The Company's net profit reached a record of EUR 20.3 million in 2020, a 341% increase compared to EUR 4.6 million a year earlier.

**43%**

The Company's net profit margin also increased and was 43% compared to 20% the previous year. The increase in net margin was due to an increase of net trading income as mentioned before.

**42%**

The return on equity of the Group was 42% at the end of 2020 (2019: 12.4%).



# Statement of Financial Position

(in millions of euros)	2020	2019	Change
Due from credit institutions and investment companies	40.9	26.5	54%
Debt securities	8.7	9.3	-6%
Total liabilities	13.8	8.4	64%
Shareholders' equity	57.7	38.8	49%
Total assets	71.4	47.2	51%
Off-balance sheet assets (client assets)	3.0	2.7	11%

Admiral Markets AS has a strong and growing balance sheet, with EUR 57.7 million of shareholders' equity and long-term debt of only EUR 5.7 million. Admiral Market AS' balance sheet is liquid as 69% of its balance sheet consists of liquid assets.

As of 31 December 2020, the assets of the Company totaled EUR 71.4 million. Ca 57% of assets are balances due from credit institutions and investment companies. Balances due from credit institutions and investment companies have increased 54% in 2020. 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 2020 up to 15 million due to the application of IFRS 16 "Leases", which resulted in Admiral Markets AS' office rental space being accounted for as a financial lease asset and liability. The rest of tangible assets 1.6 million consist mainly of improvements

to the new office in Tallinn, computers, and network devices. The Company rented two extra floors for Estonian office. Intangible assets increased up to EUR 0.8 million at the end of 2020. Intangible assets consist mainly of the development costs of Trader's Room 3 and different licenses.

Company's long-term debt consists of subordinated debt securities and lease liabilities and makes up 8% of the balance sheet total. The increase in liabilities in 2020 is mainly due to the application of IFRS 16 "Leases". 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 totaled EUR 3.0 million in 2020 (2019: EUR 2.7 million).

# Key Financial Ratios

	2020	2019	Change 2020 vs 2019	2018
Net profit per share, EUR	50.2	11.4	38.8	23.4
Return on equity, %	42.0%	12.4%	29.6	30.1%
Equity ratio	1.2	1.2	0	1.1
Return on assets, %	34.2%	10.6%	23.6	27.1%
Short-term liabilities current ratio	7.0	13.4	-6.4	17.3

## 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

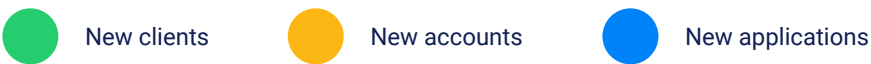
The ratios are calculated as an arithmetic average of closing balance sheet figures from the previous and current reporting period, and the indicators of the income statement are shown as at the end of the reporting period.

# Client Trends

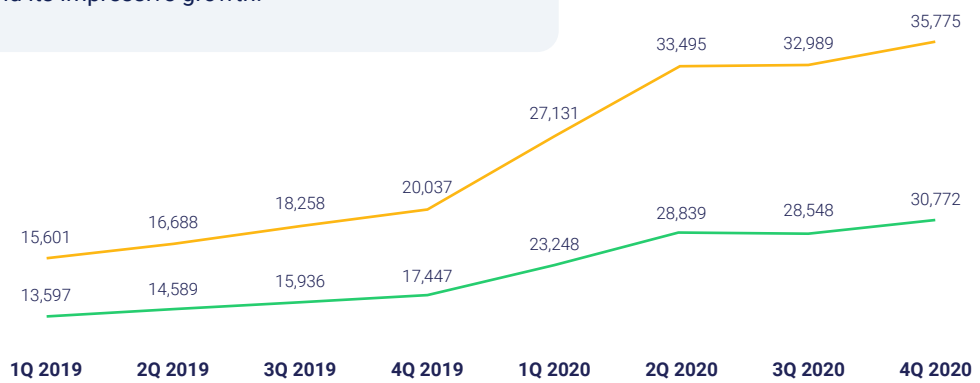
The increase in marketing expenses resulted in the highest number of active clients by the end of 2020. High volatility of markets also attracted new clients to trade with Admiral Markets.



## Atraction of new clients



Admiral Markets 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 quarter and its impressive growth.



## Dynamics of activity



	2020	2019	Change
New clients	28,475	10,375	174%
Active clients*	48,341	24,148	100%
New accounts	87,369	36,541	139%
Active accounts**	62,854	30,523	106%
New applications	93,703	32,224	191%
Average net trading revenue per client	1,286	1,388	-7.3%
Average number of trades per client	1,385	1,318	5%

\*Active clients represent clients who have made at least one trade in the last 12 months

\*\*Active accounts represent accounts where at least one trade was made in the last 12 months

The number of active yearly clients of the Group rose by 100% to 48,341 in 2020 (2019: 24,148 active clients). The Group gained over 28,475 new clients during the year (up 174% from 2019), i.e. clients who traded for the first time in 2020. The Group client assets increased by 79% year-on-year to EUR 82.2 million in 2020.

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 93,700 applications in 2020, out of which circa 57% of applications were accepted. At the end of 2020, the Admiral Markets had in total 10% (decreased because most of new clients approved with retail status) of clients categorised as professionals generating ca 31% of total gross trading revenue.

At Group we are focused on experienced and high-value clients. 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 top 7% of clients generated 90% of trading revenue in 2020 and traded on average 6,497 times during year 2020.

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

Income statement (in millions of euros)	2020	2019	Change 2020 vs 2019	2018
Net trading income	62.2	33.5	86%	32.6
Operating expenses	40.6	28.1	44%	22.0
EBITDA	23.4	6.9	239%	11.2
EBIT	21.7	5.6	288%	10.9
Net profit	20.7	5.2	298%	10.3
EBITDA margin, %	38%	20%	18	34%
EBIT margin, %	35%	17%	18	33%
Net profit margin, %	33%	16%	17	32%
Cost to income ratio, %	65%	84%	-19	68%

Business volumes (in millions of euros)	2020	2019	Change 2020 vs 2019	2018
Due from credit institutions and investment companies	53.2	33.7	58%	27.8
Debt securities	8.7	9.3	-6%	10.8
Shareholders' equity	61.1	42.4	44%	38.8
Total assets	75.2	52.0	45%	43.4
Off-balance sheet assets (client assets)	82.2	45.9	79%	31.6
Number of employees	340	284	20%	228

#### Equations used for the calculation of ratios:

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

## Risk management

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

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. Risk management is based on three lines of defense. The first line of defense is the business units that are responsible for risk taking and risk management. The second line of defense includes risk control and compliance functions, which are independent of business operations. The third line of defense is the internal audit function.

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

We allow our customers to trade notional amounts greater than the funds they have deposited with us through the use of leverage, making management of credit risk a key focus for us. The maximum leverage available to retail traders is generally set by the regulator in each jurisdiction. We manage customer credit risk through a combination of providing trading tools that allow our customers to avoid taking on excessive risk and automated processes that close customer positions in accordance with our policies, in the event that the funds in customers' accounts are not sufficient to hold their 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 actively monitor and assess various market factors, including volatility and liquidity, and take steps to address identified risks, such as proactively adjusting required customer margin.

Admiral Markets AS' key market risk management objective is to mitigate the impact of such risk on the profitability of its operations. The Company's practice in this area is consistent with the following principles. As part of the internal procedures, the Company applies limits to mitigate market risk connected with maintaining open positions on financial instruments. These are, in particular: a maximum open position on a given instrument, currency exposure limits, 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.

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

An internal capital adequacy assessment process (ICAAP) aimed at identifying the possible need for capital in addition to the regulatory capital requirements is carried out once a year by Admiral Markets AS. As required, Admiral Markets AS provides the ICAAP on Admiral Markets Group AS consolidated basis. A detailed overview of risks taken by Admiral Markets AS is provided in Note 5 of the annual report.

As at 31.12.2020, the own funds of Admiral Markets AS amounted to EUR 38.4 million (31.12.2019: EUR 35.4 million). At the end of the reporting period, Admiral Markets AS was well capitalised, the capital adequacy level was 19.3% (31.12.2019: 21.1%) and met all regulatory capital requirements in both 2020 and 2019.



# Own Funds

(in thousands of euros)	31.12.2020	31.12.2019
Paid-in share capital	2,586	2,586
Statutory reserve capital transferred from net profit	259	259
Retained earnings of previous periods	34,566	31,333
Intangible assets	-824	-630
<b>Total Tier 1 capital</b>	<b>36,587</b>	<b>33,548</b>
Subordinated debt securities	1,827	1,827
<b>Total Tier 2 capital</b>	<b>1,827</b>	<b>1,827</b>
<b>Net own funds for capital adequacy</b>	<b>38,414</b>	<b>35,375</b>

# Capital Requirements

(in thousands of euros)	31.12.2020	31.12.2019
Credit institutions and investment companies under standardised approach	8,680	6,416
Retail claims under standardised approach	9,421	7,571
Other items under standardised approach	20,553	10,593
<b>Total credit risk and counterparty credit risk</b>	<b>38,654</b>	<b>24,580</b>
Currency risk under standardised approach	87,154	71,263
Position risk under standardised approach	19,014	19,243
Commodity risk under standardised approach	11,347	13,263
<b>Total market risk</b>	<b>117,515</b>	<b>103,769</b>
Credit valuation adjustment risk under standardised method	96	25
Operational risk under basic indicator approach	42,651	39,133
<b>Total capital requirements for capital adequacy calculation</b>	<b>198,916</b>	<b>167,507</b>

# Capital Adequacy

	31.12.2020	31.12.2019
Capital adequacy	19.3%	21.1%
Tier 1 capital ratio	18.4%	20.0%

# Corporate governance report

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 purchases 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.



**Today, we are  
disrupting the  
FinTech world.**

**Sergei Bogatenkov**  
Chairman of the Management Board

## 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 Admiral Markets Group AS, registry code 11838516.

At the time of the preparation of this report the main shareholders of Admiral Markets 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), 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), 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; and
- 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:

- 1. Alexander Tsikhilov, term of office 10.06.2024;
- 2. Anatolii Mikhhalchenko, term of office 21.05.2021;
- 3. Anton Tikhomirov, term of office 14.05.2022.



**Alexander Tsikhilov**

Chairman of the Supervisory Board

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



**Anatolii Mikhhalchenko**

Member of the Supervisory Board

Joined Admiral Markets 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 Admiral Markets 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 Admiral Markets during the company’s merging with the local Russian broker. Has been developing Admiral Markets’ 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.



### 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; and
- 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 Mikhachenko 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 Mikhachenko 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 Mikhachenko 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.



**Our commitment  
to quality is  
award-winning,  
year after year.**

**Jens Chrzanowski**

Member of the Management Board



# 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:

1. Sergei Bogatenkov, term of office 18.12.2021;
2. Dmitri Laush, term of office 26.08.2022;
3. Jens Chrzanowski term of office 10.02.2023;
4. Victor Gherbovet, term of office 23.11.2023.



**Sergei Bogatenkov**  
Chairman of the Management Board

Joined Admiral Markets 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.



**Dmitri Laush**  
Member of the Management Board

Appointed on 26.08.2019. Obtained in 2019 executive master degree in Business Administration from IE University (Madrid, Spain). Together with Alexander Tsikhilov, founded the headquarters of Admiral Markets in Estonia. With a background in financial technology, he plays an integral part in the Company's technological development and innovation initiatives, and with his expertise in global human resource management he contributes to further capacity building of the Company and its personnel.



**Victor Gherbovet**  
Member of the Management Board

Appointed on 23.11.2020. Victor Gherbovet joined Admiral Markets already in 2008 and has been a member of the Management Board of Admiral Markets Group AS since 2017. He is also a member of the Management Board of Admiral Markets UK Ltd. Victor Gherbovet holds bachelor's degree in management from the Academy of Economic Studies (Bucharest).



**Jens Chrzanowski**  
Member of the Management Board

Appointed on 10.02.2020. Jens Chrzanowski has been a member of the Management Board of Admiral Markets Group AS since 2017. He founded the Berlin Office of Admiral Markets in 2011 and under his leadership Admiral Markets has won the most significant awards and recognitions in the financial world in Germany in 2019. Prior to joining Admiral Markets, Jens Chrzanowski has worked at FXCM, a finance firm, as a senior sales associate, at E\*Trade as a sales manager and as a brokerage consultant at Deutsche Bank.

## 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 Admiral Markets 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 26.11.2020, Admiral Markets AS' auditor for the 2020 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 2020, 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](http://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 Admiral Markets 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 2020 fiscal year, in comparison to 2019.

# Financial Statements



# Statement of Financial Position

(in thousands of euros)	Note	31.12.2020	31.12.2019
<b>Assets</b>			
Due from credit institutions	7	25,742	19,757
Due from investment companies	7	15,120	6,786
Financial assets at fair value through profit or loss	8	10,248	9,759
Loans and receivables	9	6,730	3,983
Other assets	10	1,390	912
Investments into associates	28	1,375	0
Investments into subsidiaries	28	4,180	0
Tangible fixed assets	11	1,614	1,283
Right-of-use asset	11	4,213	4,059
Intangible fixed assets	12	824	630
<b>Total assets</b>		<b>71,436</b>	<b>47,169</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	8	219	66
Liabilities and prepayments	13	7,317	2,349
Subordinated debt securities	16	1,827	1,827
Lease liabilities	15	4,396	4,145
<b>Total liabilities</b>		<b>13,759</b>	<b>8,387</b>
<b>Equity</b>			
Share capital	19	2,586	2,586
Statutory reserve capital		259	259
Retained earnings		54,832	35,937
<b>Total equity</b>		<b>57,677</b>	<b>38,782</b>
<b>Total liabilities and equity</b>		<b>71,436</b>	<b>47,169</b>

Notes on pages 61 to 119 are an integral part of the Financial Statements.

# Statement of Comprehensive Income

(in thousands of euros)	Note	2020	2019
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers		65,762	34,838
Brokerage and commission fee revenue		32	71
Brokerage and commission fee expense		-18,719	-11,708
Other trading activity related income		19	31
Other trading activity related expense		-23	-22
<b>Net income from trading</b>	<b>21</b>	<b>47,071</b>	<b>23,210</b>
Other income	22	1,368	777
Other expense	23	-391	-202
Interest income calculated using the effective interest method		128	75
Other income similar to interest		194	183
Interest expense		-245	-224
Net gains/(losses) on exchange rate changes		-1,360	266
Net gains from financial assets at fair value through profit or loss		0	50
Personnel expenses	24	-7,670	-7,006
Operating expenses	25	-17,400	-11,268
Depreciation of tangible and intangible assets	11, 12	-626	-526
Depreciation of right-of-use assets	11	-537	-420
<b>Profit before income tax</b>		<b>20,532</b>	<b>4,915</b>
Income tax	17	-267	-311
<b>Net profit for the reporting period</b>		<b>20,265</b>	<b>4,604</b>
<b>Comprehensive income for the reporting period</b>		<b>20,265</b>	<b>4,604</b>
Basic and diluted earnings per share	19	50.16	11.40

Notes on pages 61 to 119 are an integral part of the Financial Statements.

# Statement of Cash Flows

(in thousands of euros)	Note	2020	2019
<b>Cash flow from operating activities</b>			
Net profit for the reporting period		20,265	4,604
<b>Adjustments for non-cash income or expenses:</b>			
Depreciation of tangible and intangible assets	11, 12	1,164	946
Gains on the sale of tangible assets		-32	9
Interest income		-323	-258
Interest expense		245	224
Allowance for doubtful receivable		0	25
Corporate income tax expenses		267	311
Other financial income and expenses		1,360	-266
Gains on financial assets at fair value through profit or loss		0	-50
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>22,946</b>	<b>5,545</b>
<b>Changes in operating assets and liabilities:</b>			
Change in amounts due from investment companies	7	-8,334	-49
Change in trade receivables	9	-338	61
Change in other assets	10	-478	133
Change in derivative assets	8	-389	-31
Change in payables and prepayments		4,968	885
Change in the derivative liabilities	8	153	-110
Changes in inventories		0	61
<b>Operating cash flows before interest and tax</b>		<b>18,528</b>	<b>6,496</b>

Interest received		319	61
Interest paid		-243	-223
Corporate income tax paid		-267	-311
<b>Net cash from operating activities</b>		<b>18,337</b>	<b>6,023</b>
<b>Cash flow from investing activities</b>			
Disposal of tangible and intangible assets	11	39	20
Purchase of tangible and intangible assets	11, 12	-1,142	-496
Loans granted	9	-2,435	-1,000
Repayments of loans granted		26	0
Acquisition of financial assets at fair value through profit or loss (investment portfolio)		-6,288	-4,906
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)		5,463	6,466
Investment in to associates		-1,375	0
Acquisition of subsidiaries		-4,180	0
<b>Net cash from / (used in) investing activities</b>		<b>-9,892</b>	<b>84</b>
<b>Cash flow from financing activities</b>			
Dividends paid	19	-1,371	-1,390
Repayment of principal element of lease liabilities		-440	-406
<b>Net cash from/used in financing activities</b>		<b>-1,811</b>	<b>-1,796</b>
<b>TOTAL CASH FLOWS</b>			
		<b>6,634</b>	<b>4,311</b>
<b>Cash and cash equivalents at the beginning of the period</b>			
	7	<b>19,757</b>	<b>15,467</b>
<b>Change in cash and equivalents</b>			
		<b>6,634</b>	<b>4,311</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>			
		<b>-664</b>	<b>-21</b>
<b>Cash and cash equivalents at the end of the period</b>			
	7	<b>25,727</b>	<b>19,757</b>

Notes on pages 61 to 119 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
Balance as at 01.01.2019	2,586	259	32,724	35,568
Dividends paid	0	0	-1,390	-1,390
Profit for the reporting period	0	0	4,604	4,604
Total comprehensive income for the reporting period	0	0	4,604	4,604
Balance as at 31.12.2019	2,586	259	35,938	38,782
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

For more information of share capital refer to Note 19.

Notes on pages 61 to 119 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 2020 was approved for publication on 31.03.2021 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<sup>1</sup> 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 2020 and ended on 31 December 2020. 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 and presentation currency

The Company's functional and presentation currency is euro.

### 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 minimize 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.

## 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.

**Net trading income  
increased 103% to  
EUR 47.1 million.**

**Regina Laush**  
Head of Treasury

## 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 loss 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 long-term 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, tax rate of 14/86 can be applied to dividend payments. 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.

In 2020 the branch of Admiral Markets AS was closed in Poland and the representative office in Russian Federation is being liquidated. Although the main activity of the branch and the representative office was to offer support services to the head office, and the branch and the representative office did not generate direct operating income, Admiral Markets AS allocated revenues between the branches and the representative office according to the transfer pricing policy developed at the Company. The profit generated in the distribution of income is taxed separately in each country according to local regulations. More information is provided in Note 17.

The maximum income tax liability that could arise on a dividend distribution is provided 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 trading activity related income is recognised at a point in time when the Company satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of other trading activity related 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 reporting date, 31 December 2020, and the date of preparing the report, but are linked to transactions that occurred during the reporting period or transactions of previous periods. More detailed information is provided in Note 29.

## 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 2020. 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 2020 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 annual periods beginning on or after 1 January 2021, 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 noncurrent, 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 the Company's financial position, performance nor cash flows.

The Company intends to apply the aforementioned standard and interpretation as at the date of entry into force, subject to 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
- 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).

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 licences or decommissioning.

### Fair value of financial instruments

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



# Our Trading servers are in the heart of the action.

**Andrey Koks**  
Chief Information Officer



## Note 5.

# Risk management, principles of calculating capital requirements and capital adequacy

Admiral Markets AS offers provision of trading and investment services to retail, professional and institutional clients, being the counterparty to client transactions. According to the risk management policies of Admiral Markets, 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 Admiral Markets is to identify, accurately measure and manage risks. Risks are measured according to their nature as follows: qualitatively (scale of impact and the probability of occurrence) or quantitatively (monetary or percentage impact). Ultimately, the objective of risk management is to increase the income of Admiral Markets through minimizing damages and reducing the volatility of results.

Risk management is part of the internal control system of Admiral Markets AS. 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 Admiral Markets must have enough capital to cover risks. The risk management process is the responsibility of the risk manager.

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 the entire Company.

### 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 Admiral Markets 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 economically 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 in managing capital is:

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

Equity of Admiral Markets must at any time be equal to or exceed the minimum amount of share capital of EUR 730,000 as required by the Securities Market Act. Admiral Markets must also comply with the equity requirements provided in the European Parliament and Council Regulation (European Union) No 575/2013 (hereinafter CRR) and maintain capital buffers provided in the Credit Institutions Act.

The CRR requires that in respect of its risk assets, all credit institutions and investment companies operating in the European Union shall hold up to 4.5% of Common Equity Tier 1 (CET1) and 6% of Tier 1 Capital (Tier 1). The total Capital Adequacy Requirement (CAD), which includes both Tier 1 and Tier 2 capital, is set at 8.0%.

According to the Estonian Credit Institutions Act, Admiral Markets must hold an additional capital conservation buffer of 2.5% and the systemic risk buffer of 1% from Estonian risk positions.



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

## Own funds

	31.12.2020	31.12.2019
Paid-in share capital	2,586	2,586
Statutory reserve capital transferred from net profit	259	259
Retained earnings of previous periods	34,566	31,333
Intangible fixed assets	-824	-630
<b>Total Tier 1 capital</b>	<b>36,587</b>	<b>33,548</b>
Subordinated debt securities	1,827	1,827
<b>Total Tier 2 capital</b>	<b>1,827</b>	<b>1,827</b>
<b>Total own funds</b>	<b>38,414</b>	<b>35,375</b>

As at 31.12.2020, the own funds of Admiral Markets AS amounted to EUR 38.4 million (31.12.2019: EUR 35.4 million). At the end of the reporting period, in accordance with information provided internally to key management, Admiral Markets AS capital adequacy ratio was 19.3% (31.12.2019: 21.1%) and has complied with all regulatory capital requirements in 2020 as well as in the earlier period.

The new Regulation (EU) 2019/2033 of the European Parliament and of the Council on prudential requirements for investment firms will enter into force on 26.06.2021. Admiral Markets AS has carried out relevant tests and the results, as reported internally to key management, show that the Company meets all the requirements of the above-mentioned regulations.

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

Counterparty credit 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

	Note	31.12.2020	31.12.2019
Due from credit institutions and investment companies	7	40,862	26,543
Financial assets at fair value through profit or loss	8	9,745	9,645
Loans granted	9	6,134	3,725
Other receivables	9	596	258
Other financial assets	10	1,390	912
<b>Total Financial assets</b>		<b>58,727</b>	<b>41,083</b>
Off-balance sheet assets (excluding stocks)	18	2,445	2,656

## Due from credit institutions and investment companies

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 Admiral Markets AS.

For assessing the risk level of credit institutions, the Company 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 issued such a 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.

Rating (Moody's)	Credit institutions	Investment companies	Total 31.12.2020	Credit institutions	Investment companies	Total 31.12.2019
Aa1 - Aa3	24,898	0	24,898	16,426	0	16,426
A1 - A3	60	0	60	2,689	0	2,689
Baa1 - Baa3	754	0	754	579	0	579
Ba1 - Ba3	1	0	1	13	0	13
Non-rated	14	15,120	15,134	50	6,786	6,836
<b>Total (Note 7, expect cash)</b>	<b>25,727</b>	<b>15,120</b>	<b>40,847</b>	<b>19,757</b>	<b>6,786</b>	<b>26,543</b>

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

Loans have been granted mainly to related parties. 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, it is assessed to have low credit risk and resulting expected credit loss is immaterial.

## Other receivables

This includes all other balance sheet financial assets. Under other short-term receivables are classified receivables from group companies and as of 31.12.2020 there were 397 thousand receivables from group companies (31.12.2019: EUR 0). As at 31.12.2020 there were no overdue receivables from group companies. 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 and 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 are 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 bonds 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 Admiral Markets and it consists of investments in pledgeable and high liquidity bonds. The portfolio includes central governments, public sector entities, multilateral development banks and international organizations bonds. Bonds must have a minimum rating of AA by Moody's.

## Ratings of bonds

	31.12.2020	31.12.2019
AAA	5,205	3,942
AA1	1,084	2,256
AA2	836	1,430
AA3	1,572	1,711
<b>Total</b>	<b>8,697</b>	<b>9,339</b>

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 Company has granted a convertible loan in the amount of EUR 590 thousand (31.12.2019: EUR 153 thousand), which is measured at fair value through profit or loss as the loan has a conversion option (see 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 Admiral Markets AS. Admiral Markets AS 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. Admiral Markets AS is not allowed to use these client funds

in its economic activities. As a result of the pass-through arrangement, the assets are classified as off-balance sheet. Admiral Markets AS 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 Admiral Markets uses strong counterparties for maintenance of clients funds.

As at 31.12.2020 and 31.12.2019, off-balance sheet cash and cash equivalents in credit institutions were divided by ratings as follows:

Rating (Moody's)

	31.12.2020	31.12.2019
Aa1 - Aa3	810	1,251
A1 - A3	370	613
Baa1 - Baa3	128	397
Caa2	11	10
Non-rated	744	135
Total	2,063	2,406

Off-balance sheet client bank accounts are held in the Estonian credit institutions or subsidiaries of large EU 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

Counterparty credit 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 by the Company and that could create a credit risk for the Company.

Market risk

Market risk of Admiral Markets AS 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, the Company has set an enterprise-level general limit. 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 hedged with derivative positions opened at trading counterparties.

Counterparty credit risk that may occur in the realization 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 client's trading portfolio that would exceed the value of the collateral held by the Company and that could create a credit risk for the Company.

The impact of the COVID-19 pandemic on financial markets was particularly marked in the first half of 2020. This had a particularly strong impact on global equity markets, where markets fell sharply in February-March and recovered by the end of the year. The negative prices of WTI oil futures were also caused by a sharp drop in demand for petroleum products. The COVID-19 pandemic had a significant

positive impact on Admiral Markets, as globally there was an increase in new clients and therefore also trading volumes.

The market risk related to the business activities of Admiral Markets AS 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 Admiral Markets AS 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 unfavorable 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. Admiral Markets AS has set a certain limit on the level of the foreign currency open position and holds an additional capital buffer to cover the foreign exchange risk.

The currency risk is hedged by converting monetary funds into euros and by 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. Admiral Markets AS 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 financial assets financial and liabilities of Admiral Markets AS:

31.12.2020	Note	EUR	USD	GBP	JPY	CAD	CHF	Other currencies	Total
Due from credit institutions and from investment companies	7	39,455	1,030	298	0	0	7	57	40,847
Financial assets at fair value through profit or loss (excluding derivatives)	8	597	8,697	0	0	451	0	0	9,745
Loans and receivables	9	6,667	18	0	0	44	0	1	6,730
<b>Total financial assets</b>		<b>46,719</b>	<b>9,745</b>	<b>298</b>	<b>0</b>	<b>495</b>	<b>7</b>	<b>58</b>	<b>57,322</b>
Subordinated debt	16	1,827	0	0	0	0	0	0	1,827
Other financial liabilities	13	7,198	41	56	2	0	0	20	7,317
Lease liabilities	15	4,397	0	0	0	0	0	0	4,397
<b>Total financial liabilities</b>		<b>13,422</b>	<b>41</b>	<b>56</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>13,541</b>
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
<b>Net open foreign currency position</b>		<b>27,034</b>	<b>-33,576</b>	<b>24,776</b>	<b>10,263</b>	<b>-7,851</b>	<b>18,145</b>	<b>15,989</b>	<b>54,780</b>

31.12.2019	Note	EUR	USD	GBP	AUD	JPY	CAD	Other currencies	Total
Due from credit institutions and from investment companies	7	23,064	1,214	2,113	0	0	0	152	26,543
Financial assets at fair value through profit or loss (excluding derivatives)	8	306	9,339	0	0	0	0	0	9,645
Loans and receivables	9	3,973	10	0	0	0	0	0	3,983
<b>Total financial assets</b>		<b>27,343</b>	<b>10,563</b>	<b>2,113</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>152</b>	<b>40,171</b>
Subordinated debt	16	1,827	0	0	0	0	0	0	1,827
Other financial liabilities	13	1,572	39	99	0	0	0	23	1,733
Lease liabilities	15	4,145	0	0	0	0	0	0	4,145
<b>Total financial liabilities</b>		<b>7,544</b>	<b>39</b>	<b>99</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>7,705</b>
Long positions of trading portfolio		174,516	142,983	33,495	17,001	12,721	17,170	31,939	429,825
Short positions of trading portfolio		120,614	206,060	25,490	19,142	15,500	8,069	12,432	407,307
<b>Net open foreign currency position</b>		<b>73,701</b>	<b>-52,553</b>	<b>10,019</b>	<b>-2,141</b>	<b>-2,779</b>	<b>9,101</b>	<b>19,636</b>	<b>54,984</b>

In the last few years, the currency with the largest position was USD, which has the greatest effect on Admiral Markets profitability. The highest intraday fluctuation (4.7%) was recorded on the day of the Brexit vote (2016). The EURUSD fluctuation exceeded 2% in six other days. Due to EURUSD intraday maximum fluctuations of 4.7%, which was the largest in recent years, the management has assessed it as a reasonable basis for the sensitivity analysis (5%).

The sensitivity analysis that was carried out shows the impact of fluctuations in exchange rates to the statement of comprehensive income 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 below.



**Value of trades up 67%  
to 988 billion EUR.**

**Tiina Varend**  
Group Chief Accountant

Impact on the statement of comprehensive income:

	USD	GBP	JPY	CAD	CHF
Exchange rate change in relation to EUR +/- 5%					
2020	1,679	1,239	513	393	907

	USD	GBP	JPY	CAD	AUD
Exchange rate change in relation to EUR +/- 5%					
2019	2,628	501	139	455	107

### Equity risk

Equity risk includes instrument risk related to equities and stock indices that for Admiral Markets AS is mainly due to clients' trading portfolio. Equity instruments must be hedged 100%, therefore only potential credit risk arises from stock indices.

Instruments related to stock indices must be 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 31.12.2020 and 31.12.2019:

31.12.2020			31.12.2019		
Equity / Index	Long positions	Short positions	Equity / Index	Long positions	Short positions
[DAX30]	32,408	25,566	[DAX30]	28,076	26,152
[DJI30]	21,314	11,220	[DJI30]	16,906	7,010
[NQ100]	4,480	4,837	[SP500]	6,023	2,967
[SP500]	3,227	3,210	[NQ100]	3,529	1,062
#TSLA	1,592	1,734	[CAC40]	1,408	265
Other equities and indices	12,256	22,617	Other equities and indices	4,253	6,517
<b>Total</b>	<b>75,277</b>	<b>69,184</b>	<b>Total</b>	<b>60,195</b>	<b>43,973</b>

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%.

The following sensitivity analysis is also based on the largest intraday fluctuation of ca 10%.

### Impact on statement of comprehensive income:

Change in stock index +/- 10%

	[DAX30]	[DJI30]	[NQ100]	[SP500]
2020	684	1,009	36	1

	[DAX30]	[DJI30]	[NQ100]	[SP500]
2019	192	990	247	305

A possible credit loss caused by the realisation of the equity 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.

### Commodity risk

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

policies and processes, is disclosed in the beginning of Note 5.

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

More detailed information about exposures to equity risk and how risk is managed, including internal

31.12.2020			31.12.2019		
Commodity	Long positions	Short positions	Commodity	Long positions	Short positions
SILVER	1,261	5,273	WTI	3,508	1,458
BRENT (OIL)	739	406	SILVER	999	3,818
BITCOIN	619	572	BRENT (OIL)	692	465
PLATINUM	393	567	PALLADIUM	483	535
Other commodities	981	1,459	Other commodities	885	1,563
<b>Total</b>	<b>3,993</b>	<b>8,277</b>	<b>Total</b>	<b>6,567</b>	<b>7,839</b>

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

### Impact on the statement of comprehensive income:

	SILVER	BRENT	BITCOIN	PLATINUM
2020	201	17	2	9

	WTI	SILVER	BRENT	PALLADIUM
2019	103	141	11	3

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 Admiral Markets AS' contractual obligations in a timely manner due to differences in maturities between assets and liabilities. To manage the liquidity risk, probable 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 31.12.2020 and 31.12.2019, the Company had no overdue payables.

31.12.2020	Note	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
<b>Assets held for managing liquidity risk by contractual maturity dates</b>								
Due from credit institutions and investment companies	7	40,847	0	0	0	0	40,847	40,847
Financial assets at fair value through profit or loss (excluding derivatives)	8	0	1,718	2,629	5,612	0	9,959	9,745
Financial assets at fair value through profit or loss (derivatives)	8	0	503	0	0	0	503	503
Loans and receivables	9	0	627	2,627	3,682	77	7,013	6,730
<b>Total assets</b>		<b>40,847</b>	<b>2,848</b>	<b>5,256</b>	<b>9,294</b>	<b>77</b>	<b>58,322</b>	<b>57,825</b>

<b>Liabilities by contractual maturity dates</b>								
Subordinated debt securities	16	0	0	146	585	2,118	2,849	1,827
Other financial liabilities	13	0	7,317	0	0	0	7,317	7,317
Lease liabilities	15	0	142	432	2,404	1,804	4,782	4,396
Financial liabilities at fair value through profit or loss (derivatives)	8	0	219	0	0	0	219	219
<b>Total liabilities</b>		<b>0</b>	<b>7,678</b>	<b>578</b>	<b>2,989</b>	<b>3,922</b>	<b>15,167</b>	<b>13,759</b>

31.12.2019	Note	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
<b>Assets held for managing liquidity risk by contractual maturity dates</b>								
Due from credit institutions and investment companies	7	26,543	0	0	0	0	26,543	26,543
Financial assets at fair value through profit or loss (excluding derivatives)	8	0	2,377	3,225	4,037	153	9,792	9,645
Financial assets at fair value through profit or loss (derivatives)	8	0	114	0	0	0	114	114
Loans and receivables	9	0	258	225	3,500	0	3,983	3,983
<b>Total assets</b>		<b>26,543</b>	<b>2,749</b>	<b>3,450</b>	<b>7,537</b>	<b>153</b>	<b>40,432</b>	<b>40,285</b>

<b>Liabilities by contractual maturity dates</b>								
Subordinated debt securities	16	0	0	146	584	2,265	2,995	1,827
Other financial liabilities	13	0	1,733	0	0	0	1,733	1,733
Lease liabilities	15	0	114	348	2,527	1,550	4,539	4,145
Financial liabilities at fair value through profit or loss (derivatives)	8	0	66	0	0	0	66	66
<b>Total liabilities</b>		<b>0</b>	<b>1,913</b>	<b>494</b>	<b>3,111</b>	<b>3,815</b>	<b>9,333</b>	<b>7,771</b>

## Interest rate risk

In 2020 and 2019, Admiral Markets AS' exposure to interest rate risk was low due to very low interest rates in the current economic environment. Deposits from Admiral Markets in credit institutions and investment firms are generally subject to a 0 per cent rate.

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

Admiral Markets is exposed to interest risk:

	31.12.2020	31.12.2019
Due from credit institutions and investment companies (except cash and cash in transit)	40,847	26,543
Financial assets at fair value through profit or loss (bonds)	8,697	9,339
<b>Total assets</b>	<b>49,544</b>	<b>35,882</b>
Subordinated bonds	1,827	1,827
<b>Total liabilities</b>	<b>1,827</b>	<b>1,827</b>

## 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 Admiral Markets AS' risk exposure to Company's own funds. The activities of Admiral Markets 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.

Cash *	31.12.2020		Cash *	31.12.2019	
	Balance sheet balances	Off-balance sheet balances		Balance sheet balances	Off-balance sheet balances
Estonia	25,652	694	Estonia	15,941	1,697
United Kingdom	11,290	83	United Kingdom	8,221	533
Germany	1,304	0	Switzerland	1,513	0
Switzerland	934	0	Denmark	419	0
Latvia	0	736	Poland	233	159
Other Countries	1,667	550	Other Countries	216	267
<b>Total</b>	<b>40,847</b>	<b>2,063</b>	<b>Total</b>	<b>26,543</b>	<b>2,656</b>

\* 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 a 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 Admiral Markets AS with legal acts, voluntary guidelines of the Financial Supervision Authority and internal rules of Admiral Markets AS, taking into consideration the business scope and complexity of services rendered, and to arrange for their hedging or prevention.

For managing the operational risk, Admiral Markets AS 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 of Admiral Markets AS. In addition, the Company is implementing key risk indicators in order to introduce various levels of operational risk in different areas.



Our podcasts  
are available on  
every platform.

**Henri Allik**  
Chief Marketing Officer

## Off-setting of financial assets and financial liabilities

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

31.12.2019	Gross amount in statement of financial position	Off-setting amount under agreement	Net Amount	Note
<b>Financial assets</b>				
Due from investment companies	6,786	0	6,786	7
Financial assets at fair value through profit and loss (derivatives)	114	66	48	8
<b>Total</b>	<b>6,900</b>	<b>66</b>	<b>6,834</b>	
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit and loss (derivatives)	66	66	0	8
<b>Total</b>	<b>66</b>	<b>66</b>	<b>0</b>	

## Note 6.

# Assessment of fair value of financial assets and liabilities

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

	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	

<b>Financial assets recognized at amortised cost:</b>					
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
Receivables from group companies	392	0	0	392	9
Other financial assets	193	0	0	193	
<b>Total</b>	<b>47,592</b>	<b>0</b>	<b>40,862</b>	<b>6,730</b>	

<b>Financial liabilities recognized at amortised cost:</b>					
Other financial liabilities	6,489	0	0	6,489	13
Subordinated debt securities	1,827	0	0	1,827	16
<b>Total</b>	<b>8,316</b>	<b>0</b>	<b>0</b>	<b>8,316</b>	

Quantitative data disclosed on the assessment of fair value hierarchy as at 31.12.2019:

	Assessment of fair value using				
	Total	Level 1	Level 2	Level 3	Note
Financial assets recognised at fair value through profit or loss:					
Bonds	9,339	9,339	0	0	8
Convertible loan	153	0	0	153	8
Equity investments at fair value through profit or loss	153	0	0	153	8
Derivatives:					
Currency pairs	28	0	28	0	8
CFD derivatives	72	0	72	0	8
Other derivatives	14	0	14	0	8
Total	9,759	9,339	114	306	

continued on next page ↓



**Financial liabilities recognised at fair value through profit or loss:**

Derivatives:

Currency pairs	12	0	12	0	8
CFD derivatives	42	0	42	0	8
Other derivatives	12	0	12	0	8
<b>Total</b>	<b>66</b>	<b>0</b>	<b>66</b>	<b>0</b>	

**Financial assets recognized at amortised cost:**

Due from credit institutions	19,757	0	19,757	0	7
Due from investment companies	6,786	0	6,786	0	7
Loans	3,736	0	0	3,736	9
Other financial assets	247	0	0	247	9
<b>Total</b>	<b>30,526</b>	<b>0</b>	<b>26,543</b>	<b>3,983</b>	

**Financial liabilities recognized at amortised cost:**

Other financial liabilities	1,733	0	0	1,733	13
Subordinated debt securities	1,827	0	0	1,827	16
<b>Total</b>	<b>3,560</b>	<b>0</b>	<b>0</b>	<b>3,560</b>	

Other financial assets and liabilities that are carried at amortized cost are short-term and the management estimates that their fair value is not materially different from their carrying amount.

**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 2-4% p.a. 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 the carrying value of the subordinated debt securities are a close approximation of their fair value at the balance sheet date.

Other financial assets and liabilities have been incurred 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

	31.12.2020	31.12.2019
Demand and term deposits with maturity less than 3 months*	25,727	19,757
Demand deposits on trading accounts	15,120	6,786
Cash in transit	15	0
<b>Total</b>	<b>40,862</b>	<b>26,543</b>

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

## Note 8.

### Financial assets and liabilities at fair value through profit or loss

Instrument	31.12.2020		31.12.2019	
	Asset	Liability	Asset	Liability
Bonds	8,697	0	9,339	0
Convertible loan	590	0	153	0
Equity investments at fair value through profit or loss	458	0	153	0
Currency pairs	272	83	28	12
CFD derivatives	155	52	72	42
Other derivatives	76	84	14	12
<b>Total</b>	<b>10,248</b>	<b>219</b>	<b>9,759</b>	<b>66</b>

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 2020 and 31 December 2019 are set below:

Instrument	31.12.2020		31.12.2019	
	Current assets	Non-current assets	Current assets	Non-current assets
Bonds	3,558	5,139	5,476	3,863
Convertible loan	139	451	153	0
Equity investments at fair value through profit or loss	0	458	0	153
<b>Total</b>	<b>3,697</b>	<b>6,048</b>	<b>5,629</b>	<b>4,016</b>

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

As of 31 December 2020 convertible loans were granted to related parties, additional information disclosed in Note 27.

## Note 9.

### Loans and receivables

	31.12.2020	31.12.2019	Note
<b>Financial assets</b>			
Trade receivables	83	13	
Doubtful receivables	0	-2	
Settlements with employees	18	14	27
Loans granted	6,134	3,725	27
Receivables from related parties	408	16	27
Other short-term receivables	87	217	
<b>Total</b>	<b>6,730</b>	<b>3,983</b>	

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



## Note 11. Tangible and right-of-use assets

	Other equipment	Right-of-use assets (office properties)	Total
<b>Balance as at 31.12.2018</b>			
Cost	2,317	0	2,317
Accumulated depreciation and amortisation	-1,050	0	-1,050
<b>Carrying amount</b>	<b>1,267</b>	<b>0</b>	<b>1,267</b>
IFRS 16 initial application	0	3,408	3,408
Acquisition / new lease contracts	377	1,071	1,448
Non-current assets sold	-20	0	-20
Depreciation/amortisation charge	-341	-420	-761
<b>Balance as at 31.12.2019</b>			
Cost	2,674	4,479	7,153
Accumulated depreciation and amortisation	-1,391	-420	-1,811
<b>Carrying amount</b>	<b>1,283</b>	<b>4,059</b>	<b>5,342</b>
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
<b>Balance as at 31.12.2020</b>			
Cost	2,919	5,170	8,089
Accumulated depreciation and amortisation	-1,305	-957	-2,262
<b>Carrying amount</b>	<b>1,614</b>	<b>4,213</b>	<b>5,827</b>

The Company non-current assets increased in 2019 by EUR 4 million due to the application of IFRS 16 "Leases", which resulted in office rental space being accounted for as a right-of-use asset and lease

liability. In 2020 new floors were added and the rest of tangible assets consist mainly of improvements to the office (office equipment and furniture).

	31.12.2020	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivables 31.12.2020	Note
		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	2%	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	
<b>Total</b>	<b>6,134</b>	<b>2,560</b>	<b>3,574</b>				<b>11</b>	<b>27</b>

Based on management assessment of these loan exposures, there has not been a 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.

	31.12.2019	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivables 31.12.2019	Note
		Up to 1 year	2-5 years					
Loan 1	25	25	0	12 month Euribor + 4%	03.2020	EUR	7	
Loan 2	200	200	0	2%	12.2020	EUR	4	
Loan 3	2,500	0	2,500	2%	12.2023	EUR	0	
Loan 4	1,000	0	1,000	2%	11.2024	EUR	0	
<b>Total</b>	<b>3,725</b>	<b>225</b>	<b>3,500</b>				<b>11</b>	<b>27</b>

## Note 10. Other assets

	31.12.2020	31.12.2019	Note
Prepaid expenditure of future periods	665	504	
Prepaid taxes	725	408	14
<b>Total</b>	<b>1,390</b>	<b>912</b>	

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

## Note 12. Intangible assets

	Licenses	Intangible assets generated internally	Other intangible assets	Total
<b>Balance as at 31.12.2018</b>				
Cost	255	627	161	1,043
Accumulated depreciation and amortisation	-217	0	-81	-298
<b>Carrying amount</b>	<b>38</b>	<b>627</b>	<b>80</b>	<b>745</b>
<b>Balance as at 31.12.2019</b>				
Cost	255	627	217	1,099
Accumulated depreciation and amortisation	-230	-125	-114	-469
<b>Carrying amount</b>	<b>25</b>	<b>502</b>	<b>103</b>	<b>630</b>
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
<b>Balance as at 31.12.2020</b>				
Cost	512	627	59	1,198
Accumulated depreciation and amortisation	-123	-251	0	-374
<b>Carrying amount</b>	<b>389</b>	<b>376</b>	<b>59</b>	<b>824</b>

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

## Note 13. Liabilities and prepayments

Type of liability	31.12.2020	31.12.2019	Note
<b>Financial liabilities</b>			
Liabilities to trade creditors	1,630	646	
Payables to related parties	4,514	989	27
Interest payable	1	1	16
Other accrued expenses	344	97	
<b>Subtotal</b>	<b>6,489</b>	<b>1,733</b>	
<b>Non-financial liabilities</b>			
Payables to employees	454	361	
Taxes payable	374	255	14
<b>Subtotal</b>	<b>828</b>	<b>616</b>	
<b>Total</b>	<b>7,317</b>	<b>2,349</b>	

## Note 14. Tax prepayments and liabilities

	31.12.2020		31.12.2019		Note
	Prepaid taxes	Taxes payables	Prepaid taxes	Taxes payables	
Value-added tax	0	118	41	0	
Corporate income tax	0	3	0	10	
Individual income tax	0	88	0	81	
Social security tax	0	148	0	144	
Unemployment insurance payments	0	10	0	9	
Contributions to funded pension	0	7	0	7	

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Other tax receivables/ liabilities in foreign countries	125	0	118	4	
Prepayments account	600	0	249	0	
<b>Total</b>	<b>725</b>	<b>374</b>	<b>408</b>	<b>255</b>	<b>10, 13</b>

## Note 15. Leases

Operating lease expense includes office leases of the Polish branch and the Russian representative office. As of 31.12.2020 the lease expense was EUR 21 thousand (31.12.2019: EUR 57 thousand). The operating lease agreements of the Polish branch and the Russian representative office have been terminated at the time of publishing the annual report.

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 a 2% incremental borrowing rate to all its lease liabilities as permitted by the standard. For new lease agreements since 2020 applied a 2.8% borrowing rate, which was close to market price rates.

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

The table below analyses the movement in lease liabilities:

Lease liabilities	
<b>Balance at 01.01.2019</b>	<b>3,408</b>
Additions*	1,203
Lease payments made during the year	-406
Interest expense	76
Adjustments	-136
<b>Balance at 31.12.2019</b>	<b>4,145</b>
Additions*	691
Lease payments made during the year	-536
Interest expense	96
<b>Balance at 31.12.2020</b>	<b>4,396</b>

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

Breakdown of lease liabilities to current and non-current in subsequent periods as of 31 December 2020 and 31 December 2019 are set below:

	31.12.2020	31.12.2019
Short-term office lease liabilities	485	382
Long-term office lease liabilities	3,911	3,763
<b>Total</b>	<b>4,396</b>	<b>4,145</b>

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

## 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. The total number of bondholders at the end of the year was 332. Bondholder structure according to holders groups as at 31.12.2020 was the following:

- Private persons: 54 %
- Legal persons: 46 %

In 2020, 114 transactions in the amount of EUR 195 thousand were made with Admiral Markets AS bonds.

There were no movements of the subordinated bonds except for the calculation and payment of interest.

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

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 31.12.2018	0
Interest calculated for 2019	152
Paid out during 2019	-151
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

## Note 17. Corporate income tax

According to Estonian laws, retained earnings are not taxed with corporate income tax, whereas paid-out dividends are taxed. Dividends paid to shareholders during the year 2020 amounted to

EUR 1,371 thousand (2019: EUR 1,390 thousand) and the accompanying income tax expense was in the amount of EUR 264 thousand (2019: EUR 309 thousand).

Corporate income tax	2020	2019
Corporate income tax expense associated with profit earned in branches	3	2
Corporate income tax expense associated with dividends payment	264	309
<b>Total corporate income tax</b>	<b>267</b>	<b>311</b>

In 2020 and 2019, the income tax on corporate profits were paid in the representative office in Russia.

	Russia	Total
Income tax rate in 2020	20%	-
Profit before tax	17	17
Income tax expense	3	3
Effective income tax rate	20%	-
Income tax rate in 2019	20%	-
Profit before tax	10	10
Income tax expense	2	2
Effective income tax rate	20%	-

### Conditional corporate income tax

As at 31.12.2020, the Company's retained earnings amounted to EUR 54,832 thousand (2019: EUR 35,938 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, regular dividend payments will be subject to corporate income tax at the reduced rate of 14/86 to the extent of the average dividend distribution of the three preceding 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 31.12.2020 EUR 29,551 thousand (31.12.2019: EUR 17,032 thousand) and the corresponding income tax would have amounted to EUR 7,388 thousand (31.12.2019: EUR 4,258 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 personalized 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	31.12.2020	31.12.2019
Bank accounts	1,319	2,271
Interim accounts of card payment systems	744	135
Stocks/shares	537	75
Cash in transit	382	250
<b>Total</b>	<b>2,982</b>	<b>2,731</b>



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**Olga Lustsik**  
Chief Product Officer

## Note 19. Share capital

	31.12.2020	31.12.2019
Share capital	2,586	2,586
Number of shares (pc)	404,000	404,000
Nominal value of shares	6.4	6.4
Basic and diluted earnings per share	50.16	11.40

Basic and diluted earnings per share are calculated as follows:

	31.12.2020	31.12.2019
Profit attributable to the equity holders of the Company	20,265	4,604
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	50.16	11.40
Weighted average number of shares used for calculating the diluted earnings per shares (pc)	404,000	404,000
Diluted earnings per share	50.16	11.40

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 2020, owners were paid dividends in the total amount of EUR 1,371 thousand i.e. EUR 3.39 per share (2019: 1,390 thousand i.e. EUR 3.44 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 2020 and 2019, 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

	2020	2019
Indices CFD's	28,409	14,594
Currency CFD's	18,927	14,350
Commodities CFD's	17,847	5,143
Other (crypto, bonds, ETF, shares, others)	579	752
<b>Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers</b>	<b>65,762</b>	<b>34,838</b>
Commission fee revenue from clients	32	71
Brokerage and commission fee expense	-18,719	-11,708
Other trading activity related income	19	31
Other trading activity related expenses	-23	-22
<b>Net income from trading</b>	<b>47,071</b>	<b>23,210</b>

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 companies in the same consolidation group, 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 market making activities; (iii) fees and commissions charged by the Company 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

	2020	2019	Note
Software development and support service	997	349	
Intra-group income	219	400	27
Other income	152	28	
<b>Other income total</b>	<b>1,368</b>	<b>777</b>	

The Company started to provide software development and support service to third-parties more widely in the amount of EUR 997 thousand (2019: EUR 349 thousand).

## Note 23. Other expense

	2020	2019
Cost of goods and services	-314	0
Other expense	-77	-202
<b>Other expense total</b>	<b>-391</b>	<b>-202</b>

## Note 24. Personnel expenses

The remuneration for employees including social security taxes amounted to EUR 7,570 thousand (2019: EUR 6,857 thousand) and the remuneration for the management amounted to EUR 100 thousand (2019: EUR 149 thousand).

	2020	2019
Employees (headquarters of Admiral Markets AS)	-7,310	-6,513
Employees (branches and rep. office)	-127	-283
Remuneration of the Management Board and Supervisory Board	-100	-149
Vacation pay reserve	-133	-61
<b>Total</b>	<b>-7,670</b>	<b>-7,006</b>

Admiral Markets AS had 141 employees at the end of 2020 (2019: 147 employees).

There were no direct pension contribution expenses in 2020 and 2019. The social security tax includes a lump-sum payment of social, health and other insurances amounted to EUR 1,928 thousand (2019: EUR 1,747 thousand).



## Note 25. Operating expenses

Type of expense	2020	2019	Note
Marketing expenses	-9,856	-5,525	
IT expenses	-2,549	-2,400	
Other outsourced services	-151	-239	
Bank charges	-60	0	
VAT expenses	-1,496	-621	
Rent of low-value leases and utility expenses	-150	-165	
Legal and audit services	-922	-283	
Regulative reporting services	-96	-318	
Transport and communication costs	-216	-107	
Travelling expenses	-68	-238	
Supervision fee of the Financial Supervision Authority	-118	-79	
Miscellaneous office equipment	-150	-212	
Other operating expenses	-681	-519	
Intra-group expense	-887	-562	27
<b>Total operating expenses</b>	<b>-17,400</b>	<b>-11,268</b>	

## 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

2019 - 2020. The Company's management estimates that in 2020 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 Admiral Markets 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	2020	2019
Revenue from brokerage and commission fees*	Companies in the same consolidation Group	67,058	35,793
Services	Companies in the same consolidation Group	219	400
Services	Senior management and companies related to them	997	0
Interest income	Parent company	97	52
Interest income	Companies in the same consolidation Group	3	0
Interest income	Senior management and companies related to them	22	5
<b>Total transactions with related parties</b>		<b>68,396</b>	<b>36,250</b>

\* 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	2020	2019
Commission fees	Companies in the same consolidation Group	-18,150	-11,359
Services	Parent company	-457	-479
Services	Companies in the same consolidation Group	-430	-83
Services	Senior management and companies related to them	-152	-4
<b>Total transactions with related parties</b>		<b>-19,189</b>	<b>-11,925</b>

## Loans and receivables

	31.12.2020	31.12.2019	Note
Loans to parent company	5,800	3,500	
Loans to other companies in the same consolidation Group	448	0	
Loans to senior management and companies related to them	459	225	
Receivables from parent company	56	0	
Receivables from other companies in the same consolidation Group	339	0	
Receivables from senior management and companies related to them	48	30	
<b>Total receivables from related parties</b>	<b>7,150</b>	<b>3,755</b>	<b>8, 9</b>

## Payables

	31.12.2020	31.12.2019	Note
Payables to other companies in the same consolidation Group	4,514	989	13
<b>Total payables to related parties</b>	<b>4,514</b>	<b>989</b>	

In 2020, the remuneration of the management, including social security taxes, totaled EUR 420 thousand (2019: EUR 465 thousand).

As at 31.12.2020 outstanding unpaid salaries were in the amount of 45 thousand EUR (2019: EUR 17 thousand).

## Note 28. Subsidiaries and associates

Admiral Markets AS has subsidiaries in Canada and in Jordan.

	Country	Ownership interest 31.12.2020	Ownership interest 31.12.2019	Business activity
Admiral Markets AS (Jordan) LLC	Jordan	100%	0%	Investment services
Admiral Markets Canada Ltd	Canada	100%	100%	Investment services

Subsidiaries in Canada and Jordan in 2020 and 2019 had not started its business activities.

In 2020, Admiral Markets AS made an investment into associate company Vorld OÜ in the amount EUR 1,375 thousand. The associate company has not generated significant profits or losses after the date of acquisition. Financial information about the associate Vorld OÜ (reflecting 100% of the associate):

	31.12.2020	31.12.2019
Current assets	99	0
Investments to subsidiary	1,410	3
Current liabilities	140	2
Owners' equity	1,368	1
Net loss	-8	-2

## Note 29. Events after the balance sheet date

Since March 5th, 2021 Admirals Markets has rebranded to Admirals. The background of the rebranding is disclosed in more detail in the Management Report. From the perspective of 2020 financial statements, the rebranding does not have any impact.



# Signatures of the Management Board members to the 2020 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 2020.

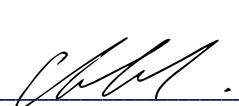
The Management Board confirms that Management Report of Admiral Markets AS on pages 10 to 54 provides a true and fair view of the Company's business operations, financial results and financial position.

31.03.2021

Chairman of the Management Board:

Sergei Bogatenkov 

Member of the Management Board:

Victor Gherbovet 

Member of the Management Board:

Jens Chrzanowski 

Member of the Management Board:

Dmitri Laush 

The Management Board confirms that according to their best knowledge the Financial Statements of Admiral Markets AS on the pages 55 to 119 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.

# 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 2020, 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 31 March 2021.

#### What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- 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<sup>1</sup> of the Auditors Activities Act of the Republic of Estonia.

The non-audit services that we have provided to the Company and its parent and subsidiaries in the period from 1 January 2020 to 31 December 2020 are disclosed in the management report.

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

Translation note:

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

## Our audit approach

### Overview

Materiality	Overall audit materiality is EUR 1,026 thousand, which represents approximately 5% of profit before tax.
Key audit matters	<ul style="list-style-type: none"><li>Trading revenue recognition</li></ul>

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 1,026 thousand
How we determined it	Approximately 5% of profit before tax
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 Management and Supervisory Board.

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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
<i>Trading revenue recognition (detailed information is provided in Note 2 "Accounting policies and estimates used in preparing the financial statements" and Note 21 "Net income from trading")</i>	<p>We assessed whether the Company's accounting policies over trading revenue recognition comply with International Financial Reporting Standards as adopted by the European Union (IFRS EU).</p> <p>We assessed the design and operating effectiveness of the controls related to trading revenue. We tested whether the trading revenue reports include all transactions, i.e. the reports are complete and the system calculates the revenue from trading transactions accurately.</p> <p>We determined that we could rely on these controls for the purposes of our audit. We have performed the following detailed testing:</p> <ul style="list-style-type: none"><li>we reconciled the detailed revenue recognition system reports with trading revenue recorded in the financial statements;</li><li>we tested that revenue is solely recognised from trading transactions;</li><li>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;</li><li>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;</li><li>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 could result in over or under statement of Company's revenue.</li></ul>
<p>The Company provides its clients various Forex and Contract for Difference (CFD) products with leverage.</p> <p>The Company's trading revenue predominantly comprises net revenues 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.</p>	

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## Other information

The Management Board is responsible for the other information. The other information comprises the Highlight 2020, To the investors of Admiral Markets, 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 and we do not express any form of assurance conclusion thereon.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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.

## 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.

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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

### Appointment and period of our audit engagement

We were first appointed as auditors of the Company, 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 the Company, as a public interest entity, of 4 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 the Company can be extended for up to the financial year ending 31 December 2036.

AS PricewaterhouseCoopers

Tiit Raimla  
Certified auditor in charge, auditor's certificate no.287

Verner Uiho  
Auditor's certificate no.568

31 March 2021  
Tallinn, Estonia

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# Proposal for profit distribution

Management Board proposes the General Meeting of shareholders to transfer the profit in the amount of EUR 20,265 thousand to retained earnings and EUR 2,742 thousand to be paid out as dividends out of retained earnings accumulated until 31 December 2020.



# Signatures of the supervisory board to the annual report

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

31.03.2021

Chairman of the Supervisory Board:

Alexander Tsikhilov 

Member of the Supervisory Board:

Anatolii Mikhalchenko 

Member of the Supervisory Board:

Anton Tikhomirov 

# 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	2020
66121	Security and commodity contracts brokerage	47,071



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