

**2021**

# **Consolidated Annual Report**

Admirals Group AS

(Translation of the Estonian original)

**admirals**  **ADMIRAL  
MARKETS**

# Admirals Group AS

## Consolidated Annual Report 2021

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Main area of activity	Holding company
Beginning and end date of financial year	01. January – 31. December
Chairman of the Management Board	Sergei Bogatenkov
Members of the Management Board	Jens Chrzanowski Andrey Koks Olga Lustsik Roman Krutyanskiy Andreas Ioannou
Chairman of the Supervisory Board	Alexander Tsikhilov
Members of the Supervisory Board	Anton Tikhomirov Anatolii Mikhalchenko Dmitri Laush Fedor Ragin Priit Rohumaa Vjatseslav Balahontsev
Auditor	PricewaterhouseCoopers AS

Translation of the company's consolidated annual report in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange and digitally signed.

Link: <https://nasdaqbaltic.com/statistics/en/instrument/EE3300001999/reports>



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

**Alexander Tsikhilov**

Chairman of the Supervisory Board

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# Highlights 2021

- Group net trading income was 35.7 million EUR (2020: 62.2mIn EUR and 2019: 33.5mIn EUR)
- EBITDA<sup>1</sup> was 1.0 million EUR (2020: 23.4mIn EUR and 2019: 6.9mIn EUR)
- EBITDA margin was 3% (2020: 38% and 2019: 20%)
- Net profit was 0.1 million EUR (2020: 20.7mIn EUR and 2019: 5.2mIn EUR)
- Net profit margin was 0.4% (2020: 33% and 2019: 16%)
- Cost to income ratio was 106% (2020: 65% and 2019: 84%)
- Client assets up 21% to 99.2 million EUR (2020: 82.2mIn EUR and 2019: 45.9mIn EUR)
- Value of trades went down 16% to 842 billion EUR comparing to year 2020, and up 43% compared to year 2019 (2020: 988bIn EUR and 2019: 590bIn EUR)
- Number of trades went down 22% to 52.1 million comparing to year 2020 and up 64% compared to year 2019 (2020: 66.9mIn and 2019: 31.8mIn)
- Number of active clients<sup>2</sup> in Group up 2% to 49,080 clients comparing to year 2020 and up 103% compared to year 2019 (2020: 48,341, 2019: 24,148 active clients)
- Number of active accounts<sup>3</sup> in Group up 1% to 63,231 accounts compared to year of 2020 and up 107% compared to year 2019 (2020: 62,854 and 2019: 30,523 active accounts)
- Number of new applications in Group up 32% to 123,714 applications compared to year of 2020 and up 283% compared to year 2019 (2020: 93,703 and 2019: 32,262 new applications)

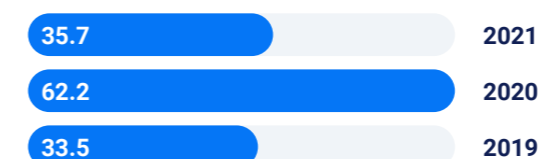
We've all seen how COVID-19 has shaken up the markets, as the first half of 2020 could be described in terms of its high market volatility, which made a strong start for 2020. 2021 brought low volatility on the financial and commodity markets, which

translated into a decline in revenue and profitability. Along with the lower volatility, the transaction activity of clients also decreased, but not significantly compared with the same period in 2020, and still impressively higher than in the 2019.

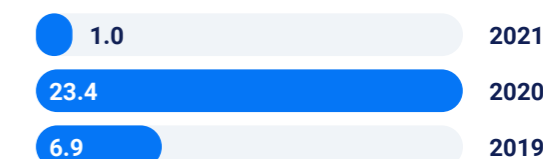
Below are key financial ratios 2021 vs 2019, which show Groups achievements with comparable market volatility, without COVID-19 influence on markets:



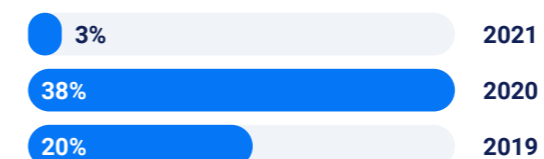
## Net trading income EUR 35.7m



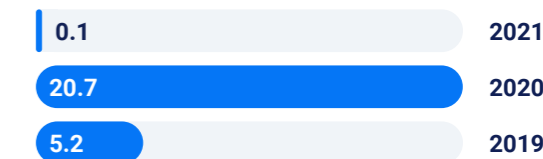
## EBITDA<sup>1</sup> EUR 1.0m



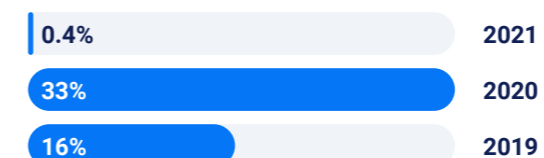
## EBITDA margin 3%



## Net profit EUR 0.1m



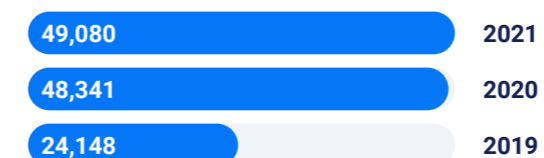
## Net profit margin 0.4%



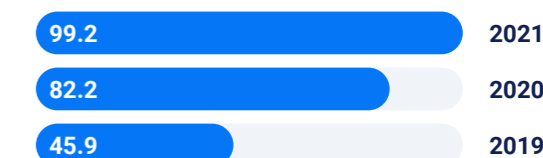
## Cost to income ratio 106%



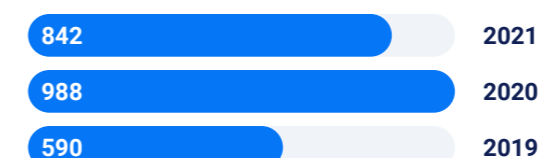
## Active clients<sup>2</sup> 49,080



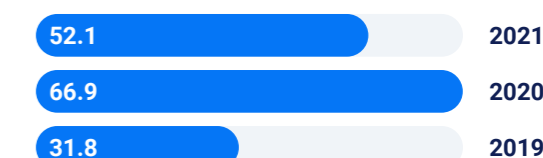
## Client assets 99.2m



## Value of trades EUR 842bn



## Number of trades 52.1m



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

<sup>2</sup> Active clients represent clients who traded at least once in the respective of year

<sup>3</sup> Active accounts represent accounts via which at least one trade has been concluded in the respective of year

**admirals**

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

**Sergei Bogatenkov**

Chairman of the Management Board  
Chief Executive Officer

# To the investors of Admirals

Dear investors,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sergei Bogatenkov  
Chairman of the Management Board

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

# Our company and business

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

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

The main focus of the Group is the development of trading and investment services (mainly leveraged and derivative products) to retail, professional, and institutional clients. Customers are offered leveraged Contract for Difference (CFD) products in the over-the-counter market, including Forex, indices, commodities, digital currencies, stocks and ETFs, as well as listed instruments. The Group’s activities have largely targeted experienced traders, but this year saw us strengthen our position in the beginner’s segment. In order to accomplish this goal, the Group now focuses on the improvement of general trading skills in experienced traders, and in training new enthusiasts as well. Targeting new segments of clients is a significant strategic choice of the business expansion of the Group.

The licensed investment companies constituting the consolidation group include Admiral Markets AS, Admiral Markets UK Ltd, Admiral Markets Pty Ltd, Admiral Markets Cyprus Ltd and Admiral Markets AS/ Jordan LLC and Admirals SA (PTY) LTD. The companies belonging to the Group have 6 licenses from the Estonian Financial Supervisory Authority (EFSA) for Estonia, Financial Conduct Authority (FCA) for the UK, the Australian Securities and Investments Commission (ASIC) for Australia, the Cyprus Securities and Exchange Commission (CySEC) for

Cyprus, Jordan Securities Commission (JSC) for Jordan and Financial Sector Conduct Authority (FSCA) for South Africa. No business activities have been conducted yet in South Africa and Admirals SA (Pty) Ltd has submitted a request for an additional license.

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

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

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

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

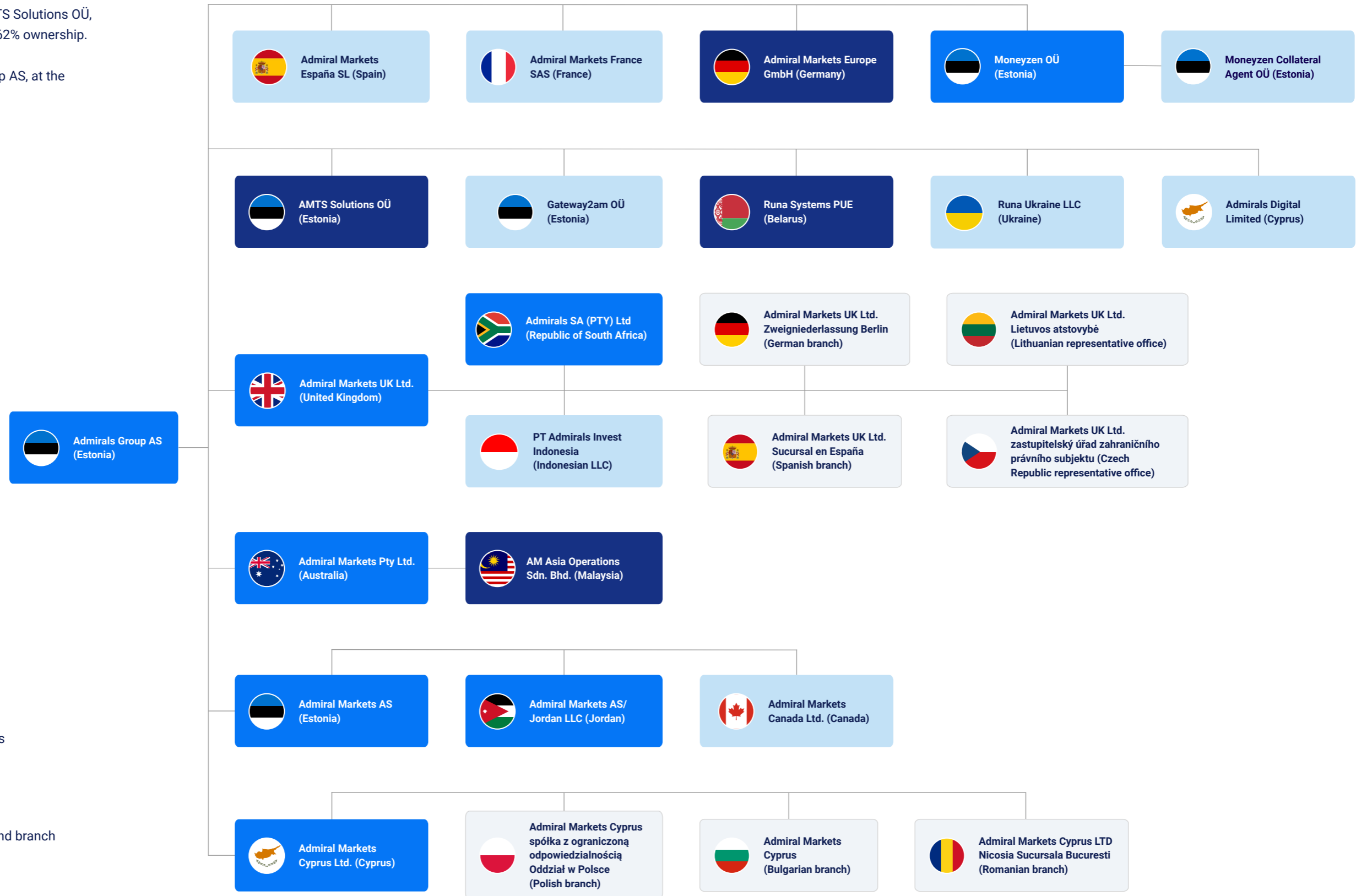
The following chapter outlines the founding and licensing history and growth of Admirals Group AS and all of its constituent companies.

## Management report

# Admirals Group AS structure

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

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



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



# Trading platforms and access to financial markets

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

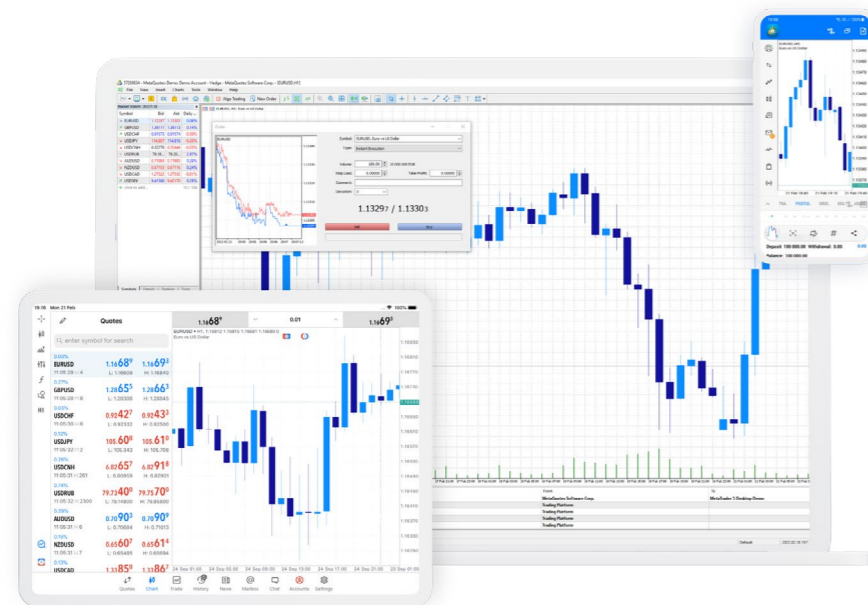
The service to our clients relies on two trading platforms: MetaTrader 4 and MetaTrader 5. The latter is the latest generation of the famous MetaTrader trading application, developed by the MetaQuotes Software Corporation, which has been trusted and used by millions of traders and hundreds of trading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

The MetaTrader 5 platform inherited the intuitive, easy-to-use interface and trading functions of MetaTrader 4 but, unlike its predecessor, it is no longer prone to tradable product range scalability

limitations. The newest platform now also supports trading in exchange-traded products like stocks, exchange-traded funds, futures, bonds, and options. This inherent multi-asset support created an opportunity for Admirals to engage with new market segments, reach an even broader group of traders, and expand the global footprint of Admirals by enabling trading in stocks and exchange traded funds.

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

We are always looking for ways to enhance the user experience for our clients. We now offer our clients the ability to trade from anywhere using either our Metatrader webtrader or mobile app. While, for the more sophisticated and active trader, we now offer StereoTrader, a Metatrader trading panel that has a number of advanced features including One-click trading, History trading and Advanced order types.



# Products

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

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

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



# Our products and services

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

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

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





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

**Anton Tikhomirov**  
Member of the Supervisory Board

## Our clients

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

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

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

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

## Our people

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

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



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

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

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

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

# Developing our people

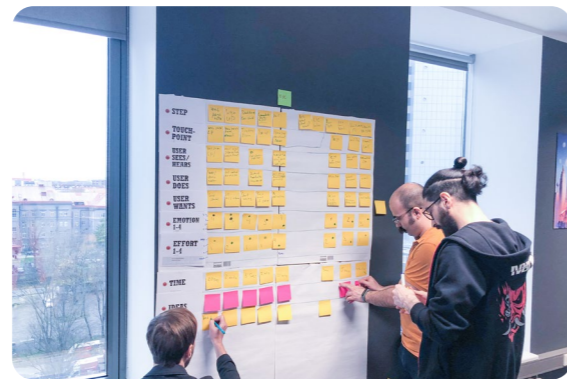
The Company continued soft skills training with the focus on communications skills and financial training to complement the knowledge of markets and instruments for all Admirals employees.

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

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

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

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



# Key events in 2021

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

# Doing Good & Corporate Social Responsibility

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

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

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



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



kood/Jõhvi

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

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

# Awards

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

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

## Spain



**Tutrader**  
Best Broker in 2021 - Admirals



**Tutrader**  
Best Financial Education in 2021 - Admirals



**Tutrader**  
Best Financial Analyst in 2021 - Juan Cadinanos



**TRADERS'**  
Best Broker in 2021 - Admirals



**TRADERS'**  
Best Customer Support in Spain

## Germany



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



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



**Deutsches Kundeninstitut**  
"BEST CFD Broker" 2021



**BrokerWahl**  
CFD Broker of the Year 2021  
- 1st Place



**Handelsblatt**  
Germany's BEST Financial Service Provider, 1st Rank in category CFD: Admirals

## Chile



**Rankia**  
Best Forex Broker 2021

## Estonia



Rank 2 of Estonian most successful companies 2021 by Äripäev

# admirals



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



# 2021 Overview

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

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

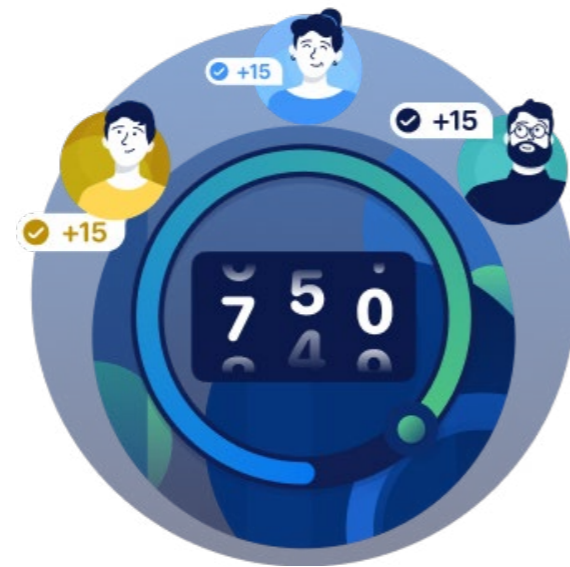
## Expanded offer for crypto CFDs

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

## Refer a Friend program

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

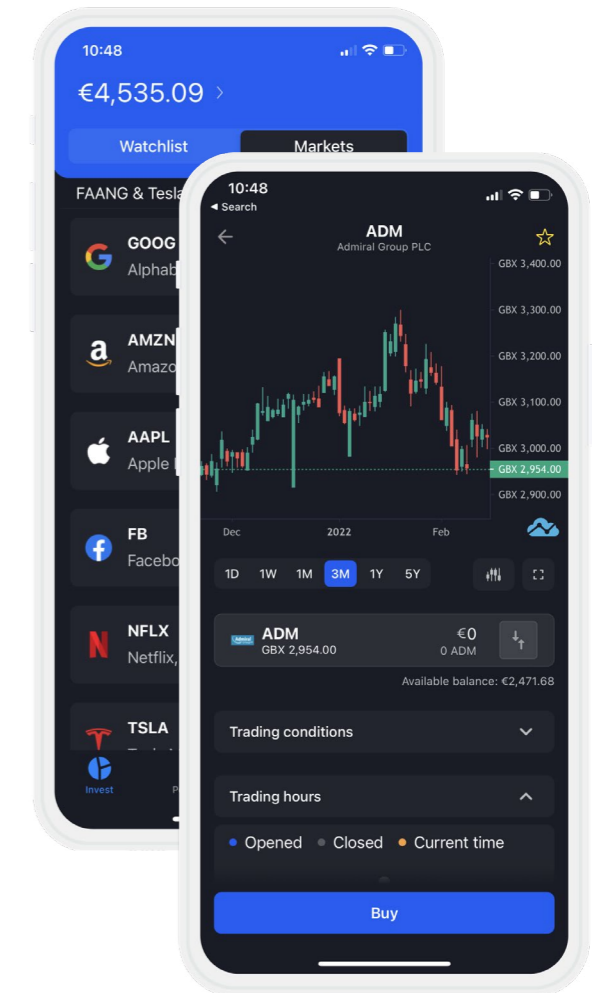
Investing, like most things, is better with friends. So, for each friend a client invites to join Admirals, both receive start-up capital for stock trading as a reward.



## Further developing our Mobile App

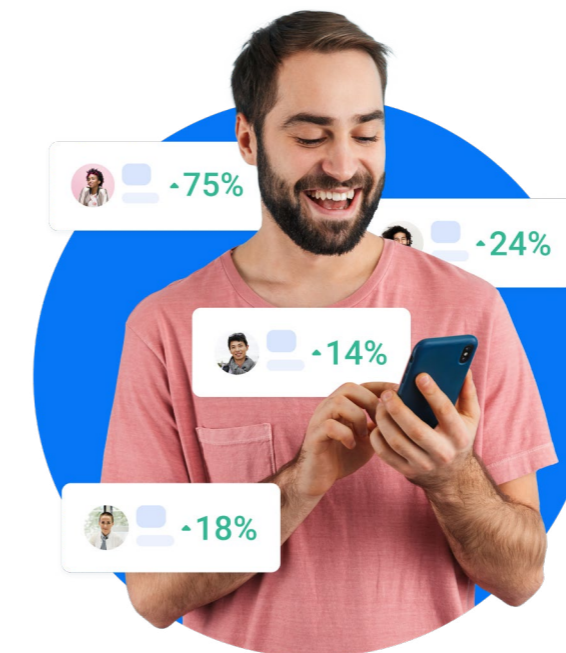
On the way towards becoming a financial hub for a variety of trading, investing, social trading, and financial added value services, the Mobile App the ultimate tool – a mobile application any person needs in order to trade on-the-go.

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



## StereoTrader

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



## Copy trading

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

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

## Funds Security

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

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

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

## IT Developments

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

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

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

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

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

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

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

## Marketing and rebranding

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

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

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

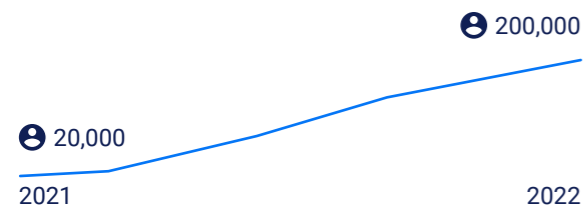


## Advanced Trading Ideas

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

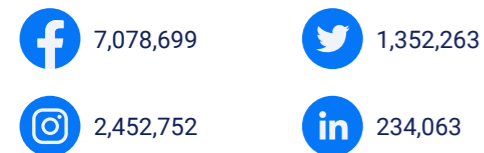
## Explosion in followers

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



## We reached out

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



## Conversion

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

## We informed

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



## StereoTrader

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



## Environmental, social, and governance

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

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

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

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

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

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

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

## Commitment towards people and environment around us

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

Sergei Bogatenkov  
CEO of Admirals Group AS

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





# Our initiatives

## Environmental

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



We are a market leader in quality for our industry, with awards in leading market regions as proof of such. Now, we take the next step into initiating the trend of GREEN quality and equality efforts. Our clients could trade and invest anywhere – but now, as an additional benefit, they can do it with a sustainable company and broker.

So far, this commitment is not common in our industry – we are proud to be the difference and the trendsetter. We hope, that all competitors and all companies will follow. Togetherness is one of our internal values – but for the planet, we all must be unified, together as one.

Jens Chrzanowski  
Chief Value Officer

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

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

### CO<sub>2</sub> emissions

**Overall results:  
826,314.48 kg CO<sub>2</sub>**

For comparison: The emissions correspond to the CO<sub>2</sub> footprint of 95 Europeans. A single European person generates an average of 8.7 tons of CO<sub>2</sub>. Admirals Group AS can become carbon neutral by offsetting aaction is good for the environment, and thus good for humans and the polar bears.

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

**CO<sub>2</sub> emissions to be offset including 10% safety margin:  
908,945.93 per year.**



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

**Jens Chrzanowski**  
Member of the Management Board  
Chief Value Officer

## CO<sub>2</sub> emissions table

### Total results for the group Corporate Carbon Footprint 2021

Sources of emissions	kg CO <sub>2</sub>	%
<b>Scope 1</b>	<b>0.00</b>	<b>0.0</b>
Direct emissions from company facilities	0.00	0.0
Heat (self-generated)	0.00	0.0
<b>Scope 2</b>	<b>193,201.02</b>	<b>23.4</b>
Purchased heating, steam and cooling for own use	113,258.35	13.7
Heat (purchased)	113,258.35	13.7
Purchased electricity for own use <sup>1</sup>	79,942.67	9.7
Electricity (stationary)	79,942.67	9.7
<b>Scope 3</b>	<b>633,113.46</b>	<b>76.6</b>
Employee commuting	504,948.23	61.1
Employee Commuting	367,509.27	44.5
Home office	137,438.96	16.6
Business travel	82,117.35	9.9
Flights	81,820.71	9.9
Rail	218.34	0.0
Rental and private vehicles	78.30	0.0

Fuel- and energy-related activities	42,422.11	5.1
Upstream emissions electricity	21,801.72	2.6
Upstream emissions heat	20,620.39	2.5
Purchased goods and services	3,625.78	0.4
Events	2,525.80	0.3
Water	909.61	0.1
Office paper	179.06	0.0
Print products	11.32	0.0
<b>Overall results</b>	<b>826,314.48</b>	<b>100.0</b>

<sup>1</sup> This emission was calculated using the market-based method. Applying the location-based method instead results in emissions of 45,445.81 kg CO<sub>2</sub>.

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

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

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



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

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

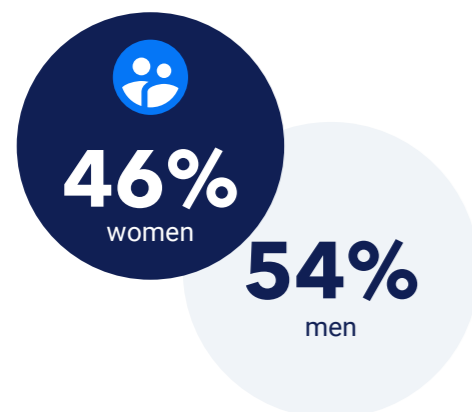
- Expand our ESG related products & investments to our clients
- Increasing the percentage of renewable energy used
- Involve employees with ESG and professional training
- Reducing our emissions in line with a 1.5°C future
- Establishing further waste recycling processes at our global offices
- Engagement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

## Social

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



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



## Governance

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

## Strategic Objectives

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

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

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

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

- unite
- connect
- simplify

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

## We unite

investing, trading and personal finance

## We connect

the world with our global expertise and offers

## We simplify

trading & investing and offer easy, smart learning

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

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

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

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

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

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

## Trends and factors likely to affect our future

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

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

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

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

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

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

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

A portrait of Anatolii Mikhalchenko, a middle-aged man with short grey hair and glasses, wearing a dark grey suit, white shirt, and a red patterned tie. He is standing in front of a light blue background with the word 'admirals' partially visible. A large blue circular graphic is overlaid on the bottom right of the page, containing text.

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

**Anatolii Mikhalchenko**  
Member of the Supervisory Board

# Economic environment

## Significant Global Events in 2021

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

## Global economy

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

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

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

Although 2021 saw an attempt to return to normality in many countries, various outbreaks and new variants sparked renewed economic restrictions on

many occasions, whilst in China, a zero-COVID policy has been maintained throughout the pandemic.

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

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

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

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

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

## The United States

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

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

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

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

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

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

## The United Kingdom

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

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

In July 2021, England formally removed all restrictions pertaining to the COVID-19 pandemic, after a successful vaccination campaign meant that a high proportion of the adult population were fully

vaccinated against the virus. Restrictions to travel were also significantly eased in an attempt to kick-start the UK's beleaguered travel industry which has naturally struggled over the last two years.

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

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

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

## China

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

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

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

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

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

## The Eurozone

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

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

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

## Estonia

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

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

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

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

## Significant Global Events in 2022

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



**We have  
clients from  
159 countries.**

**Dmitri Laush**

Member of the Supervisory Board

# Financial review

## Main consolidated financial indicators of Admirals Group AS

	2021	2020	Change 2021 vs 2020	2019
<b>Income statement</b>				
Net trading income, mln EUR	35.7	62.2	-43%	33.5
Operating expenses, mln EUR	37.8	40.6	-7%	28.1
EBITDA, mln EUR	1.0	23.4	-96%	6.9
EBIT, mln EUR	-1.0	21.7	-105%	5.6
Net profit, mln EUR	0.1	20.7	-100%	5.2
<b>Business volumes</b>				
Due from credit institutions and investment companies, mln EUR	45.7	53.2	-13%	33.7
Debt securities, mln EUR	7.6	8.7	-13%	9.3
Shareholders' equity, mln EUR	59.3	61.1	-3%	42.4
Total assets, mln EUR	71.9	75.2	-4%	52.0
Off-balance sheet assets (client assets), mln EUR	99.2	82.2	21%	45.9
Number of employees	300	340	-11%	284

### Equations used for the calculation of ratios:

EBITDA margin, % = EBITDA / Net trading income

EBIT margin, % = EBIT / Net trading income

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

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

## Statement of Comprehensive Income

### Net Trading Income

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

In 2021, Commodity CFDs products accounted for 34% of total gross trading income, an increase of 7% year-on-year. Indices CFDs accounted for 38%

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



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

## Gross revenue per geographical region:

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

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

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

## Expenses

Operating expenses decreased by 7%, which was mainly due to the decrease in personnel and VAT expenses .

The largest share of total operating expenses for the Group comes from marketing expenses, which were EUR 12.6 million which is a 11% increase year-on-year and account for 34% of total operating expenses. The increase in marketing expenses resulted in a 2% higher number of active clients (year-on-year) for the Group during 2021 period. For 2021 Group received 32% more applications than year-on-year, which make a positive trend to attract new clients.

The personnel expenses decreased by 28% to EUR 11.5 million in 2021, which accounts for 30% of total operating expenses. There was a decrease in personnel expenses mostly due to the decrease in bonuses, which connected with the Group 2021 year results and Group finished 40 contracts, employing 10% less than in 2020, with a total of 300 employees at the end of 2021.

IT costs have increased by 25% due to large-scale IT investments aimed at improving our infrastructure by purchasing a new datacentre in Amsterdam and all related to IT hardware and software. In addition, the transformation of our IT Security by onboarding a modern anti-virus solution.

Other larger expense types for the Group are legal and audit services, the cost increased due to foundation of new companies in Jordan and South Afrika.

What is more, depreciation and amortization expenses also increased up to 0.3 million EUR in one year mostly because of the depreciation of tangible and intangible assets. Right of use assets depreciation was almost the same because there were no significant changes for office rental space being accounted for as a financial lease asset. Admiral Markets AS refused one-floor office space in Tallinn office because of the useless area during the pandemic period as most employees are continue to use home offices.

## Operating expenses by largest expense types:

Operating expenses by type (in millions of euros)	2021	2020	Change
Personnel expenses	11.5	16.0	-4.5
Marketing expenses	12.6	11.4	1.2
IT expenses	4.5	3.6	0.9
Legal and audit expenses	2.7	2.1	0.6
VAT expenses	0.5	2.0	-1.5
Amortization and depreciation	2.0	1.7	0.3
Regulative reporting services	0.9	0.5	0.4
Rent and utility expenses	0.5	0.4	0.1
Transport and communication costs	0.3	0.3	0
Other outsourced services	0.2	0.2	0
Travelling expenses	0.2	0.1	0.1
Other	2.0	2.3	-0.3
<b>Total</b>	<b>37.9</b>	<b>40.6</b>	<b>-2.7</b>

The cost to income ratio increased to 106% by the end of 2020 (2020: 65%). The reason for the increase was mainly due to decrease of net trading income but operating cost remain almost the same level.

## Net Profit

The Group's net profit was EUR 0.1 million in 2021, a 99% decrease compared to EUR 20.7 million a year earlier. The Group's net profit margin also decreased and was 0.4% compared to 33% the previous year.

The decrease in net margin was due to an decrease of net trading income as mentioned before.

Net profit per share of the Group was 0.1 at the end of 2021 (2020: 8.3).



# Statement of Financial Position

(in millions of euros)	2021	2020	Change 2021 vs 2020	2019
Due from credit institutions and investment companies	45.7	53.2	-14%	33.7
Debt securities	7.6	8.7	-13%	9.3
Total liabilities	12.6	14.1	-11%	9.5
Shareholders' equity	59.3	61.1	-3%	42.4
Total assets	71.9	75.2	-4%	52.0
Off-balance sheet assets (client assets)	99.2	82.2	21%	45.9

The Group has a strong balance sheet, with EUR 59.3 million of shareholders' equity. The Group's balance sheet is liquid as 74% of its balance sheet consists of liquid assets.

As of 31 December 2021, the assets of the Group totaled EUR 71.9 million. Ca 64% of assets are balances due from credit institutions and investment companies. Balances due from credit institutions and investment companies have decreased 14% in 2021. The debt securities portfolio only consists of high-quality liquid assets and accounts for 11% of total assets.

The Group's non-current assets increased in 2021 to EUR 11.9 million due to significant investments in intangible assets. Intangible assets consist mainly of the development costs of Trader's Room 3 and another license. Also since 2021 Group has started to capitalize developments of Mobile App, Cards, Asset management, Copy Trading and P2P platform.

The tangible assets remain almost the same from previous year's level because due to pandemic situation was no need in additional equipment like computers, screens, servers, phones, and some office equipment.

Group's long-term debt consists of subordinated debt securities and finance lease EUR 7.7 million and makes up 11% of the balance sheet total. In the first half of 2021 Admirals Group AS issued 27,016 subordinated debt securities and the maturity date for bonds is 2031, that effected the increase in liabilities in 2021. All other liabilities are short-term and are mainly liabilities to trade creditors and related parties, taxes payable and payables to employees.

The off-balance sheet assets (client assets) of the Group grew by 21% to EUR 99.2 million in 2021 (2020: EUR 82.2 million).

# Key Financial Ratios

	2021	2020	Change 2021 vs 2020	2019
Net profit per share, EUR	0.1	8.3	-8.2	2.1
Return on equity, %	0.2%	39.9%	-39.7	12.8%
Equity ratio	1.2	1.2	0	1.2
Return on assets, %	0.2%	32.5%	-32.3	10.9%
Short-term liabilities current ratio	12.4	8.6	3.8	11.9

## Equations used for the calculation of ratios:

Net profit per share, in EUR = net profit / average number of shares

Return on equity (ROE), % = net profit / average equity \* 100

Equity ratio = average assets / average equity

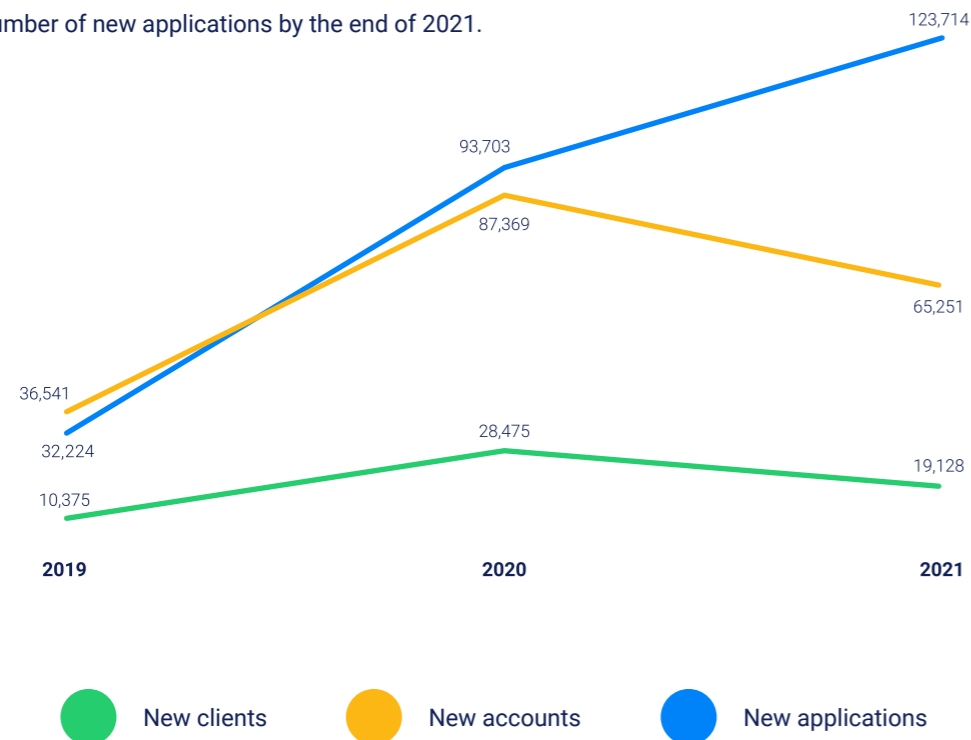
Return on assets (ROA), % = net profit / average assets \* 100

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

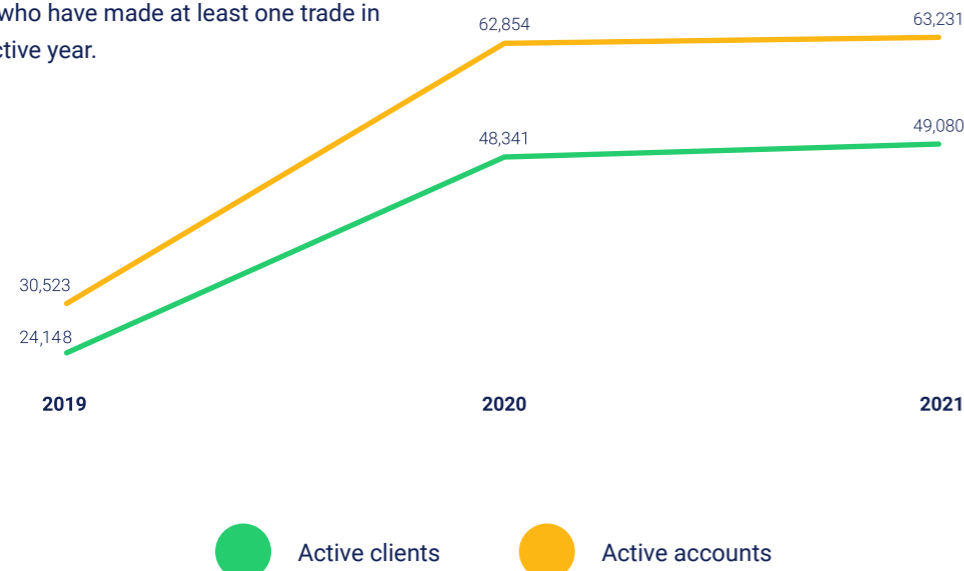
The ratios are calculated as an arithmetic average of closing balance sheet figures from the previous and current reporting period, and the indicators of the income statement are shown as at the end of the reporting period.

# Client Trends

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



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



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

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

When new ESMA regulations were established in August 2018, the client categorisation into retail and professional clients came into the foreground. Before this, there was no real benefit for a client to request professional status – the trading offer, conditions and leverage were the same. Since 2018, Admirals eligible clients could apply to be categorised as professional customers if the client meets the requirements of this amendment. This gives clients access to reduced margin requirements (increased leverage) and full access to all existing and prospective bonus programs. With the new EU regulation, professional

clients exclusively get access to higher leverage, up to 1:500, while retail clients have access to leverage of up to 1:30 for Forex majors, 1:20 for index CFDs and lower for other instruments.

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

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

# Risk management

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

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

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

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

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

The Group's key market risk management objective is to mitigate the impact of risk on the profitability of its operations. The Group's practice in this area is consistent with the following principles. As part of its internal procedures, the Group applies limits to mitigate market risk connected with the maintenance of open positions on financial instruments. These are, in particular: a maximum open position on a given instrument, currency exposure limits, and the maximum value of a single transaction. The Trading Department monitors open positions subject to limits 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, Admirals uses the standardised approach and a basic indicator approach is used for calculating the capital requirement for the operational risk.

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

As at 31.12.2021, Admirals' own funds amounted to EUR 58.9 million (31.12.2020: EUR 41.2 million). The level of Admirals' own funds grew mainly due to the inclusion of 2020 profit in the composition of its own funds.

## Own Funds

(in thousands of euros)	31.12.2021	31.12.2020
Paid-in share capital	250	250
Own shares	-105	-114
Other reserves	122	-534
Retained earnings of previous periods	58,288	40,626
Intangible assets	-4,151	-831
<b>Total Tier 1 capital</b>	<b>54,404</b>	<b>39,397</b>
Subordinated debt securities	4,528	1,827
<b>Total Tier 2 capital</b>	<b>4,528</b>	<b>1,827</b>
<b>Net own funds for capital adequacy</b>	<b>58,932</b>	<b>41,224</b>

On 26 June 2021, Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms (IFR) came into effect, which

replaced Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR).

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

## Capital Requirements according IFR

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

## Capital Adequacy according IFR

	31.12.2021
Capital adequacy	297.1%
Tier 1 capital ratio	274.3%

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

## Capital Requirements according CRR

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

## Capital Adequacy according CRR

	31.12.2020
Capital adequacy	19.8%
Tier 1 capital ratio	19.0%

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

# Corporate governance

## Governance of Admirals

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

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

## Management of Admirals

### General Meeting of Shareholders

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

- Montes Auri OÜ (1,225,000 shares, representing 49.0% of the total number of shares), the sole shareholder of which is Alexander Tsikhilov;

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

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

### Supervisory Board

By the end of 2021 and at the time of preparation of the annual report, Admirals Group AS' Supervisory Board was composed of seven members:



#### Alexander Tsikhilov

Chairman of the Supervisory Board

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



#### Anatolii Mikhalchenko

Member of the Supervisory Board

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



#### Anton Tikhomirov

Member of the Supervisory Board

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



### Fedor Ragin

Member of the Supervisory Board

Joined Admirals in 2017. Obtained a master's degree in Business Administration from the International Management Institute of Saint Petersburg and a master's degree in Engineering from Leningrad Mechanical Institute. Experience includes 19 years of teaching on MBA/EMBA programs, managing a business school, strategic consulting, launching, and running startups, serving on the boards of private companies as an independent director and PhD research on founder succession.



### Vjatseslav Balahontsev

Member of the Supervisory Board

Has obtained an uncompleted higher education in marine engine engineering from Leningrad High Marine College. Has over 20 years of experience in engineering and over 10 years of experience in project management. Has held various positions in Symantec for 12 years and HireRight for 7 years. Has been with Admirals Group for the last 4 years, having taken the position of a management board member in early 2021 and since December 2021 has been the Member of the Supervisory Board.



### Priit Rohumaa

Member of the Supervisory Board

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



### Dmitri Laush

Member of the Supervisory Board

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

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

## Management Board

By the end of 2021 and at the time of preparation of the annual report, Admirals Group AS was managed by a six-member Management Board:



### Sergei Bogatenkov

Chairman of the Management Board

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



### Andrey Koks

Member of the Management Board

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



### Jens Chrzanowski

Member of the Management Board

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



### Roman Krutyanskiy

Member of the Management Board

Has studied business economics at Freie Universität in Berlin. Has over 10 years of experience working in the trading and brokerage industry. At Admirals, he held various positions. Before taking over the Sales and Service departments, was responsible for the largest and most successful region D-A-CH (Germany, Austria and Switzerland) as Country Manager for 4 years. Joined the Management Board in 2021.



### Olga Lustsik

Member of the Management Board

Has MBA in e-banking from the University of Tartu and has also studied business administration and management in the University of North Carolina at Greensboro. Has over 25 years of experience in banking, project management and finance. Has held various positions in Swedbank, Ministry of Finance of Estonia, Tallinn Stock Exchange, Proekspert, Guardtime and Inzmo. Joined the Management Board in 2021.



### Andreas Ioannou

Member of the Management Board

Has obtained a bachelor's degree with honours in Laws from the University of Liverpool and a master's degree in Laws from Sheffield Hallam University. Has over 10 years of experience in corporate law, working with EU legislation and numerous various jurisdictions, compliance and AML. Has held various senior positions in Meritservus/Meritkapital and Chesterfield International in Cyprus and the UK. Has been with Admirals for the last 4 years. Joined the Management Board in 2021.

# Corporate Governance Report

Admirals Group AS pursues its business activities by complying with the Company's articles of association, national legislation, and the rules of good corporate governance practices. The bonds of Admirals Group AS and the investment firm Admiral Markets AS are traded on the Nasdaq Tallinn Stock Exchange, as a required, in accordance with § 31<sup>2</sup>(1) of the Accounting Act, to include a corporate governance

report in the management report, which complies with the requirements of § 24<sup>2</sup>(2) of the same Act. Managing Admirals Group AS must, in particular, adhere to the interests of Admirals Group AS and provide an adequate opportunity to an expert and interested party to obtain an overview of the management principles.

## General Meeting of Shareholders

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

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

## Supervisory Board

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

Supervisory Board of Admirals Group AS:

- Plans the operations of Admirals Group AS in collaboration with the Management Board

In addition to the activities prescribed by the law, in 2021 the Supervisory Board gave its consent to the Management Board in issues that were outside its 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 Admirals Group AS and investment companies that are part of the same consolidation group.

Based on the decisions of Admirals Group AS General Meeting, the members of the Supervisory Board of Admirals Group AS in 2021 were:

- Alexander Tsikhilov - Chairman of the Supervisory Board, term of office 09.06.2022
- Anatolii Mikhhalchenko - term of office 28.09.2025
- Anton Tikhomirov - term of office 20.04.2026
- Fedor Ragin - term of office 09.06.2022
- Priit Rohumaa - term of office 17.06.2025
- Dmitri Laush - term of office 01.07.2026
- Vjatseslav Balahontsev - term of office 22.12.2026

## Management Board

The Management Board manages and represents Admirals Group AS and organises daily operations of Admirals Group AS according to the conditions and procedure laid down in the legislation, Admirals Group AS articles of association and decisions of the Supervisory Board and the General Meeting, acting in the most economical manner to adhere to Admirals Group AS' best interests. Members of the Management Board are elected by the Supervisory Board. The Management Board of Admirals Group AS has 6 members, including the chairman of the board and the vice-chairman of the board.

Functions of members of the Management Board are:

- management of the daily business of Admirals Group AS;
- preparation of questions to be discussed at the Supervisory Board and general meeting;
- the preparation of the necessary projects and the implementation of the decisions and necessary measures of the general meeting, in particular, the management of internal control;
- other statutory obligations and rights related to the day-to-day business of the Group.

Based on the decisions of Admirals Group AS Supervisory Board, the members of the Management Board of Admirals Group AS in 2021 were:

- Sergei Bogatenkov - term of office until 04.12.2024
- Jens Chrzanowski - term of office until 30.03.2023
- Andrey Koks - term of office until 25.02.2024
- Olga Lustsik - term of office until 21.07.2024
- Roman Krutyanskiy - term of office until 25.02.2024
- Andreas Ioannou - term of office until 25.02.2024



## Remuneration of the Management Board and the Supervisory Board

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

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

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

## Financial Reporting and Auditing

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

Considering the proposals of the Management Board and the auditor's consent, under the resolution of the General Meeting of Admirals Group AS held on 19.11.2021, the Group's auditor for the 2021 annual report is company AS PricewaterhouseCoopers, registry code 10142876. Upon agreement with the auditing company, the fee to be paid to the auditor is not subject to disclosure and is treated as confidential.

During 2021, the Group's auditor has provided other assurance and advisory services permitted in accordance with the Auditors Activities Act in force in the Republic of Estonia.

## Dividend policy

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

Principles of payment of dividends:

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



**We unite investing,  
trading and  
personal finance.**

**Andreas Ioannou**

Member of the Management Board  
Chief Legal & Compliance Officer

# Consolidated Statement of Financial Position

(in thousands of euros)	Note	31.12.2021	31.12.2020
<b>Assets</b>			
Cash	7	7	5
Due from credit institutions	7	25,373	36,993
Due from investment companies	7	20,294	16,243
Financial assets at fair value through profit or loss	8	9,501	9,799
Loans and receivables	9	3,348	1,279
Inventories		106	37
Investments into associates	28	0	1,376
Other assets	10	2,373	1,830
Tangible fixed assets	11	2,228	1,999
Right-of-use assets	11	3,817	4,752
Intangible assets	12	4,835	873
<b>Total assets</b>		<b>71,882</b>	<b>75,186</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	8	637	219
Liabilities and prepayments	13	3,291	6,508
Deferred tax liability	13	31	567
Subordinated debt securities	16	4,559	1,827
Lease liabilities	15	4,056	4,948
<b>Total liabilities</b>		<b>12,574</b>	<b>14,069</b>

continued on next page ↓

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

## Consolidated Financial Statements

Equity			
Share capital	19	250	250
Own shares		-105	-114
Statutory reserve capital		25	25
Currency translation reserve		23	-711
Retained earnings		59,099	61,657
<b>Total equity attributable to owners of the parent</b>		<b>59,292</b>	<b>61,107</b>
Non-controlling interest		16	10
<b>Total equity</b>		<b>59,308</b>	<b>61,117</b>
<b>Total liabilities and equity</b>		<b>71,882</b>	<b>75,186</b>

Notes on pages 74 to 150 are an integral part of the Consolidated Financial Statements.

## Consolidated Statement of Comprehensive Income

(in thousands of euros)	Note	2021	2020
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers		37,063	65,634
Brokerage and commission fee revenue		2,138	1,829
Brokerage and commission fee expense		-2,954	-4,380
Other trading activity related income		196	313
Other trading activity related expense		-732	-1,227
<b>Net income from trading</b>	<b>21</b>	<b>35,711</b>	<b>62,169</b>
Other income similar to interest		185	195
Interest income calculated using the effective interest method		128	36

Interest expense	15,16	-426	-263
Other income	22	3,428	2,502
Other expenses	23	-164	-857
Net losses on exchange rate changes		-301	-1,504
Losses from financial assets at fair value through profit or loss		-357	0
Personnel expenses	24	-11,499	-15,994
Operating expenses	25	-24,252	-22,909
Depreciation of tangible and intangible assets	11,12	-1,062	-736
Depreciation of right-of-use assets	11	-973	-965
<b>Profit before income tax</b>		<b>418</b>	<b>21,674</b>
Income tax	17	-269	-1,018
<b>Profit for the reporting period</b>		<b>149</b>	<b>20,656</b>
<b>Other comprehensive income:</b>			
Items that subsequently may be reclassified to profit or loss:			
Unrealized exchange rate differences		734	-633
<b>Total other comprehensive income/(loss) for the reporting period</b>		<b>734</b>	<b>-633</b>
<b>Total comprehensive income for the reporting period</b>		<b>883</b>	<b>20,023</b>
Net profit attributable to the owners of the parent		146	20,654
Net profit attributable to non-controlling interest		3	2
<b>Profit for the reporting period</b>		<b>149</b>	<b>20,656</b>
Total comprehensive income attributable to the owners of the parent		880	20,021
Total comprehensive income attributable non-controlling interest		3	2
<b>Comprehensive income for the reporting period</b>		<b>883</b>	<b>20,023</b>
Basic and diluted earnings per share		0.06	8.38

Notes on pages 74 to 150 are an integral part of the Consolidated Financial Statements.

# Consolidated Statement of Cash Flows

(in thousands of euros)	Note	2021	2020
<b>Cash flow from operating activities</b>			
Net profit for the reporting period		149	20,656
Adjustments for non-cash income or expenses:			
Depreciation of tangible and intangible assets	11,12	2,035	1,701
Gains or losses on the sale of tangible assets		10	-32
Interest and similar income		-313	-231
Interest expense		426	263
Allowance for doubtful receivables	9	0	2
Corporate income tax expenses		269	1,018
Other financial income and expenses		-1,266	1,326
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>1,310</b>	<b>24 703</b>
Changes in operating assets and liabilities:			
Change in amounts due from investment companies	7	-4,051	-9,457
Change in trade receivables	9	-839	-476
Change in other assets	10	-543	-465
Change in derivative assets	8	379	-391
Change in payables and prepayments	13	-3,217	3,309
Change in the derivative liabilities	8	418	153
Changes in inventories		-69	-11
<b>Operating cash flows before interest and tax</b>		<b>-6,612</b>	<b>17,365</b>
Interest received		320	327

Interest paid		-338	-263
Corporate income tax paid		-836	-451
<b>Net cash used in operating activities</b>		<b>-7,465</b>	<b>16,978</b>
<b>Cash flow from investing activities</b>			
Disposal of tangible and intangible fixed assets	11	6	39
Purchase of tangible and intangible fixed assets	11,12	-4 511	-1,457
Loans granted	9	-2,594	-135
Repayments of loans granted	9	1,489	26
Acquisition of financial assets at fair value through profit or loss (investment portfolio)		-2,123	-5,840
Proceeds from disposal of financial assets at fair value through profit or loss (investment portfolio)		3,875	5,463
Acquisition of subsidiaries, net of cash paid	28	-787	0
Disposal of subsidiary, net of cash received	28	10	0
Proceeds from disposal of associates	28	2,290	0
Investment in to associates	28	-3	-1,376
<b>Net cash used in investing activities</b>		<b>-2,348</b>	<b>-3,280</b>
<b>Cash flow from financing activities</b>			
Dividends paid	19	-2,704	-1,352
Proceeds from subordinated debt securities issued	16	2,718	0
Repayment of principal element of lease liabilities	15	-1,001	-807
<b>Net cash used in financing activities</b>		<b>-987</b>	<b>-2,159</b>
<b>TOTAL CASH FLOWS</b>		<b>-10,800</b>	<b>11,539</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7</b>	<b>36,998</b>	<b>26,891</b>
<b>Change in cash and equivalents</b>		<b>-10,800</b>	<b>11,539</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>-817</b>	<b>-1,432</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>25,380</b>	<b>36,998</b>

Notes on pages 74 to 150 are an integral part of the Consolidated Financial Statements.

# Consolidated Statement of Changes in Equity

(in thousands of euros)	Share capital	Own shares (-)	Statutory reserve capital	Retained earnings	Currency translation reserve	Total equity attributable to owners	Non-controlling interest	Total equity
<b>Balance as at 31.12.2019</b>	<b>250</b>	<b>-114</b>	<b>25</b>	<b>42,355</b>	<b>-78</b>	<b>42,438</b>	<b>8</b>	<b>42,446</b>
Dividends paid	0	0	0	-1,352	0	-1,352	0	-1,352
Net profit for the reporting period	0	0	0	20,654	0	20,654	2	20,656
Other comprehensive loss for the reporting period	0	0	0	0	-633	-633	0	-633
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,654</b>	<b>-633</b>	<b>20,021</b>	<b>2</b>	<b>20,023</b>
<b>Balance as at 31.12.2020</b>	<b>250</b>	<b>-114</b>	<b>25</b>	<b>61,657</b>	<b>-711</b>	<b>61,107</b>	<b>10</b>	<b>61,117</b>
Dividends paid	0	0	0	-2,704	0	-2,704	0	-2,704
Sale of own shares	0	9	0	0	0	9	0	9
Contribution of noncontrolling interest into subsidiary's share capital	0	0	0	0	0	0	3	3
Net profit for the reporting period	0	0	0	146	0	146	3	149
Other comprehensive income for the reporting period	0	0	0	0	734	734	0	734
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>146</b>	<b>734</b>	<b>880</b>	<b>3</b>	<b>883</b>
<b>Balance as at 31.12.2021</b>	<b>250</b>	<b>-105</b>	<b>25</b>	<b>59,099</b>	<b>23</b>	<b>59,292</b>	<b>16</b>	<b>59,308</b>

For more information of share capital refer to Note 19.

Notes on pages 74 to 150 are an integral part of the Consolidated Financial Statements.

## Note 1. General information

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

Admirals Group AS is a limited liability company incorporated in and domiciled in Estonia. The address of its registered office is Maakri 19/1, Tallinn, Estonia. The consolidated annual report for the year ending 31 December 2021 was approved for publication on 01.04.2022 in accordance with the management’s decision. The consolidated annual report approved by the Management shall be authorized for approval by the Supervisory Board and shareholders. Shareholders have the right not to approve consolidated financial statements. The Supervisory Board does not have that right.

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

# Notes to the Consolidated Financial Statements



## Note 2.

# Accounting policies and estimates used in preparing the consolidated financial statements

The consolidated financial statements of Admirals Group AS have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. In addition to the information complying with International Financial Reporting Standards, financial statements include information on risk management, own funds and capital adequacy that must be disclosed pursuant to §110<sup>1</sup> of the Securities Market Act that is presented in Note 5.

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

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

The consolidated financial statements for 2021 include the financial results of Admirals Group AS (parent company) and its subsidiaries (collectively, the Group):

	Country	Ownership interest 31.12.2021	Ownership interest 31.12.2020	Business activity
Admiral Markets AS	Estonia	100%	100%	Investment services
Admiral Markets PTY Ltd	Australia	100%	100%	Investment services
Admiral Markets Cyprus Ltd	Cyprus	100%	100%	Investment services
Admiral Markets UK Ltd	United Kingdom	100%	100%	Investment services
Admiral Markets AS (Jordan)	Jordan	100%	100%	Investment services
Runa Systems PUE	Belarus	100%	100%	IT services
AMTS Solutions OÜ	Estonia	62%	62%	IT services
Gateway2am OÜ	Estonia	100%	100%	Not active
AM INVESTMENTS AND TRADING SA (PTY) LTD	Republic of South Africa	0%	100%	Not active
AM Asia Operations Sdn. Bhd	Malaysia	100%	100%	Support services
Admiral Markets Canada Ltd	Canada	100%	100%	Not active
Admiral Markets UK Ltd. Zweigniederlassung Berlin	Germany	100%	100%	Support services
Admiral Markets UK Ltd. Lietuvos atstovybė	Lithuania	100%	100%	Support services
Admiral Markets UK Ltd. Sucursal en España	Spain	100%	100%	Support services
Admiral Markets UK Ltd. zastupitelský úřad zahraničního právního subjektu	Czech Republic	100%	100%	Support services
Admiral Markets Cyprus sp. z o.o. Oddział w Polsce	Poland	100%	100%	Support services
Admiral Markets Cyprus (Bulgarian branch)	Bulgaria	100%	0%	Support services
Admiral Markets Cyprus LTD Nicosia Sucursala Bucuresti	Romania	100%	0%	Support services
Admiral Markets España Sl.	Spain	100%	100%	Not active
Admiral Markets Europe GmbH	Germany	100%	100%	Support services

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Admiral Markets France SAS	France	100%	100%	Not active
Admirals SA (Pty) Ltd	Republic of South Africa	100%	0%	Investment services
Runa Ukraine LLC	Ukraine	100%	0%	Not active
PT Admirals Invest Indonesia LLC	Indonesia	100%	0%	Not active
Admirals Digital Limited	Cyprus	100%	0%	Not active
Moneyzen OÜ	Estonia	100%	0%	Investment services
Moneyzen Collateral Agent OÜ	Estonia	100%	0%	Not active

In 2021, the Group acquired two companies MoneyZen OÜ (Estonia) and Admirals SA (Pty) Ltd (Republic of South Africa). Established Admiral Markets Cyprus (Bulgarian branch) (Bulgaria) and Admiral Markets Cyprus LTD Nicosia Sucursala Bucuresti (Romania) – branches of Admiral Markets Cyprus Ltd, PT Admirals Invest Indonesia LLC (Indonesia), Runa Ukraine LLC (Ukraine), Admirals Digital Limited (Cyprus), Moneyzen Colateral Agent OÜ (Estonia). In 2021 the Group sold AM Investments and Trading SA (PTY) Ltd (Republic of South Africa).

The Group owns 62% of shares of AMTS Solutions OÜ. Total assets and net profit of AMTS Solutions OÜ constitute a marginal part of the Group's total assets and net profit in 2020 and 2021. Due to this AMTS Solutions OÜ as well as the non-controlling part of the company are considered immaterial regarding the Group's consolidated financial statements and for any further disclosures.

The financial year started on 1 January 2021 and ended on 31 December 2021. The parent company's functional and presentation currency is the euro. The Group's subsidiaries' functional currencies are disclosed in section "Recognition of foreign currency transactions and financial assets and liabilities denominated in foreign currencies". The annual financial statements are presented in thousands of euros, unless otherwise stated.

## Consolidation

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

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

For each business combination, the Group determines whether to recognize a non-controlling interest in the acquiree, that entitles its holder to a proportionate share of the net assets in the event of

liquidation, at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

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

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

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

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

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

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

The accounting policy for accounting subsidiaries has been amended in the separate primary financial statements disclosed as supplementary information in the consolidated financial statements in conjunction with IAS 27 "Separate Financial Statements".

In the parent separate primary financial statements, disclosed in these consolidated financial statements (chapter 4), the investments into the shares of subsidiaries are accounted for at cost less any impairment recognised.

## Associates

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

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under this method, the investment is initially recognised at cost which is thereafter adjusted for post-acquisition changes in the investor's share of the investee's equity (changes both in the profit/loss of the associate as well as other equity items) and with elimination or depreciation/amortisation of the differences



between fair values and carrying amounts of the investee's assets, liabilities and contingent liabilities as determined in the purchase analysis. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets.

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

are recorded in the statement of financial position. Other receivables from the associate are recorded at amortised cost less a provision for impairment.

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

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

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

### 1 Functional currency

- Admiral Markets AS – EUR;
- Admiral Markets Cyprus Ltd – EUR;
- Admiral Markets UK Ltd – GBP;
- Admiral Markets PTY Ltd – AUD;
- Admiral Markets AS (Jordan) LLC – JOD.

### 2 Transactions and balances in a foreign currency

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

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

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

Currency	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
AUD	1.56150	1.5896	1.57494	1.6549
BGN	1.95580	1.95580	1.95580	1.95580
BYR	2.88260	3.1680	3.005	2.7873
CAD	1.43930	1.5633	1.48257	1.5300
GBP	0.84028	0.8990	0.85960	0.8897
IDR	16100.42	17240.76	16920.72	16627.37
JOD	0.80659	0.8670	0.83880	0.8090
MYR	4.71840	4.9340	4.90151	4.7959
RON	4.94900	4.8683	4.92148	4.8383
PLN	4.59690	4.5597	4.56518	4.4430
ZAR	18.06250	18.0219	17.47655	18.7655

## Financial assets

### Classification

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

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

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

### Recognition and derecognition

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

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

## Measurement

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

## Debt instruments (Loans and debt securities)

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

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

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

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

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

FVPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at FVPL. This is the case if the business model is held for trading; where financial assets are considered

held for trading if they are held with the intention to be sold in the short-term and for the purpose of generating profits. Debt instruments are mandatorily measured at fair value through profit or loss if the assets are managed and evaluated on a fair value basis or the assets are held with an intention to sell, or alternatively, if the cash flows do not consist of solely payments of principal and interest. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented in the period in which it arises. The contractual interest earned is recognized in the statement of profit and loss line Other income similar to interest.

The following financial assets of the Group are measured FVPL:

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

## Equity instruments

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

## Derivative financial instruments

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

## Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

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

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

## Assessment of fair value

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

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

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

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

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

- Level 1** – Quoted prices (unadjusted) for identical assets and liabilities on an active market;
- Level 2** – Valuation techniques for which the lowest level of significant inputs are directly or indirectly observable;
- Level 3** – Valuation techniques for which the lowest level of significant inputs are not observable directly or indirectly.

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

## Cash and cash equivalents

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

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

## Recognition of off-balance assets and liabilities

Admirals Group AS and its subsidiaries act as an intermediary of investment services and are responsible for keeping their clients' deposited funds

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

## Tangible fixed assets

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

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

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

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

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

## Intangible fixed assets

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

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

Group of 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 Group can use or sell the asset and the amount of development costs and future economic benefits generated by the intangible asset can be determined reliably.

## Impairment of tangible and intangible fixed assets

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

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

## Accounting for financial liabilities

The Group classifies financial liabilities either:

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

Recognition of a financial liability (derivative) at fair value through profit or loss is disclosed under accounting policy Financial assets - Derivative financial instruments. All other financial liabilities are subsequently measured at amortised cost using the effective interest method. Transaction costs are included in the calculation of the effective interest rate. The difference between the proceeds (less transaction costs) and redemption value are recognised in the statement of profit or loss during the term of the instrument, using the effective interest rate. Interest costs are included in the statement of profit or loss line "Interest expenses".

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

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

## Payables to employees

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

## Leases

The Group as a lessee

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

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

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

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

## Initial measurement

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

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

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

## Subsequent measurement

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

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

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

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

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

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

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

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

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



**Our team is  
the core of our  
company, and our  
most valuable asset.**

**Priit Rohumaa**

Member of the Supervisory Board

## **Provisions and contingent liabilities**

Liabilities arising from an obligating event before the end of the reporting period that have either a legal basis or that have arisen from the Group's current operating practice (legal or constructive obligation) that require probable outflow of resources, the realisation of which is probable (it is more likely than not that an outflow of resources will be required to settle the obligation) and the amount of which can reliably be estimated but for which the timing or amount are not definitely known are recognised as provisions in the statement of financial position. The provisions are recognised based on the management's estimates regarding the amount and timing of the expected outflows. A provision is recognised in the statement of financial position in the amount which according to the management is necessary as at the end of the reporting period for the meeting of the obligation arising from the provision or transfer to the third party. The provision expense and an expense from the change in the carrying amount of provisions are included within expenses in the reporting period. Provisions are not set up to cover future operating losses. When it is probable that a provision will be realised later than 12 months after the end of the reporting period it is recorded at discounted value (present value of expected outflows), unless the discounting effect is immaterial.

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

## **Distinction between short- and long-term assets and liabilities**

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

Liabilities are classified as current when they are due within twelve months after the end of the

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

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

## **Corporate income tax**

IFRS Interpretation Committee agenda decisions regarding deferred tax related to investments in subsidiaries in both Estonia and Latvia where the traditional profit-based tax regimes have been replaced with distribution-based tax regimes where corporate income tax is not payable on profit but rather on distribution of dividends. In accordance with IAS 12.52A and 57A, in distribution-based tax regimes no current or deferred tax liability has been recognised in respect of undistributed profits until a liability to pay dividends is recognised. As a market practice in Estonia, this accounting policy has been applied consistently to all undistributed profits in the group, regardless of whether those profits accumulated in the parent or in the subsidiaries.

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

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

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

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

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

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

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

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

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

### Corporate income tax in other countries

In accordance with the local income tax laws, the net profit on subsidiaries and branches is subject to corporate income tax. Consolidated statement of comprehensive income reflects corporate income tax and deferred tax expense in 2020 and 2021 on profits from subsidiaries and branches in Russia, Estonia, Poland, Latvia, Lithuania, Romania, Hungary, Bulgaria, United Kingdom, Germany, Spain, Croatia, Australia, Belarus and Malaysia.

### Revenue and expenses

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

Other brokerage and commission fee revenue is recognised at a point in time when the Group satisfies its performance obligation, usually upon execution of the underlying transaction. The other trading activity related income received, or receivable represents the transaction price for the services identified as distinct performance

obligations. Such income includes inactivity fees (a sum charged to trading accounts that have not met minimum buying or selling activity in the previous 24 months and are not used for holding open positions) and service commissions from payment systems.

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

Trading income includes:

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

### Statutory reserve capital

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

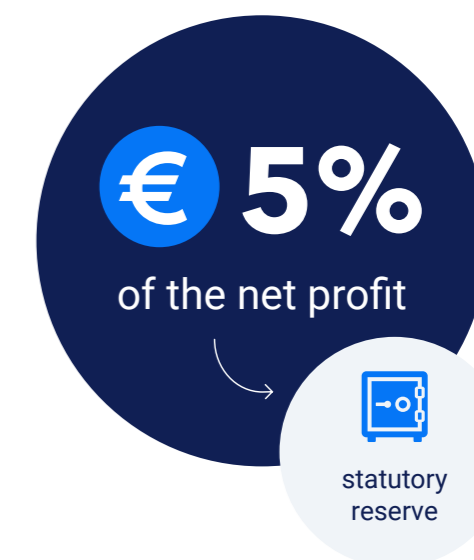
### Cash flow statement

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

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

### Events after the balance sheet date

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



## Note 3.

# Use and application of new amended standards and new accounting principles

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

### **a** Adoption of new or revised standards and interpretations.

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

### **b** New accounting pronouncements

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

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

These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires

such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

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

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

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

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

## Note 4.

# Use of estimates, assumptions and judgements

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

Estimates and assumptions subject to day-to-day evaluation by the Group's management are based on experience and other factors, including expectations as to future events that seem justified in the given situation. The results are a basis for estimates of carrying amounts of assets and liabilities. Although the estimates are based on best knowledge regarding the current conditions and actions taken

by the Group, actual results may differ from the estimates. Adjustments to estimates are recognised during the reporting period in which the adjustment was made provided that such adjustment refers only to the given period or in subsequent periods if the adjustment affects both the current period and subsequent periods. The most important areas for which the Group makes estimates are presented below.

### **Impairment of assets**

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

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

### **Fair value of financial instruments**

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

## Note 5.

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

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

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

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

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

The following risk management section is based on the financial companies in the Group, i.e. only Admirals Group AS and its subsidiaries Admiral Markets AS, Admiral Markets UK Ltd, Admiral Markets Pty Ltd, Admiral Markets Cyprus Ltd and Admiral Markets AS/Jordan LLC are included to the below quantitative information of the Group's risk exposure. This is in line with the regulatory reporting requirements to Estonian Financial and Supervision Resolution Authority. Consequently, the quantitative balances do not fully reconcile with information provided in notes to the financial statements, but the excluded subsidiaries exposure to financial risks are generally limited due to their nature in Group structure.

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

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

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

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

An important part of risk management is:

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

### Capital management

The objective of Admirals in managing capital is:

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

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

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

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

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

The Admirals Group is required to have own funds at least higher than the K-factor requirement.

In accordance with Article 10 (1) of the IFR, only group financial companies are included in the calculation of the risk exposures and capital requirements of the Admirals Group: Admirals Group AS, Admiral Markets AS, Admiral Markets Pty Ltd, Admiral Markets UK Ltd, Admiral Markets Cyprus Ltd and Admiral Markets AS/Jordan LLC.



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

## Own funds

(in thousands of euros)	31.12.2021	31.12.2020
Paid-in share capital	250	250
Own shares	-105	-114
Other reserves	122	-534
<b>Retained earnings of previous periods</b>	<b>58,288</b>	<b>40,626</b>
Intangible assets	-4,151	-831
<b>Total Tier 1 capital</b>	<b>54,404</b>	<b>39,397</b>
Subordinated debt securities	4,528	1,827
<b>Total Tier 2 capital</b>	<b>4,528</b>	<b>1,827</b>
<b>Net own funds for capital adequacy</b>	<b>58,932</b>	<b>41,224</b>

As of 31.12.2021, the own funds of Admirals Group AS amounted to EUR 58.9 million (31.12.2020: EUR 41.2 million). At the end of the reporting period, Admirals Group AS consolidation group capital adequacy ratio was 297% and has complied with all regulatory capital requirements under IFR in 2021. At the end of 2020, the Group was required to comply with CRR, and then Admirals Group capital adequacy ratio was 19,8%.

## Credit risk

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

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

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

## Maximum exposure to credit risk

	31.12.2021	31.12.2020	Note
Due from credit institutions and investment companies	44,570	52,447	7
Financial assets at fair value through profit or loss	7,758	9,391	8
incl bonds	7,632	8,697	
incl convertible loans	0	189	
incl derivatives	126	505	
Loans granted	2,024	334	9
Other receivables	1,614	970	
Other financial assets	2,298	1,771	
<b>Total financial assets</b>	<b>58,264</b>	<b>64,913</b>	
Off-balance sheet assets (excluding stocks)	79,975	71,714	19

## Due from credit institutions and investment companies

Rating (Moody's)	Credit institutions	Investment companies	Total 31.12.2021	Credit institutions	Investment companies	Total 31.12.2020
Aa1 - Aa3	16,520	0	16,520	27,951	0	27,951
A1 - A3	1,739	0	1,739	3,872	0	3,872
Baa1 - Baa3	1,073	0	1,073	881	0	881
Ba1 - Ba3	0	0	0	1	0	1
B1 - B3	1,998	0	1,998	107	0	107
Caa1 - Caa2	0	0	0	48	0	48
Non-rated	2,638	20,291	22,929	2,998	16,244	19,242
Cash In transit	311	0	311	345	0	345
<b>Total (except cash)</b>	<b>24,279</b>	<b>20,291</b>	<b>44,570</b>	<b>36,203</b>	<b>16,244</b>	<b>52,447</b>

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

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

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

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

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

Non-rated credit institutions and investment companies are payment 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 Group holds only very liquid positions with the counterparties.

## Loans granted

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

## Other receivables

This includes all other balance sheet financial assets. Other receivables in the amount EUR 1,614 thousand (31.12.2020: EUR 970 thousand) are mainly office rent deposits and claims against related parties. As at 31.12.2021 and 31.12.2020 there were no such overdue receivables.

Management estimates that these receivables bear in substance low credit risk.

Credit risk involving financial assets held for trading is connected with the risk of customer or counterparty insolvency. With regard to OTC transactions with customers, the Group's policy is to mitigate the counterparty credit risk through the so-called "stop out" mechanism. Customer funds deposited in the brokerage serve as a security. If a customer's current balance is 30 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 Group includes special clauses in agreements with selected customers, in particular, requirements regarding minimum balances in cash accounts.

If there is a receivable from client as a result of trading activity (negative client position for which

credit risk has materialised), then based on historical information the probability of default and loss given default are 100% and thus, the receivable is fully impaired and written off with a management decision. Therefore, there is no need to assess or adjust forward looking information estimates.

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

## Financial assets at fair value through profit or loss

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

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

## Ratings of bonds

	31.12.2021	31.12.2020
AAA	6,027	5,205
AA1	714	1,084
AA2	891	836
AA3	0	1,572
<b>Total</b>	<b>7,632</b>	<b>8,697</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, in 2020 the Group has granted a convertible loan in the amount of 189 thousand euros, which is measured at fair value through profit or loss as the loan has a conversion option. Management has assessed that the credit risk of the loan is within acceptable limits. In 2021, the loan was converted to equity instrument, therefore it now bears price risk not credit risk.

## Off-balance sheet client bank accounts

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

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

### Rating (Moody's)

	31.12.2021	31.12.2020
Aa1 - Aa3	40,956	37,456
A1 - A3	33,726	32,614
Baa1 - Baa3	510	230
Ba1 - Ba3	126	55
B1-B3	4,073	10
Non-rated	0	967
<b>Total</b>	<b>79,391</b>	<b>71,332</b>

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

### Trading portfolio

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

The credit risk of clients' trading portfolio is mainly managed through leveraging derivatives and collateral rates. Generally, the leverage of clients and collateral depend on the whole position opened by them. The greater the contingent value of the open position, the lower the leverage that is permitted for them. Also, the so-called Stop Out rate is assigned

to each client's trading account. If the value of the client's open position relative to the collateral on the account is reduced to a certain level, the open position will be automatically closed in accordance with the agreement concluded with the client.

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

### Market risk

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

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

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

### Foreign currency risk

Foreign currency risk is the main part of market risk for Admirals in respect of which a set of internal risk management principles have been set. Foreign currency risk is defined as the potential damage caused by unfavourable movement of exchange

rates. The foreign currency net open position is calculated by taking into account all assets and liabilities that depend on the changes in exchange rates. The euro is not considered as a foreign currency.

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

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

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

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

31.12.2020	EUR	USD	GBP	JPY	CAD	CHF	Other currencies	Total
Due from credit institutions and from investment companies	44,104	4,544	1,419	0	0	470	1,564	52,101
Financial assets at fair value through profit or loss (excluding derivatives)	647	8,697	0	0	0	0	0	9,344
Loans and receivables	935	0	55	0	44	0	271	1,305
<b>Total financial assets</b>	<b>45,686</b>	<b>13,241</b>	<b>1,474</b>	<b>0</b>	<b>44</b>	<b>470</b>	<b>1,835</b>	<b>62,750</b>
Subordinated debt	1,827	0	0	0	0	0	0	1,827
Other financial liabilities	4,640	67	220	2	8	0	302	5,239
Lease liabilities	4,510	0	0	0	0	0	69	4,579
<b>Total financial liabilities</b>	<b>10,977</b>	<b>67</b>	<b>220</b>	<b>2</b>	<b>8</b>	<b>0</b>	<b>371</b>	<b>11,645</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>28,445</b>	<b>-30,106</b>	<b>25,787</b>	<b>10,263</b>	<b>-8,310</b>	<b>18,608</b>	<b>17,415</b>	<b>62,102</b>

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

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

Impact on the statement of comprehensive income:

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

(in thousands of euros)	GBP	USD	JPY	CAD
Exchange rate change in relation to EUR +/- 3%				
2020	903	773	307	235

The sensitivity analysis that was carried out shows the impact of fluctuations in exchange rates to the statement of comprehensive income (profit or loss) if all other parameters are constant. For trading portfolio, stop out rate impact is not taken

into consideration both for long and short client positions. Management has assessed that including the stop out rate into the calculations would not significantly change the sensitivity analysis presented above.

## Equity risk

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

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



**Our IT solutions  
are world-class.**

**Olga Lustsik**

Member of the Management Board  
Chief Product Officer

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

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

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

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

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

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

From the disposal of associate company, the Group received in 2021 part of the contribution listed equity instruments in amount EUR 1, 654 thousand and as at 31 December 2021 their value is EUR 1,182 thousand. The Group has non-listed equity instruments as at 31 December 2021 in amount EUR 561 thousand (31.12.2020: EUR 458 thousand) (see also Note 22 and 28).

## Commodity risk

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

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

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

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

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

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

	SILVER	BITCOIN	ETHEREUM	PLATINUM
2021	131	12	10	10

	SILVER	BITCOIN	BRENT	PLATINUM
2020	201	2	17	9

A possible credit loss caused by the realisation of the commodity position is managed according to the principles described at the beginning of the market risk chapter. Stop out rate impact is not taken into consideration both for long and short client

positions. Management has assessed that including the stop out rate into the calculations would not significantly change the sensitivity analysis presented above.

## Liquidity risk

Liquidity risk is related to the solvency of Admirals' contractual obligations in a timely manner due to differences in maturities between assets and liabilities. To manage the liquidity risk, forecasted net position of receivables and payables of different

periods of time is monitored on a daily basis and by keeping at any time on the account adequate liquid assets, as well as the concentration of liabilities by maturity is monitored. As at 31.12.2021 and 31.12.2020, the Group had no overdue payables.

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

31.12.2020	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount	Note
<b>Assets held for managing liquidity risk by contractual maturity dates</b>								
Due from credit institutions and investment companies	52,447	0	0	0	0	52,447	52,447	7
Financial assets at fair value through profit or loss (excluding derivatives)	0	1,714	2,623	5,184	0	9,521	9,344	8
Financial assets at fair value through profit or loss (derivatives)	0	504	0	0	0	504	504	8
Loans and receivables	0	973	268	24	77	1,342	1,304	9
<b>Total assets</b>	<b>52,447</b>	<b>3,191</b>	<b>2,891</b>	<b>5,208</b>	<b>77</b>	<b>63,814</b>	<b>63,599</b>	
<b>Liabilities by contractual maturity dates</b>								
Subordinated debt securities	0	0	146	585	2,118	2,849	1,827	16
Other financial liabilities	0	5,239	0	0	0	5,239	5,239	13
Lease liabilities	0	184	546	2,454	1,804	4,988	4,579	15
Financial liabilities at fair value through profit or loss (derivatives)	0	219	0	0	0	219	219	8
<b>Total liabilities</b>	<b>0</b>	<b>5,642</b>	<b>692</b>	<b>3,039</b>	<b>3,922</b>	<b>13,295</b>	<b>11,864</b>	

## Interest rate risk

In 2021 and 2020, Admirals' exposure to interest rate risk was low due to very low interest rates in the current economic environment. Deposits from Admirals in credit institutions and investment firms are generally subject to a 0 per cent rate.

Subordinated debt securities and majority of the loans granted are not exposed to interest rate risk, because of fixed interest rate.

	31.12.2021	31.12.2020
Due from credit institutions and investment companies (except cash and cash in transit)	44,259	52,101
Financial assets at fair value through profit or loss (bonds)	7,632	8,697
Loans Granted	2,024	334
<b>Total assets</b>	<b>53,951</b>	<b>61,132</b>
Subordinated debt securities	4,529	1,827
<b>Total Liabilities</b>	<b>4,529</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 Admirals' risk exposure to company's own funds. The activities of Admirals are aimed at avoiding excessive concentration risks, both geographically and by individual counterparties. To this end, the Group's management has established limits on concentration risk. With regard to banks the limit is 100% of own funds. With regard to investment companies the counterparty concentration risk limit is 25% of own funds.



**Number of available trading instruments grew over 8000**

**Vjatseslav Balahontsev**  
Member of the Supervisory Board



Cash*	31.12.2021		Cash*	31.12.2020	
	Balance sheet balances	Off-balance sheet balances		Balance sheet balances	Off-balance sheet balances
United Kingdom	11,982	33,703	United Kingdom	13,600	32,318
Estonia	14,661	27,410	Estonia	27,693	20,867
Australia	2,748	7,141	Australia	662	12,431
Jordan	2,534	4,073	Jordan	3,137	0
Bulgaria	42	2,955	Bulgaria	82	2,480
Germany	5,795	0	Latvia	171	1,633
Other Countries	6,497	4,109	Other Countries	6,756	1,603
<b>Total</b>	<b>44,259</b>	<b>79,391</b>	<b>Total</b>	<b>52,101</b>	<b>71,332</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 Group's internal systems and human errors. This includes IT risk, which could cause damage in case of unauthorized access to information or technological failure.

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

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

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

## Off-setting of financial assets and financial liabilities

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

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	16,243	0	16,243	7
Financial assets at fair value through profit and loss (derivatives)	504	219	285	8
<b>Total</b>	<b>16,747</b>	<b>219</b>	<b>16,528</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>	

## Note 6.

# Assessment of fair value of financial assets and liabilities

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

	Total	Assessment of fair value using			Note
		Level 1	Level 2	Level 3	
<b>Financial assets recognised at fair value through profit or loss:</b>					
Bonds	7,632	7,632	0	0	8
Convertible loan	0	0	0	0	8
Equity investments at fair value through profit or loss	1,743	1,182	0	561	8
Derivatives:					
Currency pairs	4	0	4	0	8
CFD derivatives	88	0	88	0	8
Other derivatives	34	0	34	0	8
<b>Total</b>	<b>9,501</b>	<b>8,814</b>	<b>126</b>	<b>561</b>	

<b>Financial liabilities recognised at fair value through profit or loss:</b>					
Derivatives:					
Currency pairs	33	0	33	0	8
CFD derivatives	283	0	283	0	8
Other derivatives	321	0	321	0	8
<b>Total</b>	<b>637</b>	<b>0</b>	<b>637</b>	<b>0</b>	

<b>Financial assets recognized at amortised cost:</b>					
Cash	7	7	0	0	7
Due from credit institutions	25,062	0	25,062	0	7
Due from investment companies	20,294	0	20,294	0	7
Cash in transit	311	0	311	0	7
Loans	1,603	0	0	1,603	9
Other financial assets	1,745	0	0	1,745	9
<b>Total</b>	<b>49,022</b>	<b>318</b>	<b>45,356</b>	<b>3,348</b>	

<b>Financial liabilities recognized at amortised cost:</b>					
Other financial liabilities	2,175	0	0	2,175	13
Subordinated debt securities	4,559	0	0	4,559	16
<b>Total</b>	<b>6,734</b>	<b>0</b>	<b>0</b>	<b>6,734</b>	

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

	Total	Assessment of fair value using			Note
		Level 1	Level 2	Level 3	
<b>Financial assets recognised at fair value through profit or loss:</b>					
Bonds	8,697	8,697	0	0	8
Convertible loan	139	0	0	139	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	78	0	78	0	8
<b>Total</b>	<b>9,799</b>	<b>8,697</b>	<b>505</b>	<b>597</b>	

<b>Financial liabilities recognised at fair value through profit or loss:</b>					
Derivatives:					
Currency pairs	83	0	83	0	8
CFD derivatives	52	0	52	0	8
Other derivatives	84	0	84	0	8
<b>Total</b>	<b>219</b>	<b>0</b>	<b>219</b>	<b>0</b>	

<b>Financial assets recognized at amortised cost:</b>					
Cash	5	5	0	0	7
Due from credit institutions	36,648	0	36,648	0	7
Due from investment companies	16,243	0	16,243	0	7
Cash in transit	345	0	345	0	7
Loans	345	0	0	345	9
Other financial assets	934	0	0	934	9
<b>Total</b>	<b>54,520</b>	<b>350</b>	<b>52,891</b>	<b>1,279</b>	

<b>Financial liabilities recognized at amortised cost:</b>					
Other financial liabilities	5,067	0	0	5,067	13
Subordinated debt securities	1,827	0	0	1,827	16
<b>Total</b>	<b>6,894</b>	<b>0</b>	<b>0</b>	<b>6,894</b>	

### Levels used in the hierarchy:

#### Level 1

quoted price in an active market

#### Level 2

valuation technique based on market data

#### Level 3

other valuation methods with estimated inputs

## Financial instruments on level 2

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

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

## Financial instruments on level 3

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

Convertible loans and equity investments at fair value through profit or loss are investments made

on market terms during the reporting period. Management has assessed that their investment value based on contractual terms is a close approximation of their fair value at the balance sheet date. Management is monitoring closely the investment performance and receives reporting from investees which serves as the basis of their assessment at balance sheet date.

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

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

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

## Note 7. Due from credit institutions and investment companies

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

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

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

**Fedor Ragin**

Member of the Supervisory Board

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

Instrument	31.12.2021		31.12.2020		Note
	Asset	Liability	Asset	Liability	
Bonds	7,632	0	8,697	0	6
Convertible loan	0	0	139	0	6
Equity investments at fair value through profit or loss	1,743	0	458	0	6
Currency pairs	4	33	272	83	6
CFD derivatives	88	283	155	52	6
Other derivatives	34	321	78	84	6
<b>Total</b>	<b>9,501</b>	<b>637</b>	<b>9,799</b>	<b>219</b>	

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

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

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

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

## Note 9. Loans and receivables

	31.12.2021	31.12.2020	Note
<b>Financial assets</b>			
Trade receivables	456	88	
Settlements with employees	72	21	
Loans granted	1,564	334	6
Other short-term receivables	1,256	836	
<b>Total</b>	<b>3,348</b>	<b>1,279</b>	

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

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

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

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

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

## Note 10. Other assets

	31.12.2021	31.12.2020	Note
Prepaid expenditure of future periods	1,127	900	
Prepaid taxes	1,246	930	14
<b>Total</b>	<b>2,373</b>	<b>1,830</b>	

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

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

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

continued on next page ↓

<b>Balance as at 31.12.2021</b>			
Cost	4,020	6,402	10,422
Accumulated depreciation and amortisation	-1,792	-2,585	-4,377
<b>Carrying amount</b>	<b>2,228</b>	<b>3,817</b>	<b>6,045</b>

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

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

## Note 12. Intangible assets

	Licenses	Intangible assets generated internally	Other intangible assets	Total
<b>Balance as at 31.12.2019</b>				
Cost	387	627	217	1,231
Accumulated depreciation and amortisation	-278	-125	-114	-517
<b>Carrying amount</b>	<b>109</b>	<b>502</b>	<b>103</b>	<b>714</b>
Acquisition of non-current assets	401	0	0	401
Write-off of non-current assets	-169	0	-158	-327
Depreciation/amortisation charge	-72	-126	-44	-242
<b>Balance as at 31.12.2020</b>				
Cost	619	627	59	1,305
Accumulated depreciation and amortisation	-181	-251	0	-432
<b>Carrying amount</b>	<b>438</b>	<b>376</b>	<b>59</b>	<b>873</b>
Acquisition of non-current assets	642	3,845	0	4,487

Exchange differences	4	-3	0	1
Write-off of non-current assets	0	0	-59	-59
Depreciation/amortisation charge	-210	-257	0	-467
<b>Balance as at 31.12.2021</b>				
Cost	1,265	4,469	0	5,734
Accumulated depreciation and amortisation	-391	-508	0	-899
<b>Carrying amount</b>	<b>874</b>	<b>3,961</b>	<b>0</b>	<b>4,835</b>

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

In 2021, the Group capitalised development costs for several new software products that are expected to generate future economic benefits. These new software products were released at the end of 2021, with expected useful life of 5 years. The Group

estimates the useful life of new software products to be at least 5 years based on the expected technical obsolescence of such assets. However, the actual service life may be shorter or longer than five years, depending on technical innovations.

## Note 13. Liabilities and prepayments

Type of liability	31.12.2021	31.12.2020	Note
<b>Financial liabilities</b>			
Liabilities to trade creditors	1,802	2,882	
Interest payable	0	1	
Other accrued expenses	373	2,184	
<b>Subtotal</b>	<b>2,175</b>	<b>5,067</b>	
<b>Non-financial liabilities</b>			
Payables to employees	443	692	
Taxes payable	673	749	14
<b>Subtotal</b>	<b>1,116</b>	<b>1,441</b>	
<b>Total</b>	<b>3,291</b>	<b>6,508</b>	

## Note 14.

# Tax prepayments and liabilities

	31.12.2021		31.12.2020		Note
	Prepaid taxes	Taxes payables	Prepaid taxes	Taxes payables	
Value-added tax	38	166	30	150	
Corporate income tax	74	164	126	174	
Individual income tax	0	113	0	168	
Social security tax	0	203	0	226	
Other tax receivables/ liabilities in foreign countries	78	27	131	31	
Deferred tax	0	31	0	567	17
Prepayment's account	1,056	0	643	0	
<b>Total</b>	<b>1,246</b>	<b>704</b>	<b>930</b>	<b>1,316</b>	<b>11, 13</b>

## Note 15.

# Leases

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

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

Please see Note 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 31.12.2019</b>	<b>4,571</b>
Additions*	1,256
Adjustments	-18
Lease payments made during the year	-976
Interest expense	115
<b>Balance at 31.12.2020</b>	<b>4,948</b>
Additions*	603
Adjustments (incl. terminations)	-592
Lease payments made during the year	-1,001
Interest expense	98
<b>Balance at 31.12.2021</b>	<b>4,056</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 2021 and 31 December 2020 are set below:

	31.12.2021	31.12.2020
Short-term office lease liabilities	827	877
Long-term office lease liabilities	3,229	4,071
<b>Total</b>	<b>4,056</b>	<b>4,948</b>



**We connect  
the world  
with our global  
expertise and offers.**

**Roman Krutyanskiy**

Member of the Management Board  
Chief Sales & Service Officer

## Note 16. Subordinated debt securities

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

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

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

Debt liabilities from financing activities	
Liabilities as at 31.12.2019	1,827
Liabilities as at 31.12.2020	1,827
Cash flows from financing activities	2,702
Liabilities as at 31.12.2021	4,529

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

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

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

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

Interest liability from subordinated debt	
<b>Accrued interest on subordinated debts as at 31.12.2019</b>	<b>1</b>
Interest calculated for 2020	151
Paid out during 2020	-151
<b>Accrued interest on subordinated debts as at 31.12.2020</b>	<b>1</b>
Interest calculated for 2021	341
Paid out during 2021	-254
<b>Accrued interest on subordinated debts as at 31.12.2021</b>	<b>88</b>

Income tax	2021	2020
Corporate income tax related with daily business operations	1	0
Corporate income tax from earnings of foreign subsidiaries and branches	237	184
Deferred corporate income tax liability on dividends	31	567
Corporate income tax expense associated with dividends payment declared	0	267
<b>Total corporate income tax</b>	<b>269</b>	<b>1,018</b>

### Conditional corporate income tax

As at 31.12.2021, the Group's retained earnings amounted to EUR 59,099 thousand (31.12.2020: EUR 61,657 thousand). Distribution of retained earnings as dividends to the owners is subject to the income tax at the rate of 20/80 on the amount paid out as net dividends. From 2019, a lower tax rate of 14/86 is applied to regularly payable dividends to the extent that is less than or equal to the average amount of taxable dividends of the previous three calendar years. Therefore, taking into account regulatory requirements for Net Own funds and capital, from the retained earnings available at the reporting date, it is possible to pay out to the shareholders as dividends as at 31.12.2021

EUR 18,607 thousand (31.12.2020: EUR 20,011 thousand), and the corresponding income tax would have amounted to EUR 4,652 thousand (31.12.2020: EUR 5,003 thousand).

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

## Note 17. Corporate income tax

According to Estonian laws, retained earnings are not taxed with corporate income tax, whereas paid-out dividends are taxed. In 2021 Admirals Group AS subsidiary Admiral Markets AS paid dividends to parent company in amount of EUR 2,742 thousand (2020: EUR 1,371 thousand) and the accompanying income tax liability was in the amount of EUR 567 thousand (2020: EUR 267 thousand). In 2021, Admirals Group AS paid in turn dividends to its owners in amount of EUR 2,704 thousand (2020: EUR 1,352 thousand).

According to the IFRIC agenda decision disclosed in accounting policy "Corporate income tax", a deferred tax liability in amount EUR 567 thousand was recognised as a deferred tax liability in 2020 from the Group's Estonian subsidiary's annual profits based on the Group's dividend policy to distribute part of annual profits to parent company. As of 31.12.2021, the deferred tax liability based on the dividend policy was EUR 31 thousand.

As a result of the activities of its subsidiaries and branches, the Group incurred an income tax liability of EUR 321 thousand (2020: EUR 1,018 thousand).

In 2021, the income tax on corporate profits were paid in United Kingdom and by branch in Romania and Spain and in representative office in Russia, in total amount of EUR 128 thousand. In 2020, the corporate income tax on profits were in amount EUR 184 thousand.

Estimated corporate income tax on profits of foreign subsidiaries is calculated using valid income tax rates applicable in the countries of the Group's subsidiaries. The applicable tax rate is the weighted average of the corporate income tax rate of 19.0% (2020: 19.0%). The amounts of tax losses carried forward in the Group are immaterial. The main corporate income tax expense on profits are related with UK subsidiary and its branches, with marginal differences on the legislative corporate income tax rate and the effective corporate income tax rate due to some expenses being not deductible for tax purposes.

## Note 18. Off-balance sheet assets

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

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

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

## Note 19. Share capital

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

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

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

Basic and diluted earnings per share are calculated as follows:

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

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

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

## Note 20. Segment reporting

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

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

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

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

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

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

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

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

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

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



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

**Andrey Koks**

Member of the Management Board  
Chief Information Officer

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

Equations used for the calculation:

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

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

2021 EBITDA:  
EBIT in amount -1,042 th EUR, added back depreciation of tangible and intangible assets in amount 1,062 th EUR and depreciation of right-of-use assets in amount 973 th EUR = 993 th EUR.

2021 EBIT:  
profit before tax in amount 418 th EUR, deducted by interest and similar income (128 th EUR and 185 th EUR), added back interest expense in amount 426 th EUR and deducted by one-off financial gain from associates in amount 1,573 th EUR (recorded in other income, see Note 22) = -1,042 th EUR.

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

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

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

## Note 21. Net income from trading

	2021	2020
Indices CFD's	13,936	28,409
Currency CFD's	9,673	18,927
Commodities CFD's	12,676	17,847
Other (crypto, bonds, ETF, shares, others)	778	451
<b>Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers</b>	<b>37,063</b>	<b>65,634</b>
Commission fee revenue from clients	2,138	1,829
Brokerage and commission fee expense	-2,954	-4,380
Other trading activity related income	196	313
Other trading activity related expenses	-732	-1,227
<b>Net income from trading</b>	<b>35,711</b>	<b>62,169</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 introducing brokers, commissions paid to liquidity providers and fees paid to payment systems. The Group concludes cooperation agreements with introducing brokers who receive commissions which depend on the trade generated under the cooperation agreements. The Group concludes agreements with liquidity providers and providers of payment systems which require different fees charged.

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

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

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

The Group's operating incomes is generated from:

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

## Note 22. Other income

	2021	2020
Software development and support	997	2,107
Other income	2,431	395
<b>Other income total</b>	<b>3,428</b>	<b>2,502</b>

The Group provided software development and support service to third parties amounted to EUR 997 thousand (2020: EUR 2,107 thousand). In 2021 other income also includes net income from sales of subsidiary AM Investments and Trading SA (PTY) LTD and associate company World OÜ (see also Note 28).

## Note 23. Other expense

	2021	2020
Cost of goods and services	-164	-584
Other expenses	0	-273
<b>Other expense total</b>	<b>-164</b>	<b>-857</b>

## Note 24. Personnel expenses

The remuneration for employees including social security taxes amounted to EUR 11,499 thousand (2020: EUR 15,994 thousand) and the remuneration for the management amounted to EUR 1,153 thousand (2020: EUR 2,406 thousand). The Group had 300 employees by the end of 2021 (2020: 340 employees).

	2021	2020
Employees (headquarters of Admiral Markets AS)	-4,072	-7,309
Employees (branches and other companies belonging to the consolidation group)	-6,405	-6,105
Remuneration of the Management Board and Supervisory Board	-1,153	-2,406
Vacation pay reserve	131	-174
<b>Total</b>	<b>-11,499</b>	<b>-15,994</b>

## Note 25. Operating expenses

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

## Note 26. Contingent liabilities

Tax authorities have the right to review the Group's tax records for up to 5 years after submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines. The tax authorities have performed tax audits in Admirals Group AS subsidiary

Admiral Markets UK Ltd in 2020 and audited periods 2016 until 2019. The Group's management estimates that in 2021 there are no such circumstances, which may lead the tax authorities to impose significant additional taxes on the Group.

## Note 27. Transactions with related parties

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

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

Mr. Alexander Tsikhilov has ultimate control over the Group.

### Revenue

	Relation	2021	2020
Services	Companies related to senior management	410	1,127
Interest income	Companies related to senior management	10	0
<b>Total transactions with related parties</b>		<b>420</b>	<b>1,127</b>

### Expenses

	Relation	2021	2020
Services	Companies related to senior management	710	193
<b>Total transactions with related parties</b>		<b>710</b>	<b>193</b>



## Loans and receivables

	31.12.2021	31.12.2020
Loans to companies related to senior management	120	459
Receivables from senior management	103	49
<b>Total receivables from related parties</b>	<b>223</b>	<b>508</b>

## Payables

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

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

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

## Note 28. Subsidiaries and associates

The Group's subsidiaries included in these consolidated financial statements are disclosed in Note 2. The Group owns 62% of shares of AMTS Solutions OÜ (2020: 62%), which offers IT services to the Group.

In 2021 Group has acquired 100% of shares of a peer-to-peer lending platform Moneyzen OÜ and a non-active investment firm Admirals SA (PTY) Ltd. (May 2021). The acquisition of Moneyzen OÜ (January 2021) allows the Group to expand the range of services (ie investment opportunities) the clients can use. The purpose of the acquisition of Admirals SA (PTY) Ltd was to obtain the limited investment firm licence in Republic of South Africa.

The assets and liabilities recognised as a result of the acquisition of subsidiaries and purchase consideration paid were as follows:

	Moneyzen OÜ	Admirals SA (Pty) Ltd
Cash	19	0
Other short-term receivables	56	0
Intangible assets – lending platform	575	0
Intangible assets – investment firm license	0	213
Payables	-50	-7
<b>Net assets acquired</b>	<b>600</b>	<b>206</b>
<b>Cash paid</b>	<b>600</b>	<b>206</b>
Less cash balances acquired	19	0
<b>Net cash outflow</b>	<b>581</b>	<b>206</b>

The fair value of cash, short-term receivables and payables were considered as close approximation of their carrying value. Management estimated that the fair value of the lending platform was higher than the carrying value. Management estimated that the consideration paid for the investment firm license is the fair value of the license.

In 2020, the Group made investment into associate company World OÜ in amount EUR 1,376 thousand. In 2021 the Group has sold associate company World OÜ and subsidiary AM Investments and Trading SA (Pty) Ltd (see Note 22). Disposed subsidiary was not active and therefore consideration received immaterial for detailed disclosure purposes.

Details of the sale of the associate company:

	2021	2020
Consideration received or receivable:		
<b>Cash</b>	<b>2,290</b>	<b>0</b>
<b>Listed shares (fair value at the date of disposal)</b>	<b>1,654</b>	<b>0</b>
Carrying amount of the associate at the date of disposal	2,020	0
Profit from disposal (Note 22)	1,924	0

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

# Separate primary financial statements of the parent company

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

## Statement of financial position of the parent company

(in thousands of euros)	31.12.2021	31.12.2020
<b>Assets</b>		
Due from credit institutions	1,652	667
Loans and receivables	301	351
Investments in subsidiaries	11,498	9,891
Other assets	35	43
<b>Total assets</b>	<b>13,486</b>	<b>10,952</b>
<b>Liabilities</b>		
Liabilities and prepayments	6,759	6,834
Subordinated debt securities	2,731	0
<b>Total liabilities</b>	<b>9,490</b>	<b>6,834</b>
<b>Equity</b>		
Share capital	250	250
Statutory reserve capital	25	25
Own shares	-105	-114
Retained earnings	3,826	3,957
<b>Total equity</b>	<b>3,996</b>	<b>4,118</b>
<b>Total liabilities and equity</b>	<b>13,486</b>	<b>10,952</b>

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

(in thousands of euros)	2021	2020
<b>Total revenue</b>	<b>492</b>	<b>337</b>
Operating expenses	-341	-198
Personnel expenses	-57	-72
<b>Total expenses</b>	<b>-398</b>	<b>-270</b>
<b>Operating profit</b>	<b>94</b>	<b>67</b>
Net profit (loss) from foreign exchange rate changes	3	-2
Net financial income and expenses	2,773	1,108
Interest expenses	-297	-97
<b>Profit before income tax</b>	<b>2,573</b>	<b>1,076</b>
Income tax	0	0
<b>Profit for the accounting period</b>	<b>2,573</b>	<b>1,076</b>
<b>Comprehensive income for the accounting period</b>	<b>2,573</b>	<b>1,076</b>

## Statement of cash flows of the parent company

(in thousands of euros)	2021	2020
<b>Cash flow from operating activities</b>		
Profit for the accounting period	2,574	1,076
<b>Adjustments for:</b>		
Interest expenses	297	97
Net profit (loss) from foreign exchange rate changes	-3	2
Income tax expense	6	5
Other financial income and expenses	-2,806	-1,107
Other adjustments	-53	22
<b>Adjusted operating profit</b>	<b>15</b>	<b>95</b>

Change in receivables and prepayments relating to operating activities	59	-183
Change in payables and prepayments relating to operating activities	-75	64
Interest paid	-220	-97
<b>Net cash used in operating activities</b>	<b>-221</b>	<b>-121</b>
<b>Cash flow from investing activities</b>		
Disposal of subsidiaries	61	0
Acquisition of subsidiaries, net of cash paid	-600	-28
Increase of share capital of subsidiary	-1,010	-2,052
Loan granted	0	-30
Dividends received	2,742	1,381
<b>Net cash used in investing activities</b>	<b>1,193</b>	<b>-729</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-2,704	-1,352
Proceeds from subordinated debt securities issued	2,717	0
Repayments of loans granted	0	2,300
<b>Net cash from financing activities</b>	<b>13</b>	<b>948</b>
<b>TOTAL CASH FLOWS</b>	<b>985</b>	<b>98</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>667</b>	<b>569</b>
Change in cash and equivalents	985	98
<b>Cash and cash equivalents at the end of period</b>	<b>1,652</b>	<b>667</b>

## Statement of changes in shareholders' equity

(in thousands of euros)	Share capital	Own shares (-)	Statutory reserve capital	Retained earnings	Total
<b>Balance as at 01.01.2020</b>	<b>250</b>	<b>-114</b>	<b>25</b>	<b>4,233</b>	<b>4,394</b>
Paid dividends	0	0	0	-1,352	-1,352
Comprehensive income for the accounting period	0	0	0	1,076	1,076
<b>Balance as at 31.12.2020</b>	<b>250</b>	<b>-114</b>	<b>25</b>	<b>3,957</b>	<b>4,118</b>
Carrying amount of holdings under control and significant influence	0	0	0	-9,891	-9,891
Value of holdings under control and significant influence under equity method	0	0	0	67,591	66,880
<b>Adjusted unconsolidated equity as at 31.12.2020</b>	<b>250</b>	<b>114</b>	<b>25</b>	<b>61,657</b>	<b>61,107</b>
<b>Balance as at 01.01.2021</b>	<b>250</b>	<b>114</b>	<b>25</b>	<b>3,957</b>	<b>4,118</b>
Paid dividends	0	0	0	-2,704	-2,704
Sale of own shares	0	9	0	0	9
Comprehensive income for the accounting period	0	0	0	2,573	2,573
<b>Balance as at 31.12.2021</b>	<b>250</b>	<b>-105</b>	<b>25</b>	<b>3,826</b>	<b>3,996</b>
Carrying amount of holdings under control and significant influence	0	0	0	-11,498	-11,498
Value of holdings under control and significant influence under equity method	0	0	0	66,771	66,794
<b>Adjusted unconsolidated equity as at 31.12.2021</b>	<b>250</b>	<b>114</b>	<b>25</b>	<b>59,099</b>	<b>59,292</b>

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

## Signatures of the Management Board members to the 2021 Annual Report

The Management Board has prepared the Management Report and the consolidated financial statements of Admirals Group AS for the financial year ended on 31 December 2021.

The Management Board confirms that Management Report of Admirals Group AS on pages 12 to 65 provides a true and fair view of the business operations, financial results and financial condition.

01.04.2022

Chairman of the Management Board:  
Sergei Bogatenkov  
*Signed digitally*

Chairman of the Management Board:  
Andrey Koks  
*Signed digitally*

Chairman of the Management Board:  
Roman Krutyanskiy  
*Signed digitally*

The Management Board confirms that according to their best knowledge the consolidated Financial Statements of Admirals Group AS on the pages 66 to 150 presents a true and fair view of the Group's assets, liabilities, financial position and financial results according to the International Financial Reporting Standards as they are adopted by the European Union and contains description of the main risks and doubts.

Chairman of the Management Board:  
Jens Chrzanowski  
*Signed digitally*

Chairman of the Management Board:  
Olga Luštšik  
*Signed digitally*

Chairman of the Management Board:  
Andreas Ioannou  
*Signed digitally by Sergei Bogatenkov on the basis of the power of attorney granted on 23.03.22*

# Independent auditor's report



## Independent auditor's report

To the Shareholders of Admirals Group AS

### Report on the audit of the consolidated financial statements

#### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Admirals Group AS (former business name Admiral Markets Group AS) (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2021, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 1 April 2022.

#### What we have audited

The Group's consolidated financial statements comprise:

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

#### Basis for opinion

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

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

#### Independence

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

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its subsidiaries are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59<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 subsidiaries in the period from 1 January 2021 to 31 December 2021 are disclosed in the Management report.

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.

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## Our audit approach

### Overview



- Overall group audit materiality is EUR 480 thousand, which represents approximately 5% of the Group's average profit before tax for years 2019 to 2021.
- A full scope audit was performed by us, or under our instructions, by firms outside the PwC network for Group entities covering 100% of the Group's net income from trading and 98% of the Group's assets. Selected audit procedures were performed on remaining balances to ensure we obtained sufficient appropriate audit evidence to express an opinion on the Group's financial statements as a whole.
- Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers

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

#### Materiality

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

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

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**Overall Group audit materiality** EUR 480 thousand

**How we determined it** 5% of the Group's average profit before tax for years 2019 to 2021

**Rationale for the materiality benchmark applied** We have applied this benchmark, as profit before tax is one of the principal considerations when assessing the Group's performance and a key performance indicator for the Management and the Supervisory Board. We have used 3 years' average of profit before tax as the Group's results are volatile by nature and 3 years' average better reflects Group's operating volumes.

#### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers (detailed information is provided in Note 2 "Accounting policies and estimates used in preparing the financial statements" and Note 21 "Net income from trading")</i></p> <p>The Group provides its clients various Forex and Contract for Difference (CFD) products with leverage.</p> <p>The Group's net gains from trading predominantly comprises net gains from these CFD transactions placed by clients, and the net gains or losses from hedging trades that the Group places with external liquidity providers to manage its risk. These transactions constituted one of the most important item in the consolidated statement of comprehensive income of the Group.</p> <p>In addition, this area requires significant effort and expertise in financial instruments and the use of information systems, which is why we have identified it as a key audit matter.</p>	<p>We assessed whether the Group's accounting policies over recognition of net gains from trading comply with International Financial Reporting Standards as adopted by the European Union (IFRS EU).</p> <p>We assessed the design and operating effectiveness of the controls related to net gains from trading. We tested whether the net gains from trading reports include all transactions, i.e. the reports are complete and the system calculates the gains from trading transactions accurately.</p> <p>We have performed the following detailed testing:</p> <ul style="list-style-type: none"> <li>• we reconciled the detailed recognition of net gains from trading system reports with net gains from trading recorded in the financial statements;</li> <li>• we tested that net gains from trading 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> </ul>

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**Overall Group audit materiality** EUR 480 thousand

**How we determined it** 5% of the Group's average profit before tax for years 2019 to 2021

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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## Report on other legal and regulatory requirements

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

We have been engaged based on our agreement by the Management Board of the Parent Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of Admirals Group AS for the year ended 31 December 2021 (the "Presentation of the Consolidated Financial Statements").

#### Description of a subject matter and applicable criteria

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

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

#### Responsibility of the Management Board and those charged with governance

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

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

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

#### Our responsibility

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

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

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

#### Quality control requirements

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

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

#### Summary of the work performed

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

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

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

#### Conclusion

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

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#### Appointment and period of our audit engagement

We were first appointed as auditors of Admirals Group AS, as a public interest entity, for the financial year ended 31 December 2021. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of Admirals Group AS can be extended for up to the financial year ending 31 December 2040.

AS PricewaterhouseCoopers

/signed/

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

1 April 2022  
Tallinn, Estonia

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# Proposal for profit distribution

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

- transfer the profit for the reporting period attributable to shareholders of the parent in the amount of EUR 146 thousand to retained earnings.

# Signatures of the Supervisory Board to the Annual Report

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

01.04.2022

Chairman of the Supervisory Board:  
Alexander Tsikhilov

Member of the Supervisory Board:  
Anton Tikhomirov

Member of the Supervisory Board:  
Anatolii Mikhailchenko

Member of the Supervisory Board:  
Priit Rohumaa

Member of the Supervisory Board:  
Fedor Ragin

Member of the Supervisory Board:  
Dmitri Laush

Member of the Supervisory Board:  
Vjatseslav Balahontsev

# Allocation of income according to EMTA classifiers

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

EMTAK code	Title of EMTAK group	2021	2020
64201	Holding company's activities	492	337



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