

**2020**

# Unaudited interim report

Admiral Markets AS



**admirals**

# Admiral Markets AS

## Unaudited interim report 2020

Commercial Registry no.	10932555
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E-mail	info@admiralmarkets.com
Main area of activity	Investment services
Activity licence no	4.1-1/46
Beginning and end date of interim report period	01. January - 31. December
Chairman of the Management Board	Sergei Bogatenkov
Members of the Management Board	Dmitri Lauš Jens Chrzanowski Victor Gherbovet
Chairman of the Supervisory Board	Alexander Tsikhilov
Members of the Supervisory Board	Anton Tikhomirov Anatolii Mikhilchenko
Auditor	PricewaterhouseCoopers AS



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

**Alexander Tsikhilov**

Chairman of the Supervisory Board

# Highlights 2020

- Net trading income was EUR 47.1 million (2019: EUR 23.2 million)
- EBITDA<sup>1</sup> was EUR 21.6 million (2019: EUR 5.8 million)
- EBITDA margin was 46% (2019: 25%)
- Net profit was EUR 20.3 million (2019: EUR 4.6 million)
- Net profit margin was 43% (2019: 20%)
- Cost to income ratio was 56% (2019: 83%)
- Value of trades up 68% to EUR 998 billion (2019: EUR 590 billion)
- Number of trades up 110% to 66.9 million (2019: 31.8 million)

↑ **340** %

Net profit increased

↑ **271** %

EBITDA increased

↑ **68** %

Trading volumes increased

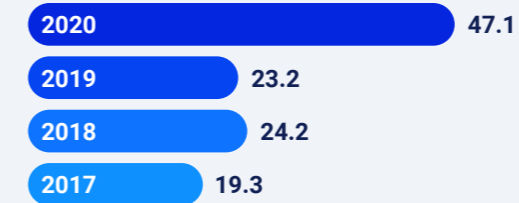
↑ **110** %

Number of trades increased

↑ **103** %

Net trading income increased

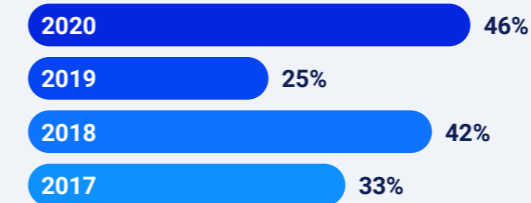
## Net trading income EUR 47.1m



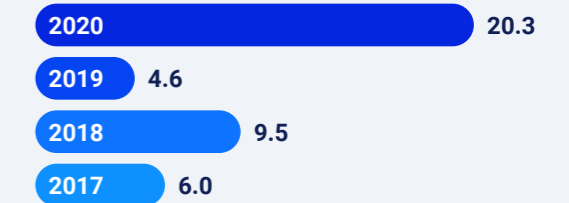
## EBITDA<sup>1</sup> EUR 21.6m



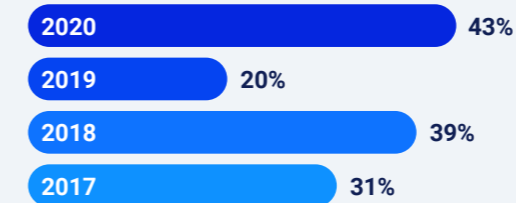
## EBITDA margin was 46%



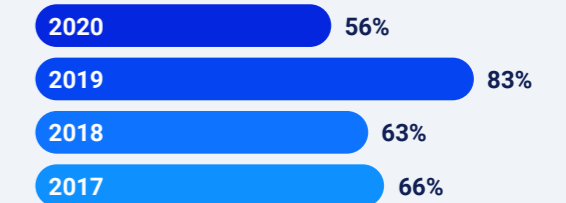
## Net profit EUR 20.3m



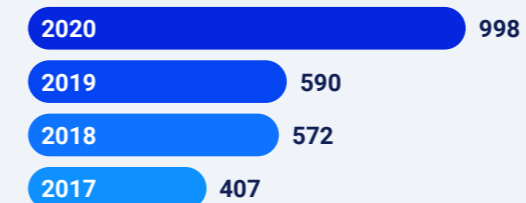
## Net profit margin 43%



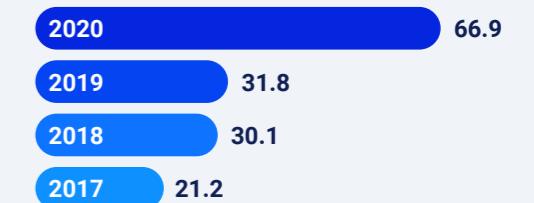
## Cost to income ratio 56%



## Value of trades EUR 998bn



## Number of trades 66.9m



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

# Management Board declaration

The 2020 interim report of Admiral Markets AS consists of the management report and financial statements.

The data and the additional information provided by Admiral Markets AS in the 2020 interim report are true and complete.

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

The financial statements of the interim report of 2020 are unaudited.

/digitally signed/

Sergei Bogatenkov  
Chairman of the Management Board  
Tallinn, 28.02.2021



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

**Sergei Bogatenkov**  
Chairman of the Management Board

# To the investors of Admiral Markets

Dear Investors,

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

**Sergei Bogatenkov**  
Chairman of the Management Board

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

**Anton Tikhomirov**

Member of the Supervisory Board

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

# Management report

## Our company

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

The main activity of Admiral Markets AS is the provision of trading and investment services (mainly leveraged and derivative products) to retail, professional and institutional clients. Customers are offered leveraged Contract for Difference (CFD) products in the over-the-counter market, Forex as well as listed instruments. The Company's activities have mostly targeted experienced traders, but since last year we have also strengthened our position in the beginner's segment. Therefore, the Company focuses on the improvement of general trading skills of experienced traders and the training of new enthusiasts as well.

In addition to the provision of other support services, under White Label agreements, Admiral Markets AS, being the administrator and developer of the platform, provides all sister companies that are part of the same consolidation group the possibility of using the investment platform. In line with the Group's strategy, the sister investment companies of Admiral Markets AS hedge the risks arising from their customers' transactions in Admiral Markets AS, who is also their main liquidity partner. Due to this, the results of Admiral Markets AS depend on other companies in the Group.

In addition to the services offered to retail, professional and institutional customers, Admiral Markets AS also acts as a provider of support services for its consolidation group companies, being responsible for all key middle and back-office functions: administration and development of IT platforms, risk management, liquidity provision, marketing, financial services, compliance.

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

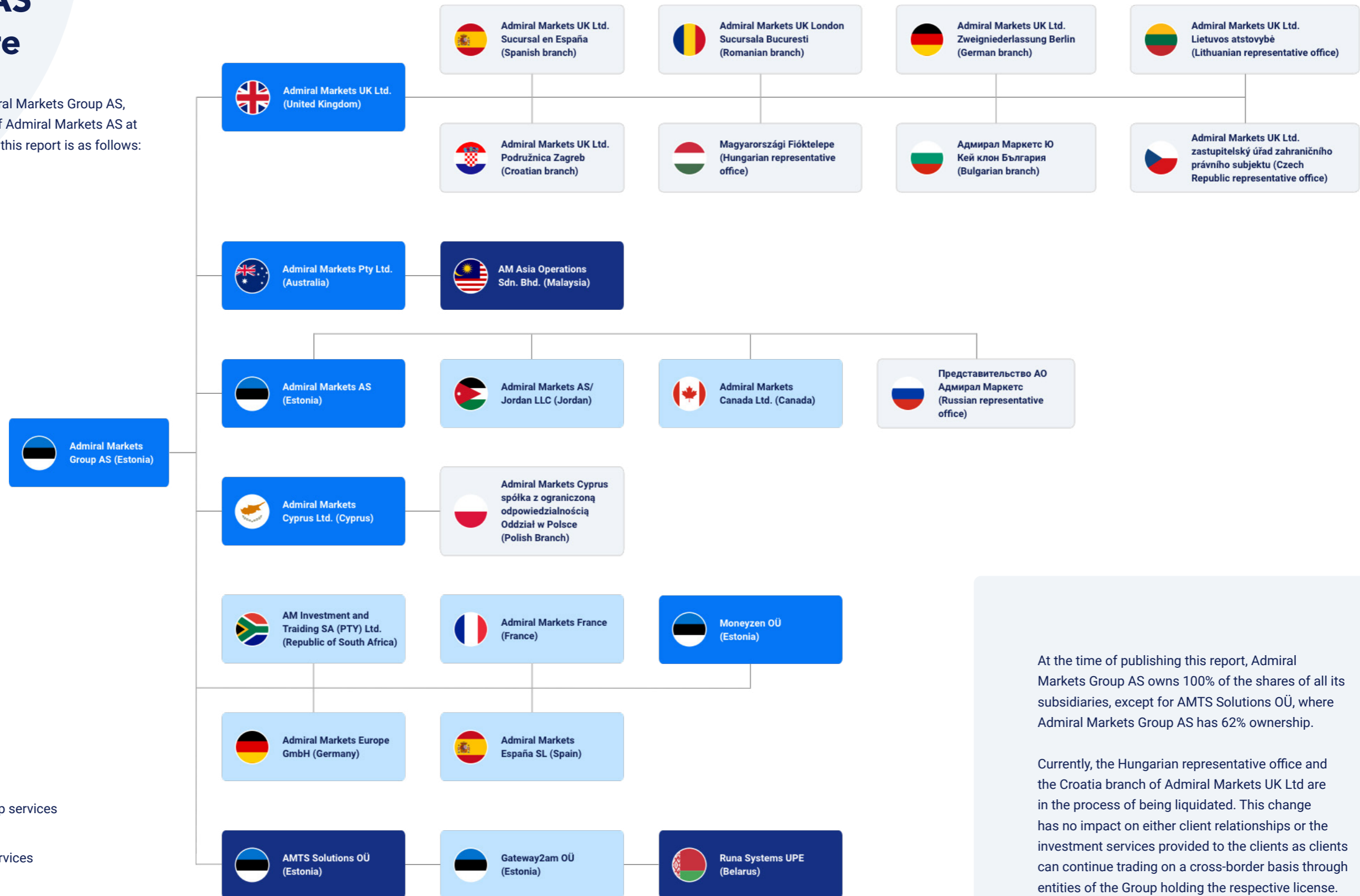
Admiral Markets AS has subsidiaries in Canada and in Jordan. The branch in Poland is closed and the representative office in the Russian Federation is in the process of being liquidated in connection with shaping the strategy of Admiral Markets AS' parent company Admiral Markets Group AS for the coming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

Other companies that are part of the same consolidation group as Admiral Markets AS at the time of publishing this report are Runa Systems, AMTS Solution OÜ, AM Asia Operations Sdn. Bhd., AM INVESTMENTS AND TRADING SA (PTY) LTD Gateway2am OÜ (former name Admiral Virtual OÜ), Admiral Markets Europe GmbH, Admiral Markets France, Admiral Markets Espana SL In 2021 Admiral Markets Group AS also acquired MoneyZen OÜ, a peer-to-peer lending platform.

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

# Admiral Markets Group AS structure

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



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

At the time of publishing this report, Admiral Markets Group AS owns 100% of the shares of all its subsidiaries, except for AMTS Solutions OÜ, where Admiral Markets Group AS has 62% ownership.

Currently, the Hungarian representative office and the Croatia branch of Admiral Markets UK Ltd are in the process of being liquidated. This change has no impact on either client relationships or the investment services provided to the clients as clients can continue trading on a cross-border basis through entities of the Group holding the respective license.



## Our products and services

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

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

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

## Trading platforms and access to financial markets

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

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

The MetaTrader 5 platform inherited the intuitive, easy-to-use interface and trading functions of

MetaTrader 4 but, unlike its predecessor, it is no longer prone to tradable product range scalability limitations. The newest platform now also supports trading in exchange-traded products like stocks, exchange-traded funds, futures, bonds, and options. This inherent multi-asset support created an opportunity for Admiral Markets to engage with new market segments, reach an even broader group of traders and expand the global footprint of Admiral Markets by enabling trading in stocks and exchange-traded funds.

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

## Our clients

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

We continuously kept providing webinars. Here we are not only speaking about the trading ABCs, but also giving our clients the opportunity to freely and without risk explore trading possibilities with over 8,300 trading instruments via free demo accounts.

Moreover, for many clients we are and remain their only trading provider, as Admiral Markets supports a wide range of different trading-related services, which is sufficient even for the very demanding client.

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



# Key events in 2020

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

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

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

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

In 2020, we started preparations for the rebranding of the company as we are on our way becoming a global financial hub. In 2021 we will launch Admirals as the brand of the company.

# The Admiral Markets App

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

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

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



# Cutting-edge IT team

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

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

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

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

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

# Marketing

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

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

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

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

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

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

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

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

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

## Our people

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

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

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

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

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

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

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



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

**Anatolii Mikhalchenko**  
Member of the Supervisory Board



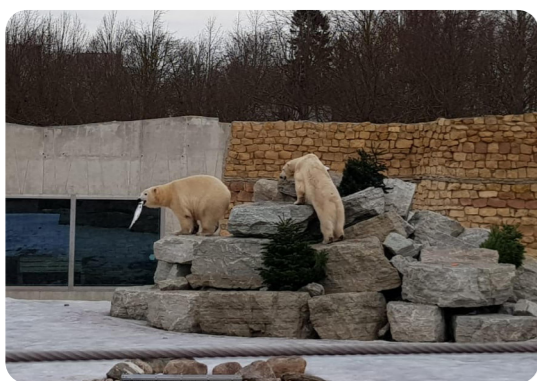
# Doing Good & Corporate Social Responsibility

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

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

## Tallinn Zoo

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



## Pärnu Music Festival

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



## Collaboration with student inventors

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

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

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



## Eesti Kontsert

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



## Scholarships at TalTech

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



## Hõbevalge

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

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

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

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



# Management

Admiral Markets AS is managed by a four-member Management Board and supervised by a three member Supervisory Board. The members of the Management Board actively participate in the Company's daily business operations and have clear responsibilities. The Supervisory Board shapes the vision and business strategy of the Company,

actively guiding its growth and development and also supervises activities of the Management Board.

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

## Supervisory Board of Admiral Markets AS

The members of the Supervisory Board of Admiral Markets AS at the time of preparation of the interim report are Alexander Tsikhilov, Anatolii Mikhhalchenko and Anton Tikhomirov.



**Alexander Tsikhilov**  
Chairman of the Supervisory Board



**Anton Tikhomirov**  
Member of the Supervisory Board



**Anatolii Mikhhalchenko**  
Member of the Supervisory Board

## Management Board of Admiral Markets AS

The members of the Management Board of Admiral Markets AS at the time of preparation of the interim report are Sergei Bogatenkov, Dmitri Lauš, Jens Chrzanowski and Victor Gherbovet.



**Sergei Bogatenkov**  
Chairman of the Management Board



**Dmitri Lauš**  
Member of the Management Board



**Jens Chrzanowski**  
Member of the Management Board



**Victor Gherbovet**  
Member of the Management Board

Leadership matters, but it is nothing without our team. Togetherness is one of our corporate values and it is the key to our success.



# Organisation

The Company's management is responsible for the organisational structure and technical arrangement of Admiral Markets AS.

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

At the end of 2020, the Company had 141 employees (2019: 147 employees). In the reporting period, remuneration paid to employees including social security taxes amounted to EUR 7.7 mln (2019: EUR 7.0 mln)

## Financial results

## Economic environment

### Global economy

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

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

The US economy also recovered during the second six months of 2020: after plunging by 31.4% in

the second quarter, having already shrunk by an annualized 5% in the first quarter of 2020, the US economy expanded by an annualized 33.4% in Q3 2020 – its biggest expansion ever.

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

In Germany, the lockdown will likely continue deep into the first quarter of 2021, with politicians indicating the loss of control and expressing no plan for easing the lockdown and reviving the economy. A massive wave of insolvency, particularly in small businesses, seems likely for the first half of 2021, stressing that even the already-lowered GDP growth forecast for 2021 – 3.7% from its previous estimate of 4.9% by the German government's council of economic advisers in November (and thus before the second lockdown) – is too optimistic.

That said, we are doubtful that the IMF's (*International Monetary Fund*) updated forecast for advanced economies, expecting a rebound in growth to 3.9% in 2021, is likewise overly optimistic.

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

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

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

### The United States

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

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

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

### The United Kingdom

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

While it initially seemed as though the UK economy was beginning to recover as restrictions on

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

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

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

### China

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

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

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

### The Eurozone

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

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

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

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

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

### Significant global events in 2020:

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

### Estonian Economy

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

During the third quarter, private consumption contracted by 0.7% vs -8.8% seen in the previous period, while net external demand contributed negatively to GDP as exports fell by 8.6% (vs -19% in Q2).

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

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

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



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

**Olga Lustsik**  
Chief Product Officer

# admirals



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





# Financial review

## Main financial indicators of Admiral Markets AS

Income statement (in millions of euros)	2020	2019	Change 2020 vs 2019	2018	2017	2016
Net trading income	47.1	23.2	103%	24.2	19.3	18.0
Operating expenses	-26.2	-19.2	36%	-15.2	-12.7	-12.5
EBITDA	21.6	5.8	271%	10.1	6.4	6.3
EBIT	20.5	4.9	321%	9.8	6.2	5.9
Net profit	20.3	4.6	340%	9.5	6.0	5.9
EBITDA margin, %	46%	25%	21	42%	33%	35%
EBIT margin, %	44%	21%	23	40%	32%	33%
Net profit margin, %	43%	20%	23	39%	31%	33%
Cost to income ratio, %	56%	83%	-27	63%	66%	69%
<b>Business volumes (in millions of euros)</b>						
Due from credit institutions and investment companies	40.3	26.5	52%	22.2	22.0	18.0
Debt securities	8.7	9.3	-7%	10.8	3.3	2.4
Shareholders' equity	57.7	38.8	49%	35.6	27.4	22.8
Total assets	75.2	47.2	51%	39.4	30.6	24.1
Off-balance sheet assets (client assets)	3.0	2.7	9%	3.6	3.3	4.4
Number of employees	141	147	-4%	123	124	119

### Equations used for the calculation of ratios:

EBITDA margin, % = EBITDA / Net trading income

EBIT margin, % = EBIT / Net trading income

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

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

## Key Financial Ratios

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

### Equations used for the calculation of ratios:

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

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

Equity ratio = average assets / average equity

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

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

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

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

Income statement (in millions of euros)	2020	2019	Change 2020 vs 2019	2018
Net trading income	62.2	33.5	86%	32.6
Operating expenses	40.6	28.1	45%	22.0
EBITDA	23.4	6.9	241%	11.2
EBIT	21.7	5.6	286%	10.9
Net profit	20.7	5.2	297%	10.3
EBITDA margin, %	38%	20%	18	34%
EBIT margin, %	35%	17%	18	33%
Net profit margin, %	33%	16%	17	32%
Cost to income ratio, %	65%	84%	-19	68%

Business volumes (in millions of euros)	2020	2019	Change 2020 vs 2019	2018
Due from credit institutions and investment companies	61.4	33.7	82%	27.8
Debt securities	8.7	9.3	-7%	10.8
Shareholders' equity	61.1	42.4	44%	38.8
Total assets	75.2	52.0	45%	43.4
Off-balance sheet assets (client assets)	82.2	45.9	79%	31.6
Number of active clients*	48,341	24,148	100%	22,321
Number of active client accounts**	62,854	30,522	106%	27,993
Number of employees	340	284	25%	228

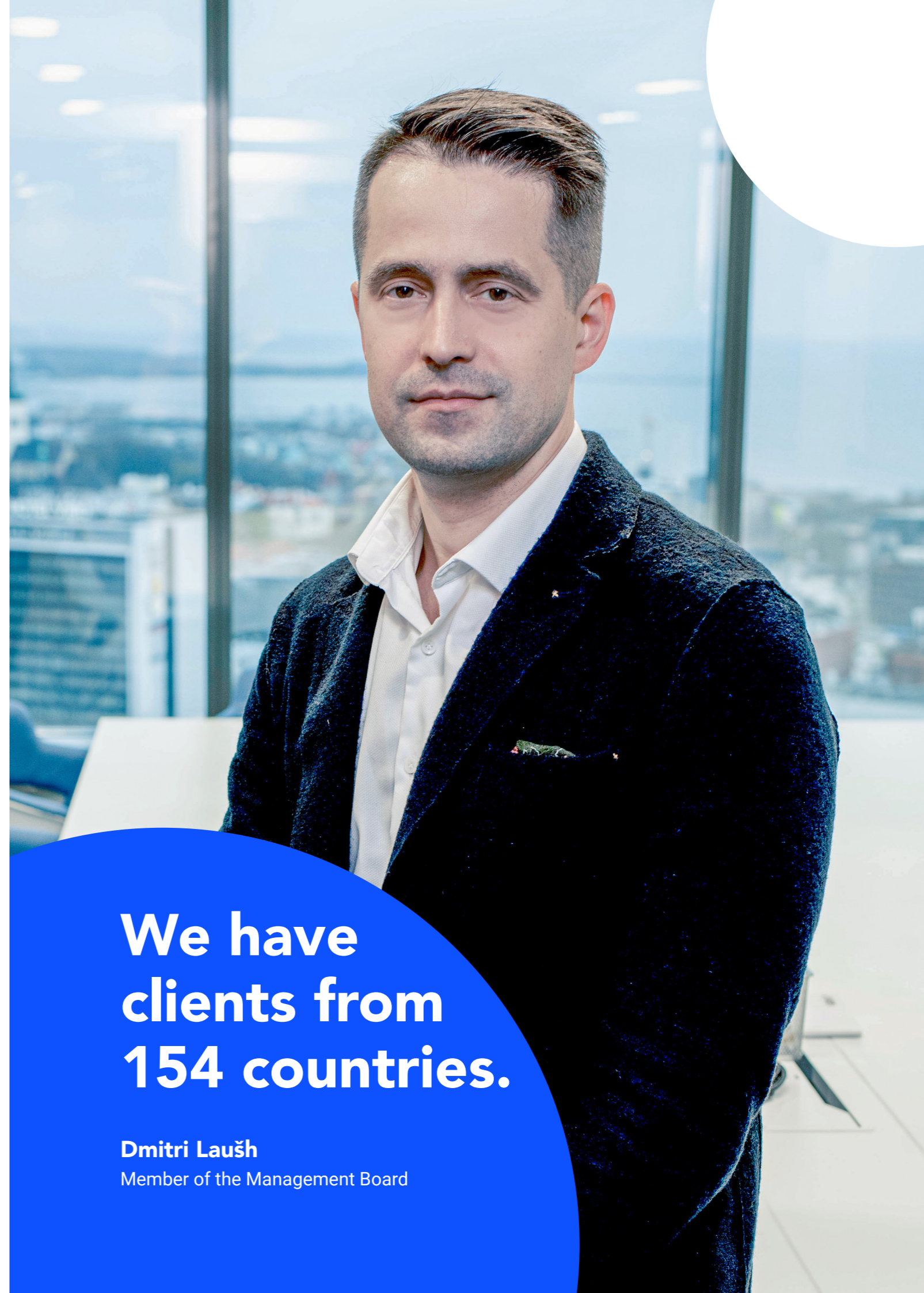
\*Active clients represent clients who have made at least one trade in the last 12 months

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

We have  
clients from  
**154 countries.**

**Dmitri Laušh**

Member of the Management Board



# Capitalisation

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

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

## Own Funds

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

# Capital Requirements

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

## Capital Adequacy

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

This chapter outlines the assets, liabilities, equity, income and cash flow of The Company for the 2020 fiscal year, in comparison to 2019.

# Interim Financial Statements

## Statement of Financial Position

(in thousands of euros)	Note	31.12.2020	31.12.2019
<b>Assets</b>			
Due from credit institutions	3	25,742	19,757
Due from investment companies	3	15,120	6,786
Financial assets at fair value through profit or loss	4	11,623	9,759
Loans and receivables	5	6,730	3,983
Other assets		1,390	912
Long-term investments		4,180	0
Tangible assets		1,614	1,283
Right-of-use asset	7	4,213	4,059
Intangible assets		824	630
<b>Total assets</b>		<b>71,436</b>	<b>47,169</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	4	219	66
Liabilities and prepayments	6	7,317	2,349
Subordinated debt securities	8	1,827	1,827
Lease liabilities	7	4,396	4,145
<b>Total liabilities</b>		<b>13,759</b>	<b>8,387</b>

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<b>Equity</b>			
Share capital	10	2,586	2,586
Statutory reserve capital		259	259
Retained earnings		54,832	35,937
<b>Total equity</b>		<b>57,677</b>	<b>38,782</b>
<b>Total liabilities and equity</b>		<b>71,436</b>	<b>47,169</b>

## Statement of Comprehensive Income

(in thousands of euros)	Note	2020	2019
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers		65,762	34,838
Brokerage and commission fee revenue		32	71
Brokerage and commission fee expense		-18,719	-11,708
Other trading activity related income		19	31
Other trading activity related expense		-23	-22
<b>Net income from trading</b>	<b>12</b>	<b>47,071</b>	<b>23,210</b>
Other income		1,368	777
Other expense		-391	-202
Interest income calculated using the effective interest method		128	75
Other income similar to interest		194	183
Interest expense		-245	-224
Net gains/(losses) on exchange rate changes		-1,360	266
Net gains from financial assets at fair value through profit or loss		0	50

Personnel expenses		-7,670	-7,006
Operating expenses	13	-17,400	-11,268
Depreciation of tangible and intangible assets		-626	-526
Depreciation of right-of-use assets	7	-537	-420
<b>Profit before income tax</b>		<b>20,532</b>	<b>4,915</b>
Income tax		-267	-311
<b>Profit for the reporting period</b>		<b>20,265</b>	<b>4,604</b>
<b>Comprehensive income for the reporting period</b>		<b>20,265</b>	<b>4,604</b>
Basic and diluted earnings per share	10	50.16	11.40

## Statement of Cash Flows

(in thousands of euros)	Note	2020	2019
<b>Cash flow from operating activities</b>			
Profit		20,265	4,604
<b>Adjustments for non-cash income or expenses:</b>			
Depreciation of tangible and intangible assets		1,164	946
Gains on the sale of tangible assets		-32	9
Interest income		-323	-258
Interest expense		245	224
Allowance for doubtful receivable		0	25
Corporate income tax expenses		267	311
Other financial income and expenses		1,360	-266

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Gains on financial assets at fair value through profit or loss	0	-50
<b>Operating cash flows before working capital changes</b>	<b>22,946</b>	<b>5,545</b>
<b>Changes in working capital:</b>		
Change in amounts due from investment companies	-8,334	-49
Change in trade receivables	-338	61
Change in other assets	-478	133
Change in derivative assets	-389	-31
Change in payables and prepayments	4,968	885
Change in the derivative liabilities	153	-110
Changes in inventories	0	61
<b>Operating cash flows before interest and tax</b>	<b>18,528</b>	<b>6,496</b>
Interest received	319	61
Interest paid	-243	-223
Corporate income tax paid	-267	-311
<b>Net cash from operating activities</b>	<b>18,337</b>	<b>6,023</b>
<b>Cash flow from investing activities</b>		
Disposal of tangible and intangible assets	39	20
Purchase of tangible and intangible assets	-1,142	-496
Loans granted	-2,435	-1,000
Repayments of loans granted	26	0
Acquisition of financial assets at fair value through profit or loss	-6,288	-4,906
Proceeds from disposal of financial assets at fair value through profit or loss	5,463	6,466
Acquisition of shares	-1,375	0
Acquisition of subsidiaries	-4,180	0

<b>Net cash used in investing activities</b>		<b>-9,892</b>	<b>84</b>
<b>Cash flow from financing activities</b>			
Dividends paid	10	-1,371	-1,390
Repayment of principal element of lease liabilities		-440	-406
<b>Net cash from/used in financing activities</b>		<b>-1,811</b>	<b>-1,796</b>
<b>TOTAL CASH FLOWS</b>			
		<b>6,634</b>	<b>4,311</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>19,757</b>	<b>15,467</b>
<b>Change in cash and equivalents</b>		<b>6,634</b>	<b>4,311</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>-664</b>	<b>-21</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>25,727</b>	<b>19,757</b>

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

**Jens Chrzanowski**

Member of the Management Board

## Statement of Changes in Equity

(in thousands of euros)	Share capital	Statutory reserve capital	Retained earnings	Total
<b>Balance as at 01.01.2019</b>	<b>2,586</b>	<b>259</b>	<b>32,724</b>	<b>35,568</b>
Dividends paid	0	0	-1,390	-1,390
Profit for the reporting period	0	0	4,604	4,604
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>4,604</b>	<b>4,604</b>
<b>Balance as at 31.12.2019</b>	<b>2,586</b>	<b>259</b>	<b>35,938</b>	<b>38,782</b>
<b>Balance as at 01.01.2020</b>	<b>2,586</b>	<b>259</b>	<b>35,938</b>	<b>38,782</b>
Dividends paid	0	0	-1,371	-1,371
Profit for the reporting period	0	0	20,265	20,265
<b>Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>20,265</b>	<b>20,265</b>
<b>Balance as at 31.12.2020</b>	<b>2,586</b>	<b>259</b>	<b>54,832</b>	<b>57,676</b>

For more information of share capital refer to Note 10.

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

# Notes to the Interim Financial Statements

## Note 1. General information

ADMIRAL MARKETS AS has been an investment company since 05.06.2009. The Company's head office is located at Maakri 19/1, Tallinn, Estonia.

Admiral Markets AS have subsidiaries in Canada and Jordan and in 2020 has closed a branch in Poland and a representative office in the Russian Federation is in the process of being liquidated.

The interim financial statements of Admiral Markets AS have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted by the European Union and with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The interim financial statements should be read in conjunction with the Company's annual report as of 31 December 2019. The accounting policies used in the preparation of the interim financial report are the same as the accounting policies used in the annual report for the year ended 31 December 2019.

The interim financial statements are unaudited and do not contain all the information required for the preparation of annual financial statements.

The interim financial statements are presented in thousands of euros, unless otherwise stated.

## Note 2. Risk management

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

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

As we are exposed to credit and market risk in connection with our retail trading activities, developing and maintaining robust risk management capabilities is a high priority.

In addition, we actively monitor and assess various market factors, including volatility and liquidity, and take steps to address identified risks, such as proactively adjusting required customer margin. There have been no changes in the risk management policies since the end of 2019.



## Note 3. Due from credit institutions and investment companies

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

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

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

Instrument	31.12.2020		31.12.2019	
	Asset	Liability	Asset	Liability
Bonds	8,697	0	9,339	0
Convertible loan	590	0	153	0
Equity investments at fair value through profit or loss	1,833	0	153	0
Currency pairs	272	83	28	12
CFD derivatives	155	52	72	42
Other derivatives	76	84	14	12
<b>Total</b>	<b>11,623</b>	<b>219</b>	<b>9,759</b>	<b>66</b>

## Note 5. Loans and receivables

	31.12.2020	31.12.2019	Note
<b>Financial assets</b>			
Trade receivables	83	13	
Doubtful receivables	0	-2	
Settlements with employees	18	14	
Loans granted	6,134	3,725	5
Receivables from group companies	397	0	14
Other short-term receivables	98	233	
<b>Total</b>	<b>6,730</b>	<b>3,983</b>	

	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	2,300	2,300	0	2%	05.2021	EUR	0
Loan 3	5	5	0	12 month Euribor + 4%	12.2021	EUR	8
Loan 4	200	200	0	2%	12.2021	EUR	0
Loan 5	2,500	0	2,500	2%	12.2023	EUR	0
Loan 6	1,000	0	1,000	2%	11.2024	EUR	0
Loan 7	74	0	74	8%	07.2026	EUR	3
<b>Total</b>	<b>6,134</b>	<b>2,560</b>	<b>3,574</b>				<b>11</b>

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

## Note 6. Liabilities and prepayments

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



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

**Victor Gherbovet**  
Member of the Management Board

## Note 7. Leases

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

Since the application of IFRS 16 in 2019, Admiral Markets AS office premises are recognized as a

financial lease. The Company used a 2% incremental borrowing rate on the initial application of IFRS 16 at 1st of January 2019. In 2020, an interest rate of 2.8% was applied to the new contracts.

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

Office lease liability payments in the future periods as at 31.12.2020 were as follows for the Company:

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

The table below analyses the movement in right-of-use asset for year 2020:

	Right-of-use assets
<b>Balance at 01.01.2019</b>	<b>3,408</b>
Additions*	1,207
Depreciation	-420
Adjustments	-136
<b>Balance at 31.12.2019</b>	<b>4,059</b>
Additions*	691
Depreciation	-537
<b>Balance at 31.12.2020</b>	<b>4,213</b>

The table below analyses the movement in lease liabilities for year 2020:

	Lease liabilities
<b>Balance at 01.01.2019</b>	<b>3,408</b>
Additions*	1,203
Repayment of lease liability	-406
Interest expense	76
Adjustments	-136
<b>Balance at 31.12.2019</b>	<b>4,145</b>
Additions*	691
Repayment of lease liability	-536
Interest expense	96
<b>Balance at 31.12.2020</b>	<b>4,396</b>

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

## Note 8. Subordinated debt securities

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

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

The total number of shareholders at the end of 2020 was 332. Bondholder structure according to holders' groups as at 31.12.2020 was the following:

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

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

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

Interest liability from subordinated debt	
<b>Accrued interest on subordinated debts as at 31.12.2018</b>	<b>0</b>
Interest calculated for 2019	152
Paid out during 2019	-151
<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>

## Note 9. Off-balance sheet assets

Off-balance sheet assets are funds of these clients who use the trading systems mediated by Admiral Markets AS. Because of the specific feature of the system, Admiral Markets AS deposits these funds

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

Off-balance sheet assets	31.12.2020	31.12.2019
Bank accounts	1,319	2,271
Interim accounts of card payment systems	744	135
Stock	537	75
Cash in transit	382	250
<b>Total</b>	<b>2,982</b>	<b>2,731</b>

## Note 10. Share capital

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

Basic and diluted earnings per share are calculated as follows:

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

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

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

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

## Note 11. Segment reporting

The Management Board is responsible for the allocation of resources and assessment of the results of operating segments. In 2020 and 2019, the Management Board monitored the operations of the Company as one operating segment. The Company's

internal reports prepared for the Management Board are drawn up on the basis of the same accounting principles and in a form that has been used in this interim report.

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

**Regina Laušh**  
Head of Treasury

## Note 12. Net income from trading

	2020	2019
Indices CFD's	28,475	14,597
Currency pairs	18,939	14,353
Commodities CFD's	17,887	5,156
Other (crypto, bonds, ETF, shares, others)	461	732
<b>Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers</b>	<b>65,762</b>	<b>34,838</b>
Commission fee revenue from clients	32	71
Brokerage and commission fee expense	-18,719	-11,708
Other trading activity related income	19	31
Other trading activity related expenses	-23	-22
<b>Net income from trading</b>	<b>47,071</b>	<b>23,210</b>

## Note 13. Operating expenses

Type of expenses	2020	2019	Note
Marketing expenses	-9,856	-5,525	
IT expenses	-2,549	-2,400	
Other outsourced services	-151	-239	
Bank charges	-60	-48	
VAT expenses	-1,496	-621	
Rent and utilities expenses	-150	-165	
Legal and audit services	-922	-283	
Regulative reporting services	-96	-318	
Transport and communication costs	-216	-107	
Travelling expenses	-68	-238	
Supervision fee of the Financial Supervision Authority	-118	-79	
Small tools	-150	-212	
Other operating expenses	-681	-471	
Intra-group expense	-887	-562	14
<b>Total operating expenses</b>	<b>-17,400</b>	<b>-11,268</b>	

## Note 14. Transactions with related parties

Transactions with related parties are transactions with the parent company, shareholders, members of the management, their close relatives and entities that they control or over which they have significant influence. The parent company of Admiral Markets AS is Admiral Markets Group AS. Mr. Alexander Tsikhilov has the ultimate control over the Company.

### Revenue

	Relation	2020	2019
Revenue from brokerage and commission fees*	Companies in the same consolidation Group	67,058	35,806
Services	Companies in the same consolidation Group	1,346	400
Interest income	Parent company	97	52
Interest income	Senior management and companies related to them	9	5
Interest income	Companies in the same consolidation Group	17	0
<b>Total transactions with related parties</b>		<b>68,527</b>	<b>36,263</b>

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

### Expenses

	Relation	2020	2019
Commission fees	Companies in the same consolidation Group	-18,150	-11,359
Services	Companies in the same consolidation Group	-430	-83
Services	Senior management and companies related to them	-1	0
Services	Parent company	-457	-479
<b>Total transactions with related parties</b>		<b>-19,038</b>	<b>-11,921</b>

## Loans and receivables

	31.12.2020	31.12.2019
Loans and receivables from parent company (short-term)	2,356	0
Receivables from other companies in the same consolidation Group (short-term)	684	0
Loans to the parent company (long-term)	3,500	3,500
Receivables from other companies in the same consolidation Group (long-term)	448	0
Receivables from companies related to higher management	162	255
<b>Total receivables from related parties</b>	<b>7,150</b>	<b>3,755</b>

## Payables

	31.12.2020	31.12.2019	Note
Payables to other companies in the same consolidation Group	4,514	989	6
<b>Total payables to related parties</b>	<b>4,514</b>	<b>989</b>	

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

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