

2021

Unaudited interim report

on the first 6 months of 2021

Admiral Markets AS



admirals

Admiral Markets AS

Unaudited interim report on the first 6 months of 2021

Commercial Registry no.	10932555
Address	Maakri 19/1, Tallinn, 10145
Telephone	+372 6 309 300
E-mail	info@admiralmarkets.com
Main area of activity	Investment services
Activity licence no	4.1-1/46
Beginning and end date of interim report period	01. January - 30. June
Chairman of the Management Board	Sergei Bogatenkov
Members of the Management Board	Jens Chrzanowski Andrey Koks
Chairman of the Supervisory Board	Alexander Tsikhilov
Members of the Supervisory Board	Anton Tikhomirov Anatolii Mikhalchenko
Auditor	PricewaterhouseCoopers AS



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

Alexander Tsikhilov
Chairman of the Supervisory Board

6 Month Highlights for 2021

- Net trading income was EUR 9.1 million (6M 2020: EUR 31.6 million and 6M 2019: EUR 9.6 million)
- EBITDA¹ was EUR -0.5 million (6M 2020: EUR 19.9 million and 6M 2019: EUR 1.6 million)
- EBITDA margin was -5% (6M 2020: 63% and 6M 2019: 17%)
- Net profit (loss) -1.6 million (6M 2020: EUR 19.1 million and 6M 2019: EUR 0.9 million)
- Net profit (loss) margin was -18% (6M 2020: 60% and 6M 2019: 9%)
- Cost to income ratio 120% (6M 2019: 39% and 6M 2019: 93%)
- Value of trades remain almost on same level, only 2% went down to EUR 429 billion comparing with 2020 period (6M 2020: EUR 439 billion and 6M 2019: EUR 287 billion)
- Number of trades went down 10% to 29.2 million comparing to period 2020 (6M 2020: 32.4 million and 6M 2019: 15.4 million)
- Number of active clients² in Group up 17% to 40,235 clients compared to same period of 2020 and up 138% compared to same period 2019 (6M 2020: 34,439 and 6M 2019: 16,882 active clients)
- Number of active accounts³ in Group up 16% to 48,638 accounts compared to same period of 2020 and up 141% compared to same period 2019 (6M 2020: 42,051 and 6M 2019: 20,192 active accounts)
- Number of new applications in Group up 82% to 75,759 applications compared to same period of 2020 and up 451% compared to same period 2019 (6M 2020: 41,683 and 6M 2019: 13,746 new applications)

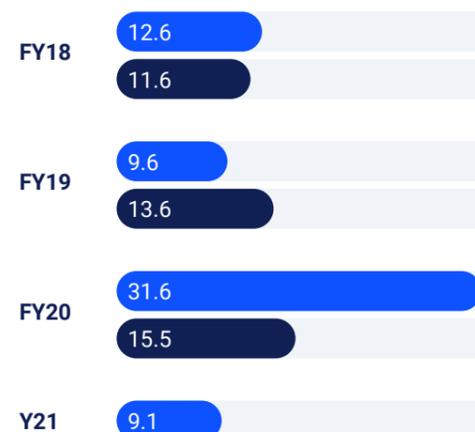
We've all seen how COVID-19 has shaken up the markets so as the first half of 2020 could be described in terms of its high market volatility, which made a strong start for 2020. The first half of 2021 brought low volatility on the financial and commodity markets, which translated into a decline in revenue and profitability. Net trading income of the Group was EUR 17.3 million (6M 2020: EUR 37.9 million and 6M 2019: EUR 14 million). Despite of

54% decrease compared to 1H 2020 we still keep positive trend of 24% increase in net trading income compared to 1H 2019. 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 first half of 2019. Number trades in 6M 2021 were still 90% higher than 6M 2019. Value of trades in 6M 2021 was 49% higher than 6M 2019.

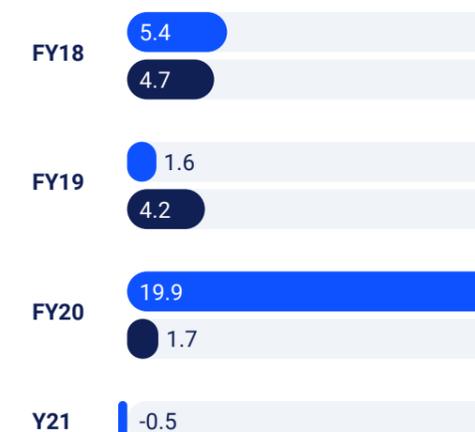
Below are key financial ratios 6 Months 2021 vs 6 Months 2019, which show company achievements with comparable market volatility, without Covid-19 influence on markets:



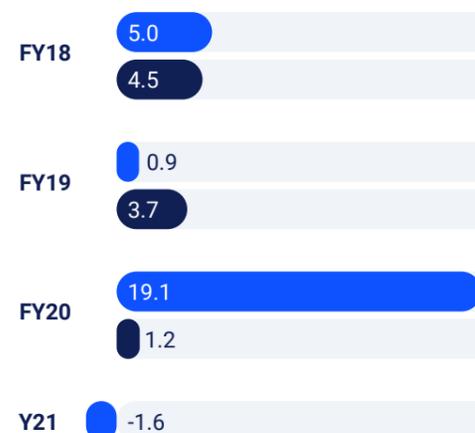
Net trading income, EUR million



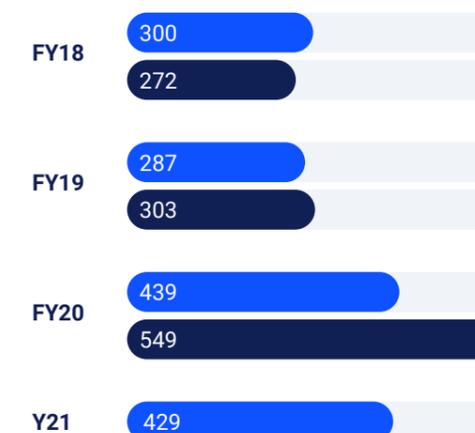
EBITDA¹, EUR million



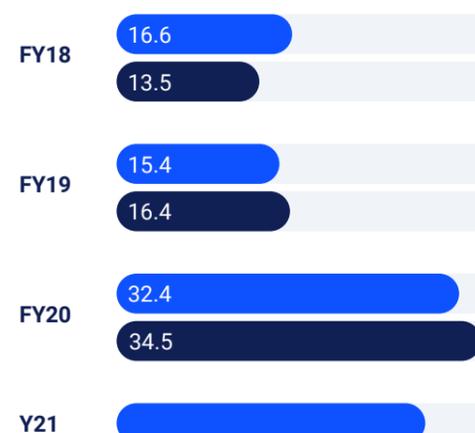
Net profit (loss), EUR million



Value of trades, EUR billion



Number of trades, million



● H1 ● H2

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

Management Board declaration

The interim report of Admiral Markets AS for the first 6 months of 2021 consists of the management report and financial statements.

The data and additional information provided by Admiral Markets AS in the interim report for the first 6 months of 2021 is true and complete.

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

The financial statements of the interim report of the first 6 months of 2021 are unaudited.

/digitally signed/

Sergei Bogatenkov
Chairman of the Management Board
Tallinn, 31.08.2021



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

Sergei Bogatenkov
Chairman of the Management Board

To the Investors of Admirals

Dear investors,

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

In March 2021, we announced the rebranding from Admiral Markets to Admirals. 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.

2020 was something no one had ever predicted. We were faced with unprecedented circumstances that led to exceeding expectations. The whole industry, including Admirals, communicated its all-time high results, explaining such an outcome predominantly with highly high market volatility brought by COVID-19.

2021 has been different in many aspects. Most importantly, everybody has taken a massive step in coping with the worldwide health situation. As a company with 20 years of experience and history, we are now on the doorstep of a new beginning defined by our 2030 vision, ESG-related actions, and continuous large-scale investments into IT.

We find it more objective to compare the results of 2021 with the same period of 2019 as 2020 in between was an extreme one. People are back to being more conservative, and hopefully, we can return to the world we were used to before COVID-19 hit hard.

2021 has been an excellent kick-off for the results we are aiming to achieve in the following years. Our Group's net trading income was 17.3 million euros, compared to 14 million euros in 2019, meaning we managed to achieve a 24% increase compared to the first six months of 2019. During the first half-year of 2021, we received 82% more new client applications than in 2020 and 451% more than in the same period of 2019.

We want to demolish the boundaries that are keeping people from entering the financial world. We want to provide financial freedom to at least 10 million people by 2030. As a disruptor of the FinTech world, we introduce solutions to enable premium and easy access to financial markets. To everybody, everywhere, and anytime.

In 2021, we introduced Social Trading features, enabling beginners and people not yet so skilled in the trading and investing world. We have also launched virtual and physical debit cards, which allow our clients to use the funds from their multi-currency wallets and accounts.

The first half of 2021 has been exceptional for us in terms of establishing ourselves in new regions. In June, as the first financial company of European origin, we started operations in Jordan, opened an office in Amman. It is the implementation of our long-term strategy, one of the goals of which is to continue expanding in the Middle East and North Africa (MENA) region. On its way to expanding its global presence, another ground-breaking milestone was reached when we were attained a financial license in South Africa. Strategically we have been developing our operations worldwide. This is one of the cornerstones of the long-term vision we are aiming for in the next decade. Helping clients achieve financial freedom depends largely on the top-tier products, continuous IT development, stable infrastructure, and 24/7 quality customer service we can offer for our clients. Nevertheless, we have managed to keep our expenses at level comparable to 2019 and 2020.

Admirals are a combination of hard-working, committed, and excellent team players, willing to go for the extra mile. Their determination in achieving our goals is an outstanding performance of togetherness. Unprecedented times raise the need to and will more than ever to help those who have experienced obstacles and setbacks. Today we have the opportunity to share our success. We are delighted to be the main sponsor of Eesti Kontsert, the coordinator of the musical activity in Estonia. Culture is one of the industries deeply affected by the COVID-19 outbreak.

Also, we are one of the key partners of IT school "code/Jõhvi", which is taking coding education to the next level. Education, IT education and supporting 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.

In October 2021, Dubai Expo 2020 will open its doors to millions of people. We are one of the partners of the Estonian pavilion, introducing the global success story of an Estonian origin. Being present at EXPO is another strategic standpoint for us, opening ourselves further in the region. We have come a long way together with our team, partners, investors, and stakeholders. We have a plan, tools, and incredible people supporting our ambitious goals for the upcoming years. Today is our moment.

Sergei Bogatenkov
CEO of Admiral Markets AS/ Admirals Group AS

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

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

Anton Tikhomirov

Member of the Supervisory Board

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

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

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

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

The 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, Admiral Markets Cyprus Ltd, Admiral Markets AS/ Jordan LLC and Admirals SA (PTY) 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 Admirals has a major direct impact on the financial indicators as well as the business success of Admiral Markets AS.

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

Other companies that are part of the same consolidation group as Admiral Markets AS at the time of publishing this report are Runa Systems UPE, AMTS Solution OÜ, AM Asia Operations Sdn. Bhd., Admirals SA (PTY) Ltd, PT Admirals Invest Indonesia LLC, Admiral Markets AS/ Jordan LLC ja Gateway2am OÜ, Admiral Markets Europe GmbH, Admiral Markets France SAS, Admiral Markets Espana SL.

In 2021 Admirals Group AS acquired MoneyZen OÜ, a peer-to-peer lending platform.

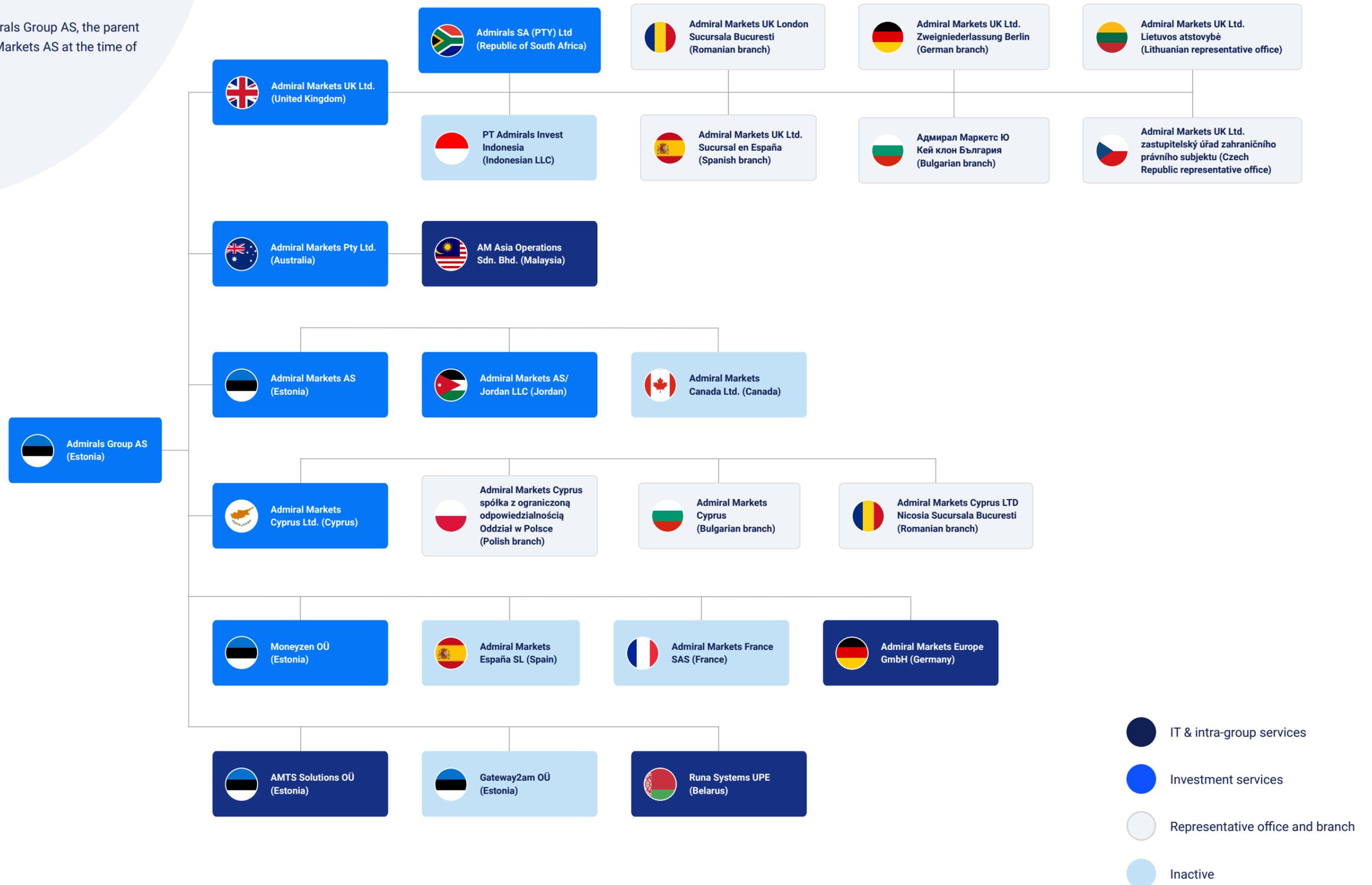
Runa Systems UPE, AMTS Solution OÜ, AM Asia Operations Sdn. Bhd and Admiral Markets Europe GmbH offer IT and other intra-group services. Gateway2am OÜ, Admiral Markets Canada Ltd, Admirals SA (PTY) Ltd, PT Admirals Invest Indonesia LLC, Admiral Markets France SAS ja Admiral Markets Espana SL are inactive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

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



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

Management

Admiral Markets AS is managed by a three-member Management Board and supervised by a three-member Supervisory Board.

In the first six months of 2021, the remuneration of the management, including social security taxes, totalled EUR 209 thousand (6 months 2020: EUR 242 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 Mikhalchenko and Anton Tikhomirov.



Alexander Tsikhilov
Chairman of the Supervisory Board



Anton Tikhomirov
Member of the Supervisory Board



Anatolii Mikhalchenko
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, Jens Chrzanowski and Andrey Koks.



Sergei Bogatenkov
Chairman of the Management Board



Jens Chrzanowski
Member of the Management Board



Andrey Koks
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 based on the decisions made by the Supervisory Board and the Management Board.

At the end of the first half of 2021, the Company had 131 employees (2020: 129 employees). In the reporting period, remuneration paid to employees including social security taxes amounted to EUR 2.7 mln (6 months 2020: EUR 4.0 mln).

Key events in 2021

IT Developments

During the first 6 months of 2021, 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.

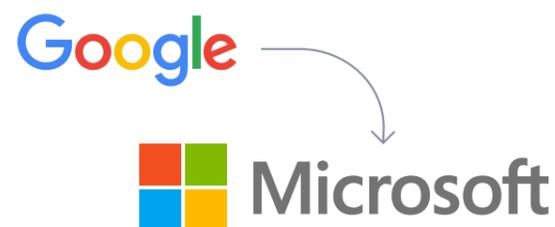
The configuration of the datacenter in Amsterdam was completed as part of a technological transformation towards strategic goals. Admirals is repositioning and rebuilding its infrastructure datacenters to have an up-to-date, secure, flexible and scalable technological environment.

Also, migration to a new always ON VPN completed 80% - 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.



New products and services

The first half of 2021 brought many significant additions to our product and service portfolio.

In May 2021, 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. Traders will be able to copy successful trading strategies. This opportunity to learn from the experienced traders and benefit mutually has had a very warm welcome from clients.

Admirals also announced the groundbreaking new Admiral Markets Card which comes in both physical and virtual forms, enables to take charge of a client's Trader's Room account like never before. Seamlessly and instantly put your account wallet's funds to work with a simple, all-in-one service.

The virtual card is free to issue and available to everyone with an approved application, and the physical card is available for just 10 Euro. Never before have the returns been so accessible. The card is simple, transparent, and secure.

We introduced the StereoTrader trading panel for MT4 & MT5, designed for active day traders and Scalpers - which shows that we are one of the best addresses for the active trader. StereoTrader is a MetaTrader trading panel, with unique functions that enable smoother, more controlled trades. It will optimise clients' entries and exits with fast and intelligent automation.

The summer of 2021 brought remarkable success to the implementation of the Company's long-term strategy, as Admiral Markets AS continued expanding and opened a subsidiary in Jordan. It is one of the goals of which is to continue expanding in the Middle East and North Africa (MENA) region. 06.06.2021 Admiral Markets was issued a license to start operations in Jordan. The company opened a local office in Amman, Jordan, with 10 employees. At present, this is the first Estonian company establishing its long-term existence in the country and the first financial company with European origin starting its operations. Jordan has exemplified a hybrid environment where strong historical and cultural pasts relating to trade and focus on economic growth mixes with a continued strive towards modernisation and alignment with European standards. At the same time, it ensures that it differs from the region with its European economic and cultural essences remaining at the forefront of this evolution into a modern-day hub for business.



Marketing and rebranding

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

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

Today this does not capture the full scope of what we do anymore. Admirals is more than a broker. We have been expanding our product offering and are adding new services. We are a global financial hub disrupting the FinTech world on a global scale. We aim to streamline personal finance for over 10 million people all around the world in the next 10 years. The Company stands for an innovative and streamlined personal finance experience.



Our people

The focus for the first part of 2021 has been on supporting our employees through the times affected by the COVID-19 pandemic, with an effort to support our employees physical and mental health in remote work situations. Next to our global virtual health week, we offered lectures on how to increase positive emotions, health awareness in the home office, resilience and what can be done with no extra equipment to keep yourself active with chair yoga and posture training. Our people managers were offered workshops on mental fitness as a self-leadership priority and team health as a leadership priority. The Company continued soft skills training with the focus on communications skills and financial training to complement the knowledge of markets and instruments.

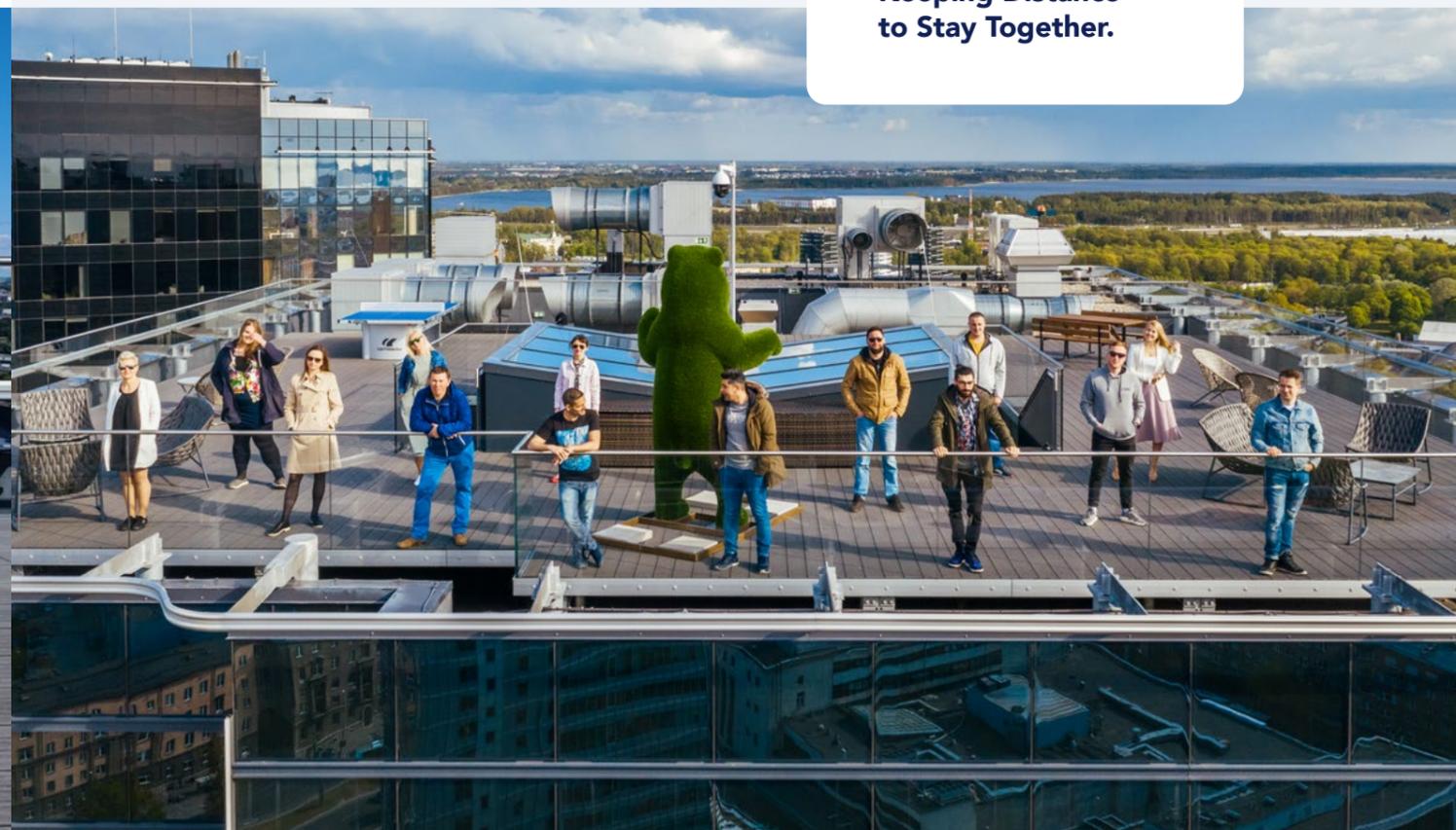
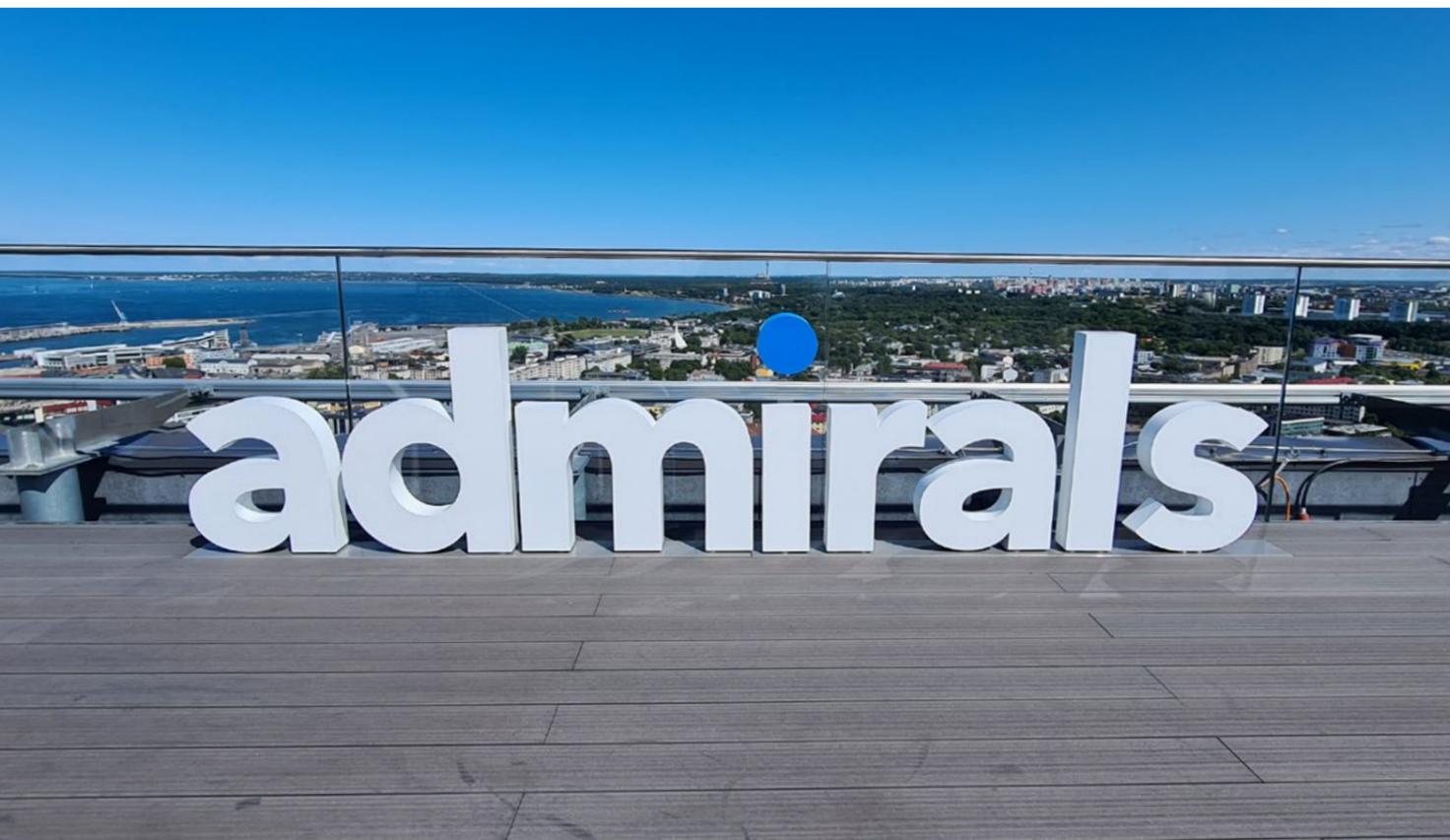
For a better virtual onboarding experience, an interactive e-training for new hires was implemented through our training platform called Coursy.

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 the first half of 2021, the company had 131 employees (2020: 129 employees).



Keeping Distance to Stay Together.



Doing good

The first half of 2021 caused much uncertainty for people and businesses all around the world. It affected millions of people involved in culture, tourism, logistics- the list is endless. Difficult times raise the question of giving back to society raises more sharply 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, thus contributing to the benefit of Estonian culture and more specifically, music. Music, on the other hand, stands for 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 will be 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

Also, as part of a long-time cooperation, we are happy to help Rasputin, a new citizen in Tallinn Zoo- a polar bear. As our god-son Aron, started their grown-up life outside Estonia and travelled to visit a possible girlfriend to start a family, Rasputin joined the family of Tallinn Zoo and we couldn't be happier.



Awards

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

- The year began with celebrations as Deutsches Kundeninstitut awarded Admiral Markets AS with the title "BEST CFD Broker" 2021.
- In Chile, we celebrated the title of Best Forex Broker 2021, issued by Rankia.
- 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'.
- In Germany, Admirals received the 1-st place in the BrokerWahl's category „CFD Broker of the Year 2021.“
- "Focus Money" print magazine rewarded the company as the „Fairest/Best Price-Value Ratio of German CFD Brokers 2021.“

Germany



Deutsches Kundeninstitut - "BEST CFD Broker" 2021



BrokerWahl - CFD Broker of the Year 2021



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

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

Chile



Rankia - Best Forex Broker 2021

Main trends and factors likely to affect our future

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

Hereby we describe some of the arguments that may affect the Company's future.

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

As regulation is the core of our business, changes in the regulation may affect the business. We always work with regulators and keep our business according to the latest standards of the business. Regulation related to Cryptocurrency, for example, is what may 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 that 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 all-time effect on the business and all the players in the industry. It takes one bad example and business practice of a company not playing in accordance with compliance to influence all the companies in the same field. Reputation, quality and accordance with all the regulations are what must be the core of all companies in the financial industry.

Financial results

Economic environment

Significant Global Events in 2021:

- Post-Brexit EU-UK trade deal formally ratified
- Covid-19 vaccination programmes progress across the globe at different rates
- US / China relations tense despite Biden inauguration
- Inflation fears fuelled by loose monetary policy from all major central banks, on top of sizeable fiscal stimulus by rich-country governments

Global economy

More than halfway through 2021 and the global economic outlook is looking much better than it did at the turn of the year.

The unprecedented turbulence of 2020 caused the global economy to shrink by approximately 3.6%, but this is likely to be made up by the 5.6% by which the global economy is forecasted to grow in 2021.

The improved global economic outlook is largely thanks to the rapid rollout of Covid-19 vaccinations in some of the world's largest economies. However, the pandemic is far from over. Many economies are still reeling from the continued havoc being wrought by the coronavirus and its new variants.

As of 26 July 2021, more than 3.7 billion vaccine doses have been administered worldwide. However, approximately 70% of these doses are accounted for by just nine countries, underlining the global disparity in vaccination programmes and the long road to recovery we have ahead of us.

The world's two largest economies, the United States and China, are expected to lead the global recovery in 2021, with both rebounding strongly at the end of 2020 and during the first half of this year. The US economy is projected to grow 6.8% this year, whilst China's 2021 growth is estimated at 8.5%.

As economies begin to recover their pre-pandemic levels of GDP quicker than had previously been expected, the next potential problem we face is inflation which, although currently modest in most of the world's richest economies, is anticipated to accelerate throughout the remainder of the year.

Why might the post-pandemic global economy turn out to be a breeding ground for higher inflation? The answer to this question is threefold. Firstly, the worldwide lockdowns to prevent the spread of coronavirus facilitated a surge in demand for goods, as consumers sought material objects to ease the mental burden of being confined to their homes more than usual. This rise in demand is only set to intensify as economies reopen from lockdowns.

Secondly, supply is struggling to keep pace with the rise in demand due to disruptions in the supply chain which have been largely caused by the pandemic. Thirdly, as economies such as the UK begin to allow the majority of businesses to reopen their doors, consumers are flooding back faster than employees. This is pushing up the price of services.

This is all on top of foundations laid by a loose monetary policy implemented by central banks and generous fiscal stimulus provided by the governments of major economies.

As for the stock markets, the US and Asian markets continue to perform well, with US stock indices, in particular, continuing their upward surge off the back of a strong year and a half for tech stocks. In Europe, however, some of the major stock indices such as the FTSE100 and the IBEX35 are still struggling to recover their pre-pandemic levels.

The United States

After contracting by 3.5% in 2020, the US economy grew at an annual rate of 6.4% in Q1 and is well on course to recover its pre-pandemic levels of gross domestic product this year.

The growth of the US economy has been helped greatly by the substantial fiscal stimulus packages implemented by the government, a rapid vaccine rollout that has seen almost half of the population fully vaccinated and the end of many social restrictions.

However, at the time of writing, coronavirus infections are on the rise again and the more transmissible delta variant of the virus is spreading quickly across the country. Although, despite travel restrictions remaining in place against many European countries including the UK, President Joe Biden has ruled out the prospect of re-entering lockdown.

Also of concern for the US is rising inflation, with the US Bureau of Labor Statistics recently reporting that inflation stood at 5.4%, as consumer prices rose 0.9% in June. This increasing inflation has been largely caused by the economy reopening from coronavirus lockdowns, causing a rise in demand. Supply, on the other hand, is currently hampered due to temporary shortages and other disruptions in the supply chain.

The United Kingdom

In 2020, the UK economy shrank by 9.8% - the worst annual economic performance in more than 300 years. 2021 did not start well either, after a winter of tough Covid-19 restrictions which saw the UK remain in strict lockdown, the economy contracted 1.6% in the first quarter of 2021 (a contraction of 6.1% against the same quarter in 2020), taking real GDP to 8.8% below its pre-pandemic levels.

However, thanks to one of the most successful vaccination programmes in the world, the UK has gradually returned to normality and, on 19 July 2021, shed the majority of legal restrictions on social interaction. In anticipation of restrictions

being eased, the Bank of England reported in June that it expected GDP to rise by around 4.25% in Q2 and economists predict that the economy will grow approximately 7.25% in 2021.

At present, inflation remains low at 0.7%, although the Bank of England's Monetary Policy Committee anticipates this will rise sharply in the coming months, towards their target level of 2%.

Therefore, the outlook for the UK economy is positive at present, although it is yet to be seen whether the removal of Covid-19 restrictions is successful. The delta variant continues to spread quickly around the country, however, at the time of writing, daily cases are starting to fall and around 70% of the population have received at least one vaccination dose.

Questions also currently remain over the implementation of the post-Brexit EU-UK trade deal and its implications on Northern Ireland. Currently, the proposed imposition of the Irish Sea border will restrict the flow of goods between Great Britain and Northern Ireland, a problem which the UK is keen to resolve and quickly.

China

Unlike the majority of other economies, China's grew in 2020, recording an increase in GDP of 2.3%. GDP soared in Q1 2021, rising 18.3% compared to the same quarter in 2020, and again in Q2, with an increase of 7.9% - although this was slightly below the expected 8.1%.

Retail sales, industrial production and exports all rose more than expected in June. However, domestic demand remains low amidst continued coronavirus outbreaks. Furthermore, high raw material costs combined with supply shortages and pollution controls are negatively impacting industrial activity.

China's impressive recovery has been largely thanks to an export boom and some analysts suggest this increased demand for Chinese exports appears to have peaked and is likely to slow down in the second half of the year.

The Eurozone

The Eurozone economy shrank by 6.6% in 2020. But its economic dip in Q1 2021 was far milder than expected, with GDP contracting 0.3% compared to Q4 2020 or 1.3% compared with Q1 of 2020.

However, Q2 GDP growth is expected to be positive and, looking forward, the Eurozone economy is anticipated to grow around 4.5% in 2021, which would put the area in position to recover its pre-pandemic levels by mid-2022.

The improved outlook for the remainder of 2021 is largely thanks to their vaccination programme which, after a slow start, has finally begun to make headway.

Meanwhile, the European Central Bank remains committed to pumping liquidity into the zone through its Pandemic Emergency Purchase Programme which will last until March 2022 and purchase a total of 1.85 trillion euros worth of bonds.

Estonia

The Estonian economy contracted by approximately 2.9% in 2020. However - unlike the total Eurozone, which contracted in Q4 2020 and Q1 2021 - Estonia's economy grew in both these periods, one of only five of the 19 Eurozone countries that can claim this.

In Q4 2020, Estonia's GDP increased by 2.8% compared to the previous quarter and, in Q1 2021 it grew again by an impressive 4.8%. Estonia is expected to record growth of 4.9% throughout 2021.

This is in spite of the fact that, in terms of vaccination progress, Estonia is lagging behind the majority of the Eurozone, with only Latvia, Slovenia, Slovakia and Cyprus administering fewer doses per 100 citizens.

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)	6M 2021	6M 2020	change	6M 2019
Net trading income	9.1	31.6	-71%	9.6
Operating expenses	10.9	12.4	-12%	8.9
EBITDA	-0.5	19.9	-103%	1.6
Net profit (loss)	-1.6	19.1	-108%	0.9
EBITDA margin, %	-5%	63%	-68	17%
Net profit (loss) margin, %	-18%	60%	-78	9%
Cost to income ratio, %	120%	39%	81	93%

Business volumes (in millions of euros)	30.06.2021	31.12.2020	change	30.06.2020
Due from credit institutions and investment companies	26.2	40.9	-36%	35.4
Debt securities	9.0	8.7	3%	9.6
Shareholders' equity	53.4	57.7	-7%	56.5
Total assets	63.1	71.4	-12%	65.8
Off-balance sheet assets (client assets)	3.2	3.0	7%	3.0

Equations used for the calculation of ratios:

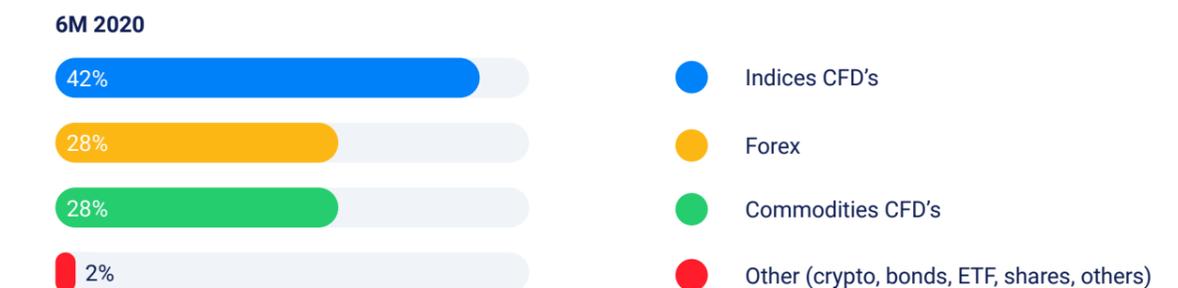
EBITDA margin, % = EBITDA / Net trading income
 Net profit margin, % = Net profit / Net trading income
 Cost to income ratio, % = Operating expenses / Net trading income

Net Trading Income

The first half of 2021 brought low volatility on the financial and commodity markets, which translated into a decline in revenues. The Company earned 9.1 million revenue during the first six months of 2021, 71% less compared to the first half of 2020 but remained almost on the same level as the first half of 2019. The results of Admiral Markets AS depends on other companies in the Group, particularly its sister investment companies, as its sister investment companies hedge the risks arising from their clients' transactions in Admiral Markets AS only. Active clients for the first half of 2021 increased by 17% year-on-year in the Group and but the value of trades slightly went down by 2%, reaching EUR 429 billion.

In the first half of 2021, Commodity CFDs products accounted for 39% of total gross trading income, an increase of 11% year-on-year. Indices CFDs accounted for 40% of total gross trading income, a decrease of 2% year-on-year. Forex accounted for 24% of total gross trading income, a decrease of 4% year-on-year. Forex, Indices CFDs and other shares decreased mainly due to an 11% increase in commodities CFDs. The share of other products, such as stocks, ETFs etc generated loss, so made -3% of total gross income in the first half of 2021.

Gross revenue by asset class, %



Expenses

The Company's operating expenses decreased by 12% in the first half of 2021. It was a strategic decision of the management board because level trading revenue could cover operating costs.

The largest share of total operating expenses (which includes payroll and depreciation expenses) for the Company in the first half of 2021 comes from marketing expenses. Marketing expenses were EUR 4.7 million which is a 9% increase year-on-year and account for 43% of total operating expenses. The increase in marketing expenses resulted in a 17% higher number of active clients (year-on-year) for the Group during the first half of 2021. For the first half of 2021 Group received 82% more applications than year-on-year, which make a positive trend to attract new clients.

In the first half of 2021, personnel expenses decreased 33% compared to year-on-year and reached EUR 2.7 million by the end of June 2021. Personnel expenses account for 25% of total operating expenses. There was a decrease in personnel expenses mostly due to the decrease in bonuses, which connected with the company 2021-year results.

IT expenses make up around 14% of total operating expenses. Other larger expense types for the Company are legal and audit services, other outsourced services, VAT and intra-group expenses.

The cost-to-income ratio increased to 120% by the end of June 2021 as a result of a decrease in company revenue against continuous investment in marketing and IT, to achieve the Company's long-term goals.

Net profit

EBITDA and net profit/loss of the Company were EUR -0.5 million and EUR -1.6 million, respectively, by the end of the first half of 2021.

The return on equity of the Company was -2.8% at the end of June 2021 (30.06.2020: 40.1%).

Statement of Financial Position

Admiral Markets AS has a strong and growing balance sheet, with EUR 53.4 million of shareholders' equity and long-term debt of only EUR 5.7 million. Admiral Market AS' balance sheet is liquid as around 56% of the balance sheet consists of liquid assets.

As of 30 June 2021, the assets of the Company totalled EUR 63.1 million. Ca 42% of assets are balances due from credit institutions and investment companies. The debt securities portfolio only consists of high-quality liquid assets and accounts for 14% of total assets.

The Company's non-current assets increased in 2021 by EUR 1.6 million (year-on-year) mainly due to the Company investing in intangible assets.

The Company's long-term debt consists of subordinated debt securities and finance lease and makes up 9% of the balance sheet total.

The off-balance sheet assets (client assets) of the Company totalled EUR 3.2 million by the end of June 2021, a growth of 7%.

Key Financial Ratios

	6M 2021	6M 2020	change	6M 2019
Net profit(loss) per share	-3.9	47.3	-51.2	2.3
Return on equity, %	-2.8%	40.1%	-42.9	2.6%
Equity ratio	1.2	1.2	0	1.2
Return on assets, %	-2.3%	33.8%	-36.1	2.2%
Short-term liabilities current ratio	11.4	16.2	-4.8	20.4

Equations used for the calculation of ratios:

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

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

Equity ratio = average assets / average equity

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

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

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

Client trends

The number of active clients in the Group increased by 17% year on year. The Group had 40,235 active clients (clients who have traded at least once in the past 6 months) in the first half of 2021. Active accounts also increased by 16% and achieved 48,638, which have traded at least once in the past 6 months. Admiral Markets AS direct client base

constitutes circa 3% of the total clients of the Group. As the sister investment companies of Admiral Markets AS hedge the risks arising from their clients' transactions in Admiral Markets AS, who is also their sole liquidity partner, the number of clients in the Group, together with their trading volumes, has a direct impact on the Company's financial results.

	6M 2021	6M 2020	change
Active clients	40,235	34,439	17%
Active accounts	48,638	42,051	16%
New applications	75,759	41,683	82%

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

Income statement (in millions of euros)	6M 2021	6M 2020	change	6M 2019
Net trading income	17.3	37.9	-54%	14.0
Operating expenses	19.3	18.2	6%	12.8
EBITDA	-0.7	21.0	-103%	2.1
Net profit (loss)	-1.7	19.9	-109%	1.4
EBITDA margin, %	-4%	55%	-59.0	15%
Net profit (loss) margin, %	-10%	53%	-63.0	10%
Cost to income ratio, %	112%	48%	64.0	91%

Business volumes (in millions of euros)	30.06.2021	31.12.2020	change	30.06.2020
Due from credit institutions and investment companies	43.0	53.2	-19%	49.2
Debt securities	9.0	8.7	3%	9.6
Shareholders' equity	57.1	61.1	-7%	60.6
Total assets	70.8	75.2	-6%	71.4
Off-balance sheet assets (client assets)	94.6	82.2	15%	65.1

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

Anatolii Mikhalchenko
Member of the Supervisory Board



Capitalisation

Risk management is part of the internal control system of 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 of 30.06.2021, the own funds of Admiral Markets AS amounted to EUR 53.1 million (31.12.2020: EUR 38.4 million). At the end of the reporting period, Admiral Markets AS was well capitalised, the capital adequacy level was 22.3 % (31.12.2020: 19.3 %) and met all regulatory capital requirements.

Own Funds

(in thousands of euros)	30.06.2021	31.12.2020
Paid-in share capital	2,586	2,586
Statutory reserve capital transferred from net profit	259	259
Retained earnings of previous periods	52,090	34,566
Intangible assets	-2,084	-824
Loss for the reporting period	-1,580	0
Total Tier 1 capital	51,271	36,587
Subordinated debt securities	1,827	1,827
Total Tier 2 capital	1,827	1,827
Net own funds for capital adequacy	53,098	38,414

Capital Requirements

(in thousands of euros)	30.06.2021	31.12.2020
Credit institutions and investment companies under standardised approach	5,956	8,680
Retail claims under standardised approach	11,266	9,421
Other items under standardised approach	23,346	20,553
Total credit risk and a credit risk	40,568	38,654
Currency risk under standardised approach	97,630	87,154
Position risk under standardised approach	26,612	19,014
Commodity risk under standardised approach	13,520	11,347
Total market risk	137,762	117,515
Credit valuation adjustment risk under standardised method	69	96
Operational risk under basic indicator approach	59,985	42,651
Total capital requirements for capital adequacy calculation	238,384	198,916

Capital Adequacy

	30.06.2021	31.12.2020
Capital adequacy	22.3%	19.3%
Tier 1 capital ratio	21.5%	18.4%

This chapter outlines the assets, liabilities, equity, income and cash flow of The Company.

Interim Financial Statements

Statement of Financial Position

(in thousands of euros)	Note	30.06.2021	31.12.2020
Assets			
Due from credit institutions	3	10,141	25,742
Due from investment companies	3	16,106	15,120
Financial assets at fair value through profit or loss	4	10,411	10,248
Loans and receivables	5	10,437	6,730
Other assets		2,584	1,390
Investments into associates		1,548	1,375
Investments into subsidiaries		4,180	4,180
Tangible assets		1,692	1,614
Right-of-use asset		3,934	4,213
Intangible assets		2,083	824
Total assets		63,116	71,436
Liabilities			
Financial liabilities at fair value through profit or loss	4	274	219
Liabilities and prepayments	6	3,503	7,317
Subordinated debt securities	8	1,827	1,827
Lease liabilities	7	4,157	4,396
Total liabilities		9,761	13,759

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Equity			
Share capital	10	2,586	2,586
Statutory reserve capital		259	259
Retained earnings		50,510	54,832
Total equity		53,355	57,677
Total liabilities and equity		63,116	71,436

Statement of Comprehensive Income

(in thousands of euros)	Note	6M 2021	6M 2020
Net gains from trading of financial assets at fair value through profit or loss with clients and liquidity providers		17,895	39,878
Brokerage and commission fee revenue		28	57
Brokerage and commission fee expense		-8,855	-8,338
Other trading activity related income		6	12
Other trading activity related expense		-3	-18
Net income from trading	12	9,071	31,591
Other income		421	611
Other expense		-52	-237
Interest income calculated using the effective interest method		106	48
Other income similar to interest		93	98
Interest expense		-118	-122
Net gains/(losses) on exchange rate changes		413	-250
Personnel expenses		-2,662	-3,950

Operating expenses	13	-7,673	-7,855
Depreciation of tangible and intangible assets		-333	-292
Depreciation of right-of-use assets		-279	-263
Profit (loss) before income tax		-1,013	19,379
Income tax		-567	-266
Profit (loss) for the reporting period		-1,580	19,113
Comprehensive income (loss) for the reporting period		-1,580	19,113
Basic and diluted earnings per share	10	-3.91	47.31

Statement of Cash Flows

(in thousands of euros)	Note	6M 2021	6M 2020
Cash flow from operating activities			
Profit / loss		-1,580	19,113
Adjustments for non-cash income or expenses:			
Depreciation of tangible and intangible assets		612	555
Gains on the sale of tangible assets		3	0
Interest income		-199	-146
Interest expense		118	122
Corporate income tax expenses		567	266
Other financial income and expenses		-413	250
Operating cash flows before working capital changes		-892	20,159

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Changes in working capital:

Change in amounts due from investment companies	3	-986	-2,747
Change in trade receivables	5	-2,764	-504
Change in other assets		-1,194	-185
Change in derivative assets	4	184	-307
Change in payables and prepayments	6	-3,818	389
Change in the derivative liabilities	4	55	67
Changes in inventories		0	0
Operating cash flows before interest and tax		-9,412	16,872
Interest received		168	158
Interest paid		-117	-121
Corporate income tax paid		-567	-266
Net cash from operating activities		-9,928	16,643
Cash flow from investing activities			
Disposal of tangible and intangible assets		1	2
Purchase of tangible and intangible assets		-1,674	-291
Loans granted	5	-1,150	-2,355
Repayments of loans granted	5	207	0
Acquisition of financial assets at fair value through profit or loss		-2,115	-5,875
Proceeds from disposal of financial assets at fair value through profit or loss		1,981	4,201
Acquisition of subsidiaries		0	-4,180
Net cash used in investing activities		-2,750	-8,498

Cash flow from financing activities

Dividends paid	10	-2,742	-1,371
Repayment of principal element of lease liabilities		-239	-212
Net cash from/used in financing activities		-2,981	-1,583
TOTAL CASH FLOWS			
		-15,659	6,562
Cash and cash equivalents at the beginning of the period	3	25,727	19,757
Change in cash and equivalents		-15,659	6,562
Effect of exchange rate changes on cash and cash equivalents		73	-438
Cash and cash equivalents at the end of the period	3	10,141	25,881

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

Andrey Koks

Member of the Management Board

Statement of Changes in Equity

(in thousands of euros)	Share capital	Statutory reserve capital	Retained earnings	Total
Balance as at 01.01.2020	2,586	259	35,938	38,782
Dividends paid	0	0	-1,371	-1,371
Profit for the reporting period	0	0	19,113	19,113
Total comprehensive income for the reporting period	0	0	19,113	19,113
Balance as at 30.06.2020	2,586	259	53,680	56,524
Balance as at 01.01.2021	2,586	259	54,832	57,677
Dividends paid	0	0	-2,742	-2,742
Loss for the reporting period	0	0	-1,580	-1,580
Total comprehensive loss for the reporting period	0	0	-1,580	-1,580
Balance as at 30.06.2021	2,586	259	50,510	53,355

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, in 2020 closed a branch in Poland and in 2021 a representative office in the Russian Federation.

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 2020. 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 2020.

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 defence. The first line of defence is the business units that are responsible for risk-taking and risk management. The second line of defence includes risk control and compliance functions, which are independent of business operations. The third line of defence 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 the required customer margin.

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

Note 3. Due from credit institutions and investment companies

	30.06.2021	31.12.2020
Demand and term deposits with maturity less than 3 months*	10,141	25,727
Demand deposits on trading accounts	16,106	15,120
Cash in transit	0	15
Total	26,247	40,862

*cash and cash equivalents in the statement of cash flows

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

Instrument	30.06.2021		31.12.2020	
	Asset	Liability	Asset	Liability
Bonds	8,968	0	8,697	0
Convertible loan	624	0	590	0
Equity investments at fair value through profit or loss	500	0	458	0
Currency pairs	93	34	272	83
CFD derivatives	194	233	155	52
Other derivatives	32	7	76	84
Total	10,411	274	10,248	219

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

As of 30 June 2021 convertible loans were granted to related parties, additional information disclosed in Note 14.

Note 5. Loans and receivables

	30.06.2021	31.12.2020	Note
Financial assets			
Trade receivables	464	83	
Settlements with employees	66	18	14
Loans granted	7,078	6,134	
Receivables from group companies	2,709	408	14
Other short-term receivables	120	87	
Total	10,437	6,730	

	30.06.2021	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivables 30.06.2021	Note
		Up to 1 year	2-5 years					
Loan 1	5	5	0	12 month Euribor + 4%	12.2021	EUR	8	14
Loan 2	55	55	0	2%	04.2022	EUR	0	14
Loan 3	1,150	0	1,150	15%	04.2023	EUR	38	
Loan 4	2,300	0	2,300	2%	12.2023	EUR	0	14
Loan 5	2,500	0	2,500	2%	04.2022	EUR	0	14
Loan 6	1,000	0	1,000	2%	04.2024	EUR	0	14
Loan 7	68	0	68	8%	04.2026	EUR	6	14
Total	7,078	60	7,018				52	

	31.12.2020	Distribution by maturity		Interest rate	Due date	Base currency	Interest receivables 31.12.2020	Note
		Up to 1 year	2-5 years					
Loan 1	55	55	0	2%	04.2021	EUR	0	14
Loan 2	2,300	2,300	0	2%	05.2021	EUR	0	14
Loan 3	5	5	0	12 month Euribor + 4%	12.2021	EUR	8	14
Loan 4	200	200	0	2%	12.2021	EUR	0	14
Loan 5	2,500	0	2,500	2%	12.2023	EUR	0	14
Loan 6	1,000	0	1,000	2%	11.2024	EUR	0	14
Loan 7	74	0	74	8%	07.2026	EUR	3	14
Total	6,134	2,560	3,574				11	

Note 6. Liabilities and prepayments

Type of liability	30.06.2021	31.12.2020	Note
Financial liabilities			
Liabilities to trade creditors	842	1,630	
Payables to related parties	1,895	4,514	14
Interest payable	1	1	
Other accrued expenses	100	100	
Subtotal	2,838	6,489	
Non-financial liabilities			
Payables to employees	420	454	
Taxes payable	245	374	
Subtotal	665	828	
Total	3,503	7,317	

Note 7. Leases

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 on the 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 of 30.06.2021 were as follows for the Company:

	30.06.2021	31.12.2020
Short-term office lease liabilities	246	485
Long-term office lease liabilities	3,911	3,911
Total	4,157	4,396

The table below analyses the movement in right-of-use asset for year 2021:

	Right-of-use assets
Balance at 31.12.2019	4,145
Additions*	691
Lease payments made during the year	-536
Interest expense	96
Balance at 31.12.2020	4,396
Lease payments made during the half year	-284
Interest expense	45
Balance at 30.06.2021	4,157

* 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.

The total number of shareholders at the end of June 2021 was 340. Bondholder structure according to holders' groups as of 30.06.2021 was the following:

- Private persons: 55%
- Legal persons: 45%

In the first half of 2021, 79 transactions in the amount of EUR 141 thousand were made with Admiral Markets AS bonds.

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

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

Interest liability from subordinated debt	
Accrued interest on subordinated debts as at 31.12.2019	1
Interest calculated for 2020	151
Paid out during 2020	-151
Accrued interest on subordinated debts as at 31.12.2020	1
Interest calculated for the first 6 months of 2021	73
Paid out during the first 6 months of 2021	-73
Accrued interest on subordinated debts as at 30.06.2021	1

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

Off-balance sheet assets	30.06.2021	31.12.2020
Bank accounts	1,037	1,319
Interim accounts of card payment systems	514	744
Stock	933	537
Cash in transit	678	382
Total	3,162	2,982

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

Jens Chrzanowski

Member of the Management Board

Note 10. Share capital

	30.06.2021	31.12.2020
Share capital	2,586	2,586
Number of shares (pc)	404,000	404,000
Nominal value of shares	6.4	6.4
Basic and diluted earnings (loss) per share	-3.91	50.16

Basic and diluted earnings (loss) per share are calculated as follows:

	30.06.2021	31.12.2020
Profit (loss) attributable to the equity holders of the Company	-1,580	20,265
Weighted average number of ordinary shares (pc)	404,000	404,000
Weighted average number of shares used for calculating the earnings per shares (pc)	404,000	404,000
Basic earnings (loss) per share	-3.91	50.16
Weighted average number of shares used for calculating the diluted earnings per shares (pc)	404,000	404,000
Diluted earnings (loss) per share	-3.91	50.16

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

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

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

Note 11. Segment reporting

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

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

Note 12. Net income from trading

	6M 2021	6M 2020
Indices CFD's	7,158	16,749
Currency pairs	4,295	11,166
Commodities CFD's	6,979	11,166
Other (crypto, bonds, ETF, shares, others)	-537	797
Net gain from trading of financial assets at fair value through profit or loss with clients including hedging with liquidity providers	17,895	39,878
Commission fee revenue from clients	28	57
Brokerage and commission fee expense	-8,855	-8,338
Other trading activity related income	6	12
Other trading activity related expenses	-3	-18
Net income from trading	9,071	31,591

Admiral Markets AS results depend on other companies in the Group. The sister investment companies of Admiral Markets AS hedge the risks arising from their customers' transactions in Admiral Markets AS, which is also their main liquidity partner.

Note 13. Operating expenses

Type of expenses	6M 2021	6M 2020	Note
Marketing expenses	-4,652	-4,262	
IT expenses	-1,464	-1,253	
Other outsourced services	-45	-275	
Bank charges	-31	-28	
VAT expenses	-177	-637	
Rent of low-value leases and utility expenses	-67	-86	
Legal and audit services	-228	-215	
Regulative reporting services	-51	-45	
Transport and communication costs	-110	-82	
Travelling expenses	-40	-38	
Supervision fee of the Financial Supervision Authority	-65	-59	
Miscellaneous office equipment	-48	-47	
Other operating expenses	-258	-434	
Intra-group expense	-437	-394	14
Total operating expenses	-7,673	-7,855	

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

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

Mr. Alexander Tskhilov has the ultimate control over the Company.

Revenue

	Relation	6M 2021	6M 2020
Revenue from brokerage and commission fees*	Companies in the same consolidation Group	25,235	42,268
Services	Companies in the same consolidation Group	315	108
Services	Senior management and companies related to them	108	0
Interest income	Parent company	58	39
Interest income	Companies in the same consolidation Group	5	0
Interest income	Senior management and companies related to them	6	5
Total transactions with related parties		25,727	42,420

* 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	6M 2021	6M 2020	Note
Commission fees	Companies in the same consolidation Group	-8,500	-8,050	
Services	Parent company	-179	-324	13
Services	Companies in the same consolidation Group	-258	-70	13
Services	Senior management and companies related to them	-236	0	
Total transactions with related parties		-9,173	-8,444	

Loans and receivables

	30.06.2021	31.12.2020	Note
Loans to parent company	5,800	5,800	
Loans to other companies in the same consolidation Group	476	448	
Loans to senior management and companies related to them	252	459	
Receivables from parent company	0	56	
Receivables from other companies in the same consolidation Group	2,698	339	
Receivables from senior management and companies related to them	101	48	
Total receivables from related parties	9,327	7,150	4,5

Payables

	30.06.2021	31.12.2020	Note
Parent company	91	0	
Payables to other companies in the same consolidation Group	1,804	4,514	
Total payables to related parties	1,895	4,514	6

In the first six months of 2021, the remuneration of the management, including social security taxes, totaled EUR 209 thousand (6 months 2020: EUR 242 thousand).



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