



**2021**

**Base  
prospectus**

**admirals**

# Base prospectus

This public offering, listing and admission to trading base prospectus has been drawn up and published by Admirals Group AS (an Estonian public limited company, registered in the Estonian Commercial Register under register code 11838516, having its registered address Maakri 19/1, 10145 Tallinn; the **Company**) in connection with the intended offering, listing and the admission to trading of the bonds issued by the Company on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange (the **Prospectus**).

In the frames of Tier 2 subordinated bonds program as adopted by the Company on 15 January 2021 (the **Program**) attached to this Prospectus as [Annex 1](#), the Company has issued and will issue unsecured subordinated bonds with the nominal value of EUR 100 each with the maturity term of 10 years with the option of early redemption after the lapse of 5 years, (the **Bonds** as defined below). The Company has by the date of this Prospectus issued in two separate series respectively on 05.02.2021 (series A1) and 31.05.2021 (series A2) altogether 27,016 unsecured subordinated bonds with the nominal value of EUR 100 each with the maturity term of 05.02.2031 with the option of early redemption after the lapse of 5 years from the date of the issue, registered under ISIN code EE3300001999. On 05.02.2021 the Company issued 21,700 unsecured subordinated bonds and on 31.05.2021 the Company issued 5,316 unsecured subordinated bonds. The Bonds were issued to professional investors through a private placement issue. The total volume of the Program is EUR 15,000,000 and therefore the Company may issue additional Bonds in the future on the terms set out in this Prospectus. The issue can be a public offer or done through private placement.

This Prospectus is also a listing prospectus. The Company shall apply for listing for the issued Bonds under this Prospectus. The Company also plans to apply for listing and admission to trading of the Bonds issued in the future. The Company also wishes to list and admit to the trading the Bonds that shall be issued in the future and for each additional issue the Company shall publish Final Terms which shall set out specific terms for each issue. In section 5 (d) (i) of the Program (Annex 1) the Company warranted to make its best efforts to

apply for the listing and admission of trading of the Bonds on the Baltic Bond List as operated by the Nasdaq Tallinn Stock Exchange by 31.12.2021 at the latest. The aforementioned section refers to the Bonds issued by 31.12.2021 the latest (at the time of the Prospectus means the Bonds issued in series A1 and A2). Referred section 5 (d) (i) of the Program does not prohibit the Company from applying for the listing and admission of trading for any Bonds issued after 31.12.2021.

This Prospectus is drawn up solely for the purpose of giving information on the Company, the Program and the Bonds, whereas each issue and offering of the Bonds shall be decided and disclosed separately.

This Prospectus has been approved by the Estonian Financial Supervision and Resolution Authority (the **EFSA**) as competent authority under Regulation (EU) 2017/1129. EFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

**Investing into the Bonds involves risks. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the risks related to the Company, the operations of the Company and its subsidiaries (the Group) and to the Bonds, the value of any investment in the Bonds may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in this Prospectus.**

The Prospectus is valid until 13.12.2022 or until the total volume of the Program has been achieved, whichever occurs later. The term can be extended as prescribed in relevant legal acts. The Issuer is obligated to update the Prospectus by publishing a supplement only in case new facts, material errors or inaccuracies occur, and such an obligation does not apply after the end of the validity period of the Prospectus.

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# 1. Introductory information

## 1.1 Applicable law

The Prospectus has been drawn up in accordance with and is governed by Estonian laws implementing the Regulation 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the **Prospectus Regulation**) and in accordance with the Commission Delegated Regulation No 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European

Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the **Delegated Regulation**), in particular the Annexes VI and XIV thereof.

Before reading this Prospectus, please take notice of the following important introductory information.

## 1.2 Registration of Prospectus

This Prospectus has been approved by the EFSA (as defined in Section 10 "[Glossary](#)") on 13.12.2021. under registration number 4.3-4.9/5307. The approval of this Prospectus with the EFSA does

not mean that the EFSA is responsible for the correctness of the information contained in the Prospectus.

## 1.3 Persons Responsible and Limitations of Liability

The person responsible for the information given in this Prospectus is Admirals Group AS. The Company accepts responsibility for the fullness and correctness of the information contained in this Prospectus as of the date hereof. Having taken all reasonable care to ensure that such is the case, the Company believes that the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the facts, and contains no omission likely to affect its import.

Admirals Group AS  
Sergei Bogatenkov



Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in this Prospectus solely based on the summary of this Prospectus, unless such summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

The Company will not accept any responsibility for the information pertaining to the Company or its operations, where such information is disseminated or otherwise made public by third parties.

In the case of a dispute related to this Prospectus, the plaintiff may have to resort to the jurisdiction of the Estonian courts and consequently a need may arise for the plaintiff to bear translation costs in respect of this Prospectus or other relevant documents.

## 1.4 Presentation of Information

Final Terms and Reading the Prospectus. The Bonds are issued in separate series and the Bonds of each series will be subject to the terms set out herein, as supplemented by a document specific to each series entitled final terms (the **Final Terms**). This Prospectus should be read and construed together with any supplement hereto and with any other documents incorporated by reference herein and, in relation to any series of Bonds, should be read and construed together with the relevant Final Terms.

Approximation of Numbers. Numerical and quantitative values in this Prospectus (e.g. monetary values, percentage values, etc.) are presented with such precision that is deemed by the Company to be sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of approximation. Exact numbers may be derived from the Financial Statements (as defined in Section 10 "Glossary"), to the extent that the relevant information is reflected therein.

Currencies. In this Prospectus, financial information is presented in euro (EUR), the official currency of the European Union Member States in the Eurozone.

Date of Information. This Prospectus is drawn up based on information, which was valid as of the date of this Prospectus (13.12.2021). Where not expressly indicated otherwise, all information presented in this Prospectus (including the consolidated financial information of the Group, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than 13.12.2021, this is identified by specifying the relevant date.

Third Party Information and Market Information. For portions of this Prospectus, certain information has been sourced from third parties. Such information is accurately reproduced and as far as the Company is

aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Group companies monitor and analyse their competitive position and the developments in the competitive situation on the markets where the Group companies operate on the basis of publicly available data and statistics, such as market analyses and statistics prepared by the EFSA and the local national banks of the geographical markets where the Group companies operate. All statements made in this Prospectus in respect of the competitive position of the Group companies are based on the above-referred publicly available information. Certain information with respect to the markets in which the Company and its subsidiaries operate is based on the best assessment made by the Management (as defined in Section 10 "Glossary"). With respect to the industry in which the Company and its subsidiaries are active and certain jurisdictions in which they conduct their operations, reliable market information is often not available or is incomplete. While every reasonable care was taken to provide best possible assessments of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Investors are encouraged to conduct their own investigation of the relevant markets or employ a professional consultant.

Updates. The Company will update the information contained in this Prospectus only to such extent and at such intervals and by such means as required by the applicable law or considered necessary and appropriate by the Management. The Company is under no obligation to update or modify forward-looking statements included in this Prospectus (please see Section "Forward-Looking Statements" (Chapter 1.8) below).

Definitions of Terms. In this Prospectus, capitalised terms have the meaning ascribed to them in Section "Glossary" (Chapter 10), with the exception of such cases where the context evidently requires to the contrary, whereas the singular shall include plural and vice versa. Other terms may be defined elsewhere in the Prospectus.

## 1.5 Information Incorporated by Reference

The following documents are incorporated in this Prospectus by reference:

- I. the Bond Terms, available at <https://admiralmarketsgroup.com/bonds-2>;
- II. the audited consolidated financial statements of the Group for the financial year ended on 31 December 2019, available at <https://admiralmarketsgroup.com/wp-content/uploads/2020/04/Admiral-Markets-Group-AS-Consolidated-Annual-Report-2019.pdf> on pages 62-136 .
- III. the audited consolidated financial statements of the Group for the financial year ended on 31 December 2020, available at <https://admiralmarketsgroup.com/wp-content/uploads/2021/03/Admiral-Markets-Group-AS-ENG.pdf> on pages 66-145;
- IV. the unaudited consolidated Interim Financial Statements of the Group for the period from 1 January 2021 until 30 June 2021, available at: [https://admiralmarketsgroup.com/wp-content/uploads/2021/11/Unaudited-consolidated-interim-report-on-the-first-6-months-of-2021-Admirals-Group-AS-24\\_11.pdf](https://admiralmarketsgroup.com/wp-content/uploads/2021/11/Unaudited-consolidated-interim-report-on-the-first-6-months-of-2021-Admirals-Group-AS-24_11.pdf) on pages 39-47.

All these documents may also be obtained from the website of the Company at <https://admiralmarketsgroup.com/admiral-markets-group-as> under section "Bonds".

## 1.6 Documents on Display

In addition to this Prospectus, the following documents are on display: (I) the Articles of Association and (II) the historical financial information of the Company and its Subsidiaries for the financial years ended 2019 and 2020.

All the documents on display as described herein may be obtained from the website of the Company at <https://admiralmarketsgroup.com/admiral-markets-group-as>.

## 1.7 Financial Information

The Financial Statements are the audited consolidated financial statements of the Group for (I) the financial year ended on 31 December 2019, and (II) the financial year ended on 31 December 2020, both audited by AS PricewaterhouseCoopers (registered address at Pärnu mnt 15, 10141 Tallinn) and (III) the unaudited consolidated Interim Financial Statements of the Company for the period from 1 January 2021 until 30 June 2021. The Financial Statements have been prepared in accordance with the IFRS as adopted by the European Union. AS PricewaterhouseCoopers is a member of the Estonian Auditor's Association. In the period covered by the Financial Statements, there were no events of resignation, removal or not re-appointment of an auditor appointed to audit the financial statements of the Company or the Group.

Apart from information taken from the Financial Statements, this Prospectus contains no other audited information. When references are made in this Prospectus to any interim results (if any), such references are based on unaudited statements.

## 1.8 Forward-Looking Statements

This Prospectus Includes Forward-Looking Statements (Notably Under Sections "[Risk Factors](#)" (Chapter 3), "[Reasons for the Offering, Listing and Admission to Trading](#)" (Chapter 5) and "[Principal Activities and Markets](#)" (Chapter 8)). Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management. Certain statements are based on the beliefs of the Management as well as assumptions made by and information currently available to the Management. Any forward-looking statements included in this Prospectus are subject

to risks, uncertainties and assumptions about the future operations of the Group, the macroeconomic environment and other similar factors.

In particular, such forward-looking statements may be identified by the use of words such as "strategy", "expect", "plan", "anticipate", "believe", "will", "continue", "estimate", "intend", "project", "goals", "targets" and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Prospectus whether as a result of such changes, new information, subsequent events or otherwise.

The validity and accuracy of any forward-looking statements is affected by the fact that the Group operates in a highly competitive business. This business is affected by changes in domestic and foreign laws and regulations (including those of the European Union), taxes, developments in competition, economic, strategic, political and social conditions, consumer response to new and existing products and technological developments and other factors. The Group's actual results may differ materially from the Management's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Group (please see "[Risk Factors](#)" (Chapter 3) for a discussion of the risks which are identifiable and deemed material at the date hereof).

## 1.9 Documents on Display

This Prospectus is prepared solely for the purposes of (a) offering of additional series of Bonds under the Program and (b) listing and admission to trading of the Bonds already issued before drafting this Program and any future subsequent series under the Program on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. This Prospectus may not be used for any other purpose than for making the decision of investing into the Bonds. You may not copy, reproduce (other than for private and non-commercial use) or disseminate this Prospectus without express written permission from the Company.

## 2. General description of program

### 2.1 Introduction

This section contains a general and broad description of the Bonds. It does not claim to be a comprehensive summary or cover all details of the Bonds. Potential investors should carefully consider this Prospectus as a whole, including the documents incorporated by reference, and the full Bond Terms, before making a decision to invest in the Bonds.

### 2.2 Type and Class of Bonds

The Bonds are subordinated bonds with the nominal value of EUR 100 each. The Bonds represent an unsecured debt obligation of the Company before the bondholder.

### 2.3 Volume of Program

The aggregate principal amount of the Bonds issue program is up to EUR 15,000,000. Under the Program altogether up to 150,000 Bonds may be issued. The Bonds are issued in separate series and the Bonds of each series, whereas the Company may determine the number of Bonds issued and the number, sequence and time schedule of the issues of the Bonds upon its sole discretion. The authorisation for the Program was granted by the Management Board on 15 January 2021. Each issue of Bonds under the Program will be subject to the resolution of the Management Board.

### 2.4 Form and Registration

The Bonds will be in dematerialised book-entry form and are not numbered. The Bonds will be registered in Nasdaq CSD (Nasdaq CSD SE, register code 40003242879, registered address Valņu iela 1, Rīga LV-1050, Latvia). ISIN code of the Bonds will be specified in the Final Terms.

### 2.5 Ranking and Subordination

The Bonds are not rated by any credit rating agencies at the date of this Prospectus.

The Bonds are subordinated to all unsubordinated claims against the Company. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the Bond Terms and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law. Therefore, upon the liquidation or bankruptcy of the Company, the bondholders of the Bonds are not entitled to any payments due under the Bonds until the full and due satisfaction of all the unsubordinated claims against the Company. By subscribing to the Bonds or acquiring the Bonds from a secondary market, the bondholder unconditionally and irrevocably agrees to such subordination of claims arising from any Bonds.

As long as there are no liquidation or bankruptcy proceedings initiated against the Company, all

claims arising from the Bonds shall be satisfied in accordance with the Bond Terms and the applicable law. Notwithstanding any rights of the bondholder under the Bond Terms or the law, by subscribing to Bonds or acquiring the Bonds from a secondary market the bondholder unconditionally and irrevocably relinquishes the right to demand premature redemption of any Bonds.

No bondholder shall be entitled to exercise any right of set-off against moneys owed by the Company in respect of such Bonds.

The Company as a financial holding company and its subsidiaries are subject to the Financial Crisis Prevention and Resolution Act implementing the bank recovery and resolution directive (No) 2014/59/EU into Estonian law. This means that the EFSA may subject the Group to crisis prevention and resolution measures, if the EFSA assesses it to be likely that the financial situation of the Group may rapidly deteriorate or if it is likely that the Group is insolvent or may become insolvent in the future.

If resolution measures are applied, the EFSA has a right to require in respect of the Company or its subsidiaries, inter alia, (I) the write-down or cancellation of Bonds (II) the transfer of Bonds or all assets, rights and liabilities, (III) the application of a bail-in tool; (IV) the amendment or alteration of the maturity of Bonds and other bail-inable liabilities issued or the amendment of the amount of interest payable under such instruments and other bail-inable liabilities or the amendment of the maturity of liabilities on which the interest becomes payable, including the suspension of payment for a temporary period, except for secured liabilities; (V) the issue of new shares or other capital instruments, (VI) the amendment to the terms of the contract entered into, withdrawal from the contract or termination thereof. Therefore, should the Group be subject to crisis prevention measures, such measures may be detrimental to the interests of the Company's shareholders and the financial situation of the Group.

### 2.6 Currency

The Bonds will be denominated in euro.

### 2.7 Maturity of Bonds

The Bonds are issued with the term of 10 years.

According to the Bond Terms, the Company is entitled to redeem the Bonds prematurely fully or partially at any time after the lapse of 5 years as from the date of issue by notifying the bondholders at least 30 days in advance. The Company is further entitled to redeem the Bonds prematurely before the lapse of the 5-year term if there is a change in the regulative classification of the Bonds resulting in the Bonds being, in the opinion of the Company after consultation with the EFSA, excluded or likely to be excluded from the classification as tier 2 own funds of a credit institution or if there is a significant change in the taxation regime applicable in respect of the Bonds that became effective or was announced after the issue of the relevant Bonds, as further specified in the Bond Terms. The Bonds may be redeemed prematurely by the Company on the above-described grounds only if the EFSA has granted its consent to the early redemption. The Bond Terms do not prescribe premature amortisation schedule. In case of premature redemption, the Company shall ask for EFSA's approval to the share of redeemable bonds (amortisation rate).

The bondholders are not entitled to claim early redemption of the Bonds under any circumstances.

## 2.8 Rights Attached to Bonds

The rights attached to the Bonds have been established by the Bond Terms. The main rights of bondholders arising from the Bonds and the Bond Terms are the right to the redemption of the Bonds and the right to interest. Upon a delay in making any payments due under the Bond Terms, the bondholders are entitled to a delay interest in accordance with the Bond Terms. The rights arising from the Bonds can be exercised by the bondholders in accordance with the Bond Terms and the applicable law.

In accordance with the Estonian General Part of Civil Code Act, the limitation period for claims arising from the Bonds, including for the payment of interest and the repayment of the outstanding principal amount of the Bonds in accordance with the Bond Terms, is generally three years. As an exception, the limitation period is ten years if the Company violated its obligations intentionally. The limitation period generally commences when the claim falls due.

## 2.9 Transferability

The Bonds are freely transferable; however, any bondholder wishing to transfer the Bonds must ensure that any offering related to such transfer would not be qualified as a public offering in the essence of the applicable law. According to the Bond Terms, ensuring that any offering of the Bonds does not fall under the definition of public offering under the applicable law is the obligation and liability of the bondholder.

<sup>1</sup>The Aggregate Nominal Amount of the Series may be increased by the decision of the Company until Issue Date (including) by up to EUR [specify amount]

## 2.10 Applicable Law

The Bonds will be issued in accordance with and are governed by the laws of the Republic of Estonia.

## 2.11 Final Terms

The Final Terms will contain the following information and will be published on the website of the Company at <https://admiralmarketsgroup.com/bonds-2> in the following form:

### Form of Final Terms for the Bonds

*Set out below is the form of Final Terms which will be completed for each tranche of a Series of Bonds, as the case may be, issued under the Program.*

[Date]  
Admirals Group AS

Issue of  
[Aggregate Nominal Amount of Series]<sup>1</sup> Tier 2 Subordinated Bonds.

Issued under the EUR 15,000,000 Bond Program.

#### Part A Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Bonds. This document constitutes the Final Terms for the Bonds described herein for the purposes of Article 8(3) of the Prospectus Regulation and must be read in conjunction with the prospectus drawn up by the Company, dated [Date] [as so supplemented] (the “**Prospectus**”).

A summary of the Bonds (which comprises the summary as completed to reflect the provisions of these Final Terms) shall be annexed to these Final Terms.

Full information on the Company and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and supplement[s] to the Prospectus] [is] [are] available for viewing through the Company’s website

(<https://admiralmarketsgroup.com/admiral-markets-group-as>).

The expression “Prospectus Regulation” means Regulation 2017/1129 (and amendments thereto) provided, however, that all references in this document to the “Prospectus Regulation” in relation to any Member State of the European Economic Area refer to Regulation 2017/1129 (and amendments thereto) to the extent implemented in the relevant Member State and include any relevant implementing measures in the relevant Member State.

Company	Admirals Group AS
Series Number	[specify date]
Aggregate Nominal Amount of the Series	EUR [specify amount]. [The Aggregate Nominal Amount of the Series may be increased by the decision of the Company until Issue Date (including) by up to EUR [specify amount]]
Nominal Amount	EUR 100
Issue Price	100% of the Nominal Amount [plus accrued interest from [insert date]]
Issue Date	[specify date]
Interest Commencement Date	[specify date]
Maturity Date	[specify date]
Type of Bonds	Fixed rate
Redemption type	Redemption at par
Status of the Bonds	Tier 2 Subordinated Bond
Interest	Interest
I. Interest Payment Dates	[ ] in each year
II. Rate of Interest	[ ] % per annum
III. Day count fraction	30/360
IV. Record Date	Close of business on the Business Day immediately preceding the Interest Payment Date
V. Delay interest	[ ]% per annum
Governing Law	Estonian law
Jurisdiction	Estonian courts

The Company accepts responsibility for the information contained in this Final Terms.

## Part B Other Information

### Listing

Listing and Admission to Trading: Application [will be made] made to the Tallinn Stock Exchange for the Bonds to be admitted to the Baltic Bond List of the Tallinn Stock Exchange.

### Ratings

Ratings: The Program has not been rated at the date of this Prospectus. The Bonds being issued [have not been rated / have been rated].

### Reasons for the Offer and Estimated Net Proceedsa

- I. Reasons for the offer:
- II. Estimated net proceeds:

### Yield

Indication of yield: Calculated [include method of calculation in summary form].

### Operational Information

ISIN Code:

### Expected Timetable and Action Required to Apply for the Offer

- I. Time period for subscription to the offer [time period]
- II. Description of the subscription process: [description]
- III. Minimum and maximum amounts of the subscription (if any): [specify amounts]
- IV. Description of publishing the results of the offer: [description]

## 3. Risk Factors

### 3.1 Introduction

Investing into the Bonds issued by the Company entails various risks. Each prospective investor in the Bonds should thoroughly consider all the information in this Prospectus, including the risk factors described below. Any of the risk factors described below, or additional risks not currently known to the Management or not considered significant by the Management, could have a material adverse effect on the business, financial condition, operations or prospects of the Group and result in a corresponding decline in the value of the Bonds. As a result, investors could lose a part or all of the value of their investments. The Management believes that the factors described below present the principal risks inherent in investing into the Bonds.

The risk factors are presented in categories and where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor. The most material risk factor in a category is presented first under that category, the assessment of materiality of each risk factor is based on the probability of its occurrence and the potential magnitude of its negative impact. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence.

**This Prospectus is not, and does not purport to be, investment advice or an investment recommendation to acquire the Bonds. Each prospective investor in the Bonds must determine, based on its own independent review and analysis and such professional advice as it deems necessary and appropriate, whether an investment into the Bonds is consistent with its financial needs and investment objectives and whether such investment is consistent with any rules, requirements and restrictions as may be applicable to that investor, such as investment policies and guidelines, laws and regulations of the relevant authorities, etc.**

### 3.2 Risks related to the Company

#### 3.2.1 Market Risk - high risk level

Market risk is one of the main risks related to the Group's services. Market risk mainly arises from large open positions within trading portfolios related to clients, constituting more than a half of all risk exposure of the Group. To a lesser extent, the risk is related to assets on the balance-sheet quoted in currencies other than euro. For managing the market risk, a general limit on the Group level has been set. A separate limit has been set for the trading portfolio. The limit set for the trading portfolio is monitored in real time five days a week. If the limit is exceeded, the excess risk is economically hedged with derivative positions opened at trading counterparties.

Foreign currency risk is the main part of market risk for Group in respect of which a set of internal risk management principles have been set. Foreign currency risk is defined as the potential damage caused by unfavourable movement of exchange rates. The foreign currency net open position is calculated by taking into account all assets and liabilities that depend on the changes in exchange rates. The euro is not considered as a foreign currency.

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

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

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

The impact of the COVID-19 pandemic on financial markets was particularly evident during the first half of 2020. This had a particularly strong impact on global equity markets, where markets fell sharply in February-March and recovered by the end of the year. The negative prices of WTI oil futures were also caused by sharp drop in demand for petroleum products. The COVID-19 pandemic had significant positive impact to the Group, as globally there was an increase in new clients and therefore also trading volumes.

As to interest risk, in 2020 and 2019, Group' exposure to interest rate risk was low due to very low interest rates in the current economic environment. Deposits from Group in credit institutions and investment firms are generally subject to a 0 per cent rate. Subordinated debt securities are not exposed to interest rate risk, because of fixed interest rate.

Concentration risk is defined as risk arising from a large exposure to a single counterparty or related counterparties, or counterparties whose risk is influenced by a common risk factor or whose risk is in a strong positive correlation (including concentration risk based on a single economic sector, geographic region or activities/ products). Concentration risk is the ratio of Group' risk

exposure to company's own funds. The activities of the Group are aimed at avoiding excessive concentration risks, both geographically and by individual counterparties. To this end, the Group's management has established limits on concentration risk. With regard to banks the limit is 100% of own funds. With regard to investment companies the counterparty concentration risk limit is 25% of own funds.

### 3.2.2 Credit risk - moderate risk level

Credit risk arises from a probable loss that may arise from incorrect performance or non-performance of obligations arising from the law of obligations, or other factors (including the economic situation). Assets subject to credit risk are primarily due from credit institutions and investment companies, receivables, loans, financial assets recognised at fair value through profit or loss and receivables arising from other financial assets.

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

Cash and cash equivalents, including the off-balance funds the clients have transferred to their trading portfolios, held at credit institutions and investment companies (liquidity providers), are exposed to credit risk. As of the date of the Prospectus the Company estimates that cash and cash equivalents, which consist mainly of demand deposits, transferrable to another credit institution upon first request, bear very low credit risk as the cash and cash equivalents are generally deposited at diverse range of highly rated credit institutions For assessing the risk level

of credit institutions, the Company uses ratings issued by international rating agencies Moody's, Standard & Poor's or Fitch, to the credit institutions or their parent companies. If a credit institution has not been issued such credit rating, the country rating is used. Generally, the credit institution must have a rating of at least AA-. The amount of demand deposits that can be held at credit institutions with lower ratings is limited. The investment companies must have a respective licence issued by the competent authorities and high reputation. Twice a year, the ratings of credit institutions and investment companies are checked and publicly available information about potential problems is reviewed.

Loans have been granted mainly to the related parties. Based on historical loss rate and forward-looking macroeconomic information, the Group, at the time of this Prospectus, assesses that the significant risk of the loans has not increased compared to when the respective loan was issued. At the date of the Prospectus the Company is of the position that there is no significant risk in the credit risk for loans granted and resulting expected credit loss is immaterial.

Financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss consist of bonds and derivative positions opened at trading counterparties (liquidity providers). The bonds are included in the liquidity management portfolio. Liquidity portfolio is part of the liquidity buffer of Group, and it consists of investments in pledgeable and high-quality liquidity bonds. The portfolio includes central governments, public sector entities, multilateral development banks and international organizations bonds. Bonds must have a minimum rating of AA by Moody's.

Receivables arising from other financial assets include all other on-balance sheet financial assets, consisting primarily of receivables from liquidity providers and Group Companies. Management estimates that these receivables bear in substance low credit risk. Credit risk involving financial assets held for trading is connected with the risk of customer or counterparty insolvency. With regard to OTC transactions with customers, the Group's policy is to mitigate the counterparty credit risk through the so-called "stop out" mechanism.

Customer funds deposited in the brokerage serve as a security. If a customer's current balance is 30 per cent or less of the security paid in and blocked by the transaction system, the position that generates the highest losses is automatically closed at the current market price. The initial margin amount is established depending on the type of financial instrument, customer account, account currency and the balance of the cash account in the transaction system, as a percent of the transaction's nominal value. A detailed mechanism is set forth in the rules binding on the customers. In addition, in order to mitigate counterparty credit risk, the Group includes special clauses in agreements with selected customers, in particular, requirements regarding minimum balances in cash accounts. If there is a receivable from the client as a result of trading activity (negative client position for which credit risk has materialised), then based on historical information the probability of default and loss given default are 100% and thus, the receivable is fully impaired and written off with a management decision. Therefore, there is no need to assess or adjust forward looking information estimates.

### 3.2.3 Operational risk - moderate risk level

Operational risk is the risk of loss from the activities of people (including employees, clients or third parties), internal procedures or systems not functioning as expected, or external events. Operational risk is expressed as the probability of damage, management and control mistakes, fraud, embezzlement by employees, damage caused by unprofessionalism, errors in the Group's internal systems and human errors. This includes IT risk, which could cause damage in case of unauthorized access to information or technological failure.

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

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

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

Risk of ownership concentration. The Company is controlled by a shareholder with a holding of above 70 percent of the share capital, Alexander Tsikhilov, making him the main beneficiary of the Company. The main beneficiary of the Company has the ability to influence the Company's business, and if circumstances were to arise where the interests of the beneficiary conflict with the interests of the Investors, any influential decisions concerning disposal of assets or change of business activities can be made solely by the beneficiary rather than jointly by various shareholders.

Control risk is a probability of loss arising from the tendency of internal control systems to lose their effectiveness over time, and thus expose (or fail to prevent exposure of) the assets they were instituted to protect. As some members of the Group as investment service providers operate in a demanding regulated environment and therefore must take extra care that the internal control systems are adequate and effective. The control systems of the Company's subsidiaries are also supervised by the different authorities authorize to render supervision (most likely National Competent Authorities).

The Group subsidiaries are required to have a well-functioning external and internal auditing systems.

The purpose of the internal auditing is to assess the efficiency and appropriateness of the activities carried out by the Group subsidiaries or of the functioning of any systems (including the internal auditing system) and detect any problematic matters in the functioning of the organisational system as well as in the decision making. The auditing system has a reporting obligation to the Supervisory Board.

Any information about the activities of the Company's regulated subsidiaries which indicates to a violation of law or damage the interests of the Clients is to be forwarded also to the financial supervision authorities. Any financial underperformance by the management has effect on the profitability of the Company and hence the shareholders of the Company via profit loss. The internal processes of the Group are supervised by the Company itself as well.

Legal risk is a risk resulting from the nonconformity with or misinterpretation of legislation, contracts, good practice and standards of ethics. The main area where the legal risk arises is the legal environment in which the Company operates in. At the date of the Prospectus, the Company operates in many countries through its subsidiaries and has authorisations in 5 countries – UK, Australia, Cyprus, Jordan and Estonia. The financial authorities of these countries may suspend or revoke the authorisation based on grave breaches by the Company in which case the Company is forbidden to continue with provision of investment services and ancillary services to its Clients.

IT risk is the risk of loss from temporary unavailability or ill functioning of its key systems or databases as well as external attack on the systems. The Group subsidiaries offer its services primarily through the internet; therefore, any failure of its IT systems could result in significant loss of revenue and reputational damage. Additionally, the Group subsidiaries and the Company itself could face claims from Clients if they suffered losses due to failure of its systems e.g., through poorly or unexecuted orders, unavailability of the trading platform etc. The Group has secured its systems with anti-malware software and software which helps to detect as well as prevent any DDoS events (such as Incapsula).

Model risk is the risk of loss resulting from poor strategic decisions, for example through late or inadequate reaction to key market trends, overestimating the potential of a new market or product etc. The main methods for managing operational risk are the personnel policy, implementation of various internal control measures and operability planning. For managing operational risk on a daily basis, the Group companies use systems of transaction limits and competence systems and in work procedures implement the principle of segregation of duties.

In assessment, monitoring and managing of operational risks, compliance and internal audit function have key role. The main task of the person performing compliance control is to define the risk of noncompliance of the activities of the Group companies with legal acts, voluntary guidelines of the financial supervision authorities and internal rules of the Group companies, taking into consideration the business scope and complexity of services rendered, and to arrange for their hedging or prevention.

#### Risks related to Cross-Border Operations.

The Group's business is carried out in several jurisdictions. At the date of the Interim Financial Statement, the Group has clients in more than 149 countries and offices in 16 countries worldwide. At the date of the Prospectus the largest geographical region for the Group by sales revenue for the first 6 months of 2021 was Europe, with 83% of the gross revenue of all the geographical regions the Group operates in. More precisely, German clients generate 22% of the total revenue for the group followed by France (11%), Spanish (8%) and UK (7%) clients.

Such cross-border operations expose the Group to legal, tax, economic and political risks on all these markets. Such risks may have an adverse effect on the Group's profits and financial position and thereby affect the Group's ability to make payments under the bonds.

Expansion Risk. The Group has so far pursued the strategy of constant expansion into a new product and geographic markets. The Management expects that the Group will continue to grow and further growth may require expansion into new geographic

markets in the region and client segments in the existing and new markets, as well as development of new products with a particular focus on increasing retail clients share of existing clients as of the date of this Prospectus. The rapid growth of the Group may lead to administrative and structural difficulties. Managing an increasing number of local entities, each operating in a different economic and legal environment, will pose a challenge for the executive team of the Group and may ultimately result in higher administration costs and a slower rate of expansion. At the same time, the top management of the Group already possesses considerable experience in running international operations and expanding the business of the Group into new markets. For example, the Group has already closed some of its affiliate companies. The risks brought out above may have an adverse effect on the Group's profits and financial position, and thereby affect the Group's ability to make the payments under the Bonds.

The latest expansions of the Group are to Dubai, Canada, and Spain, where applications for obtaining respective and relevant licenses required for providing investment services in respective jurisdictions have been filed (no legal entity has been established in Dubai yet). Request for extending existing license to also cover OTC derivative services has been submitted in the Republic of South Africa. The expansion to the new markets could turn out to be unsuccessful resulting in losing the investment made in the expansion processes. This in turn could potentially have a negative effect on the Group's financial position, although the Group finds it unlikely, because no significant expenses related to these licencing processes have been accrued and no significant financial impact can be foreseen regarding expenses related to the licensing applications.

Industry reputation risk. Investment services are most of all web-based. There are numerous web pages operated by companies or private individuals who are not authorised to provide investment services. As national competent authorities may not be always capable of controlling all the web-based service providers the services of whom could be accessible by the residents in their jurisdiction, many trading platform webpages or webpages imitating

trading platforms have been created by people with fraudulent or criminal intentions. Some webpages often perform active selling to inexperienced retail clients. If sufficient supervision and control is not exercised over the activities of these companies which claim to be financial services providers, clients may get the impression that all companies providing similar services belongs among the kind of companies that are untrustworthy (generalisation risk). One way to deal with this problem is to mitigate the risk of the Company's business name being used by unauthorised persons. For this purpose, the Company has registered various domain names which could be connected to the Company to prevent the use of these domain names by people with criminal intentions. The activities of such unauthorised companies may have an impact on the company's area of activity in general, influencing the opinion of clients about financial institutions and services. Also, any scandals with global reach in the financial environment can draw negative media coverage to the industry and damage the reputation of all market participants, including the Company. In addition, the activities of the clients themselves may have an impact on the reputation of the industry in general, as the clients often do not have the knowledge to succeed with their investments. This may in a long term have a negative impact on the number of clients and the business volumes of the Company as well as other Group subsidiaries. To deal with these risks, the Company has executed a program to educate Clients of Group subsidiaries, providing an option to use demo accounts and providing educational materials. The Company provides to Clients of Group subsidiaries openly accessible webinars, tutorials, and organises seminars held by trading professionals to expand their knowledge on the basic matters necessary to develop analysing skills, personal risk management and better trading strategies.

Dependency on Information Technology Systems and Risk of Cyber-Attacks. The Group has developed and uses a variety of custom-made information technology systems and web-based solutions in carrying out its everyday business operations and providing services to its clients. The dependency on such systems is increasing in time with the spread of online and mobile banking services and the development of cloud computing. This

means that the Group is exceedingly open to risks over which it has no control, including system-wide failures of communication infrastructure, quality and reliability of equipment and software supplied by third parties and other similar risks. Failures of or significant disruptions to the Group's information technology systems could prevent it from conducting its operations. Furthermore, should the Group experience a cyber-attack, significant security breakdown or other significant disruption to its information technology systems, sensitive information could be compromised, which in turn could result in civil and administrative liability of the Group companies before its customers, counterparties and state authorities, as well as in a general decrease in the trustworthiness of the Group and consequently in the demand for its services. Ensuring security and reliability of information technology systems is becoming more challenging in the environment where service providers are facing increasingly sophisticated and highly targeted attacks aimed at obtaining unauthorised access to confidential and sensitive information, disable or degrade service or sabotage information systems for other purposes. The Group has made significant investments into developing well-functioning and secure information technology systems and is constantly working on improving such systems and developing adequate contingency procedures; however, the Group may, despite its efforts, fail to mitigate all risks or fail to take appropriate and effective countermeasures if its information technology systems fall under attack, which in turn may have material adverse effect on the Group's operations, financial condition and results of operations.

Dependency on Qualified Staff. The results of operations of the Group companies depend highly on the ability to engage and retain qualified, skilled and experienced staff. In the highly competitive environment, the Group companies must make continuous efforts to attract new qualified personnel and motivate existing management and employees. Regulatory restrictions, such as the limits on certain types of remuneration paid by credit institutions and investment firms set forth in CRD IV2, could adversely affect the Group's ability to attract new qualified personnel and retain and motivate existing employees. Any loss of the services of

key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel may have material adverse effect on the Group's operations, financial condition and results of operations.

Competitive Market. The Group operates in a highly competitive market. In addition to the licensed credit institutions and branches of foreign banks present in the geographical markets where the Group companies operate, there are market participants who are not subject to regulatory and capital requirements as burdensome as the Group companies, and who therefore may have a competitive advantage on the relevant market.

### 3.2.4 Equity risk - low risk level

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

### 3.2.5 Liquidity risk - low risk level

Liquidity risk is related to the solvency of Group' contractual obligations in a timely manner due to differences in maturities between assets and liabilities. To manage the liquidity risk, probable net position of receivables and payables of different Liquidity risk periods of time is monitored on a daily basis and by keeping at any time on the account adequate liquid assets, as well as the concentration of liabilities by maturity is monitored. At the time of drafting this Prospectus the Group had no overdue payables.

Commodity risk includes derivatives related to various raw materials (oil and gas), precious metals (silver, platinum and palladium), copper, agricultures and crypto currencies. The Company considers the commodity risk a low risk.

## 3.3 Political, Economic and Legal Risks

Changes in Economic Environment. Each of the Group's operating segments is affected by general economic and geopolitical conditions. Group has its headquarters in Estonia, and 15 additional offices around the world (as of the date of the Interim Financial Statements). The products Group offers to its customers around the world are dependent on regional economic and regulatory trends. Although the Group constantly monitors developments on both domestic and international markets, it is not possible to forecast the timing or extent of changes in the economic environment. Effect of COVID-19 related restrictions has been minimal regarding labour since all employees may work from home offices. Restrictions on advertisements and marketing have had some impact on the activities of the Group.

Compliance and Regulatory Change Risks. The Group operates in highly regulated fields of business and its operations are subject to a number of laws, regulations, policies, guidance and voluntary codes of practice.

Considering the recent reforms and changes in the regulatory framework applicable in respect of the operations of the Group, the Group cannot predict to what extent laws and policies or their interpretations will change in the future nor the impact of such changes. Increased requirements and expectations, enhanced supervisory standards and uncertainty with regard to further changes may result in limitations of operating flexibility and certain lines of business, in additional costs and liabilities, in a necessity to change legal, capital or funding structures, and in decisions to exit or not to engage in certain business activities. Further, several local and European authorities, including financial supervision, consumer protection, anti-money laundering, tax, and other authorities, regularly perform investigations, examinations, inspections and audits of the Group's business, including, but not limited to regarding capital requirements, data protection, anti-money laundering, anti-bribery, payments, reporting, corporate governance, etc.

Any determination by the authorities that the Group has not acted in compliance with all the applicable laws and regulations could have serious legal and reputational consequences for the Group, including exposure to fines, criminal and civil penalties and other damages, increased prudential requirements or even lead to business disruption in the respective fields. Any of these consequences may have a material adverse effect on the Group's operations, financial condition and results of operations.

**Maintaining Capital Adequacy Ratios.** Credit institutions and investment firms must adhere to strict capital adequacy requirements subject to frequent reforms and changes. Currently, the capital of banks and investment firms in the EU is subject to the legal framework of IFR<sup>2</sup>/IFD<sup>3</sup>. These requirements are largely based on the Basel III framework that was agreed in the Basel Committee on Banking Supervision with the objective to strengthen the resilience of the financial sector to economic shocks and thereby ensure the adequate and sustainable financing of the economy, and are still subject to transitional arrangements (phase-in of deductions and capital buffers and phase-out of capital elements).

**Risks relating to Abuse of Financial System.** The Group operates in a sector subject to strict and constantly tightening requirements concerning money laundering, the financing of terrorism and financial sanctions, and, as has been seen both in Estonia and worldwide, the risk of incidents of the abuse of financial system is increasing. In addition to the threat that the Group's services, products and channels could be used for money laundering and terrorist financing, the Group may not be able to duly comply with all the rules that aim to prevent the illegal exploitation of the financial system, such as due diligence measures and "Know Your Customer" principle. Further, the compliance with anti-money laundering, antiterrorism financing and financial sanction rules involves significant cost and effort and entails restrictions and limitations on the activities of the Group. The most important

measures used by the Group to mitigate the risk of incidents or compliance issues involve the use of a risk-based approach, risk assessment of services and clients and risk-based monitoring. A separate department of anti-money laundering has been established and, as the awareness and commitment of all employees and management are considered crucial, the Group also focuses on regular training and information sharing. Nevertheless, the measures taken by the Group may prove to be ineffective or insufficient. Any incident or violation concerning anti-money laundering, terrorist financing or financial sanction rules, as well as further tightening of these rules may result in severe legal and reputational consequences or additional costs and limitations for the Group, which, in turn, may have material adverse effect on the Group's operations, financial condition and results of operations.

**Political risk.** The Group has a subsidiary in Belarus (Runa Systems UPE), which does not offer any services related to trading. The subsidiary provides intra-group IT-services. No disruptions have been identified due to the political situation in Belarus. Should any disruptions occur, the Group is ready to relocate the employees from Belarus to Estonia and/or Ukraine. The Group has also a subsidiary in Ukraine (Runa Ukraine LLC), which is inactive but can be used in case relocation of employees or services is needed.

## 3.4 Risks Related to Bonds and Listing

**Credit Risk.** An investment into the Bonds is subject to credit risk, which means that the Company may fail to meet its obligations arising from the Bonds in a duly and timely manner. The Company's ability to meet its obligations arising from the Bonds and the ability of the holders of the Bonds to receive

payments arising from the Bonds depend on the financial position and the results of operations of the Company and the Group, which are subject to other risks described in this Prospectus.

**Subordination Risk.** The Bonds are subordinated to all unsubordinated claims against the Company; however, not to the claims, which are subordinated to the Bonds or which rank pari passu with the Bonds. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the Terms of the Bonds and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law. Therefore, upon the liquidation or bankruptcy of the Company, the holders of the Bonds are not entitled to any payments due under the Terms of the Bonds until the full and due satisfaction of all the unsubordinated claims against the Company. The subordination may have adverse effects on the Company's ability to meet all its obligations arising from the Bonds.

**Early Redemption Risk.** According to the Bond Terms, the Bonds may be redeemed prematurely on the initiative of the Company, at any time after the lapse of 5 years as from the date of issue of the Bonds as described in Section "Maturity of Bonds" (Chapter 2.7). Further, according to the Bond Terms, the Bonds may be redeemed by the Company even earlier than after the lapse of 5 years as from the date of issue of the Bonds as described in Section "Maturity of Bonds" if amendments are made to the tax regulation that cause the Company to bear increased tax liability in regards of the Bonds, or if the Bonds seize or are likely to seize to be included in the Company's tier 2 capital. If any of these early redemption rights is exercised by the Company, the rate of return from an investment into the Bonds may be lower than initially anticipated. The Bonds may, however, be redeemed prematurely by the Company only if the EFSA (or the European Central Bank if it is in the competence thereof) has granted its consent to the early redemption. The decision on granting the consent involves a certain amount of discretion by the competent authority and the early redemption is therefore beyond the control of the Company.

**Bail-in Risk.** Any liability arising under the Bonds may be subject to the exercise of Bail-in Powers by the relevant Resolution Authority in cases where a Group company meets the conditions for the initiation of resolution proceedings (i.e. fails or is likely to fail and certain other conditions are met). Exercising the Bail-in Powers is subject to numerous preconditions and will only be used as a last resort; however, if the powers are exercised, it is possible that: (I) the amount outstanding of the Bonds is reduced, including to zero; (II) the Bonds are converted into shares, other securities or other instruments of the Company or another person; (III) the Bonds or the outstanding amounts of the Bonds are cancelled; and/or (IV) the terms of the Bonds are altered (e.g. the maturity date or interest rate of the Bonds could be changed). Therefore, if a Group company meets the conditions for the initiation of resolution proceedings, the exercising of the Bail-in Powers by the relevant Resolution Authority may result in material losses for the bondholders.

**No Ownership Rights.** An investment into the Bonds is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Company or any of the Subsidiaries thereof or any voting rights or rights to receive dividends or other rights which may arise from equity instruments. The Bonds represent an unsecured debt obligation of the Company, granting the bondholders only such rights as set forth in the Bond Terms.

**Tax Regime Risks.** Adverse changes in the tax regime applicable in respect of transacting with the Bonds or receiving interest or principal payments based on the Bonds may result in an increased tax burden of the bondholders and may therefore have adverse effect on the rate of return from the investment into the Bonds.

**Bond Price and Limited Liquidity of Bonds.** The Company will apply for the listing of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange; however, although every effort will be made by the Company to ensure the listing of the Bonds as anticipated by the Company, no assurance can be provided that the Bonds will be listed and admitted to trading. Further, the Nasdaq Tallinn Stock Exchange is substantially less liquid and more volatile than established markets. The relatively

<sup>2</sup> Regulation (EU) No 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

<sup>3</sup> Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

small market capitalisation and low liquidity of the Nasdaq Tallinn Stock Exchange may impair the ability of the bondholders to sell their Bonds on the open market, use them as collateral for other obligations or engage in other transactions requiring the existence of an active market, or could increase the volatility of the price of the Bonds. The value of the Bonds can fluctuate on the securities market due to events and the materialisation of risks related to the Group, but also because of events outside the Group's control, such as economic, financial or political events, changes of interest rate levels or currency exchange rates, policy of central banks, changes in the demand or supply of securities of the same type in general or of the Bonds. For instance, if at any point a person holding a large block of Bonds decided to sell such Bonds, the demand on the

Nasdaq Tallinn Stock Exchange may not be sufficient to accommodate such a sale or issue and any sale may take longer than originally expected or a sale may take place at a lower price than expected.

**Lack of Adequate Analyst Coverage.** There is no guarantee of continued (or any) analyst research coverage for the Company. Over time, the amount of third-party research available in respect of the Company may increase or decrease with little or no correlation with the actual results of its operations, as the Company has no influence on the analysts who prepare such reports. Negative or insufficient third-party reports would be likely to have an adverse effect on the market price and the trading volume of the Bonds.

## 4. Terms and Conditions Of Offering

### 4.1 Offering

In the course of the Offering, the Bonds of the Program may be offered to retail and institutional investors in Estonia (the **Retail Offering**). The Company may choose to offer the Bonds issued under the Program to investors in and outside Estonia by private placement under exemptions from the obligation to draw up a prospectus or register such offer with the competent authorities available for the Company under law applicable to such offerings.

In addition to the Retail Offering the Bonds may be offered in or outside Estonia to qualified investors in accordance with Article 1(4)(a) and (b) of the Prospectus Regulation (the **Institutional Offering**); however, this Prospectus relates only to the Retail Offering.

Should Bonds of a series be offered both by way of Retail Offering as well as in the course of an

Institutional Offering and/or private placement, the relevant Bonds of one series will be issued simultaneously or on dates close by and will be subject to one application to list and admit the Bonds to trading on the Nasdaq Tallinn Stock Exchange.

The division of the Bonds between the private placement (if chosen to be done by the Company), the Institutional Offering and the Retail Offering has not been predetermined and will be determined by the Company in accordance with the principles described in Section 4.7 "[Distribution and Allocation](#)" below. The total amount of Bonds may decrease in case any part of the Offering is cancelled – please see the [Chapter 4.9 "Cancellation of Offering"](#) for further details.

Each time the Company has decided upon offering the existing or newly issued Bonds in the form of public offering the Company shall provide to the investors the following information indicating the estimated timeline of the Retail Offering:

Indicative timetable of the Offering

Start of the Offer Period	[date]
End of the Offer Period	[date]
Announcement of the results	[date]
Settlement of the Offering	[date]
First trading day of the Bonds on Nasdaq Tallinn Stock Exchange	[date]

### 4.2 Right to Participate in Offering

The Retail Offering is directed to all retail and institutional investors in Estonia.

### 4.3 Offer Price

The Offer Price will be determined in the Final Terms of the Bonds.

### 4.4 Offering Period

The Offering Period is the period during which the persons who have the right to participate in the Retail Offering may submit Subscription Undertakings (please see [Chapter 4.5 "Subscription Undertakings"](#) for further details) for the Bonds. The Offering Period for each series of Bonds will be separately published through the information system of Nasdaq Tallinn Stock Exchange and the website of the Company.

### 4.5 Subscription Undertakings

#### 4.5.1. Submitting Subscription Undertakings

The Subscription Undertakings may be submitted only during the Offering Period. An investor participating in the Retail Offering may apply to subscribe for the Bonds only for the Offer Price. Multiple Subscription Undertakings by one investor, if submitted, shall be merged for the purposes of allocation. All investors participating in the Retail Offering can submit Subscription Undertakings denominated only in euros. An investor shall bear all costs and fees charged by the respective account operator of Nasdaq CSD accepting the Subscription Undertaking in connection with the submission, cancellation or amendment of a Subscription Undertaking.

In order to subscribe for the Bonds, an investor must have a securities account with the Nasdaq CSD Estonian settlement system. Such securities account may be opened through any account operator of Nasdaq CSD. A complete and up to date table of account operators of Nasdaq CSD can be found at the following address: <https://nasdaqcsd.com/list-of-account-operators>.

## 4.5.2. Content of and Requirements for Subscription Undertakings

A Subscription Undertaking is deemed submitted from the moment Nasdaq CSD receives a duly completed transaction instruction from the account operator of the respective investor.

## 4.5.3. Submission of Subscription Undertakings through Nominee Accounts

An investor may submit a Subscription Undertaking through a nominee account only if such an investor authorises the owner of the nominee account to disclose the investor's identity, personal ID number or registration number, and address to the Company and Nasdaq CSD. Subscription Undertakings submitted through nominee accounts without the disclosure of the above information will be disregarded.

## 4.5.4. Amendment and Cancellation of Subscription Undertakings

Investors have the right to amend or cancel their Subscription Undertakings at any time until the end of the Offering Period. To do so, the investor must contact its/his/her account operator through whom the Subscription Undertaking in question has been made and carry out the procedures required by the account operator for amending or cancelling a Subscription Undertaking (such procedures may differ between different account operators). This may result in costs and fees charged by the account operator through which the Subscription Undertaking is submitted.

## 4.5.5. Legal Effect of Subscription Undertakings

An investor must ensure that all information contained in the Subscription Undertaking is correct, complete and legible. The Company reserves the right to reject any Subscription Undertakings, which are incomplete, incorrect, unclear or illegible, or which have not been completed and submitted during the Offering Period in accordance with all requirements set out in these terms and conditions.

By submitting a Subscription Undertaking, every investor:

- I. accepts the terms and conditions of the Offering set out in this Section and elsewhere in this Prospectus and agrees with the Company that such terms will be applicable to the investor's acquisition of any Bonds;
- II. confirms that it/he/she has read the Terms of the Bonds and that the Terms of the Bonds are fully understandable and acceptable to it/him/her;
- III. accepts that the number of the Bonds indicated by the investor in the Subscription Undertaking will be regarded as the maximum number of the Bonds which the investor wishes to acquire (the **Maximum Amount**) and that the investor may receive less (but not more) Bonds than the Maximum Amount subscribed for (please see [Chapter 4.7 "Distribution and Allocation"](#));
- IV. undertakes to acquire and pay for any number of Bonds allocated to them in accordance with these terms and conditions, up to the Maximum Amount;
- V. authorises and instructs the account operator through which the Subscription Undertaking is submitted to arrange the settlement of the transaction on their behalf (taking such steps as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the transaction;
- VI. authorises the account operator through which the Subscription Undertaking is submitted, and Nasdaq CSD, to amend the information contained in the Subscription Undertaking to (a) specify the value date of the transaction, (b) specify the number of Bonds to be purchased by the investor and the total amount of the transaction, up to the Maximum Amount times

the Offer Price; (c) correct or clarify obvious mistakes or irregularities in the Subscription Undertakings, if any;

- VII. authorises the Company and Nasdaq CSD to process its personal data and information in the Subscription Undertaking during the Subscription Period and/or after the Subscription Period where necessary to participate in the Offering, to accept or reject the Subscription Undertaking and to fulfil the Terms and Conditions of the Bonds and the Company's obligations under the Terms and Conditions of the Bonds.

## 4.6 Payment

By submitting a Subscription Undertaking, an investor authorises and instructs the institution operating the investor's cash account connected to its/his/her securities account (which may or may not also be the investor's account operator) to immediately block the whole transaction amount on the investor's cash account until the settlement is completed or funds are released in accordance with these terms and conditions. The transaction amount to be blocked will be equal to the Offer Price multiplied by the Maximum Amount. An investor may submit a Subscription Undertaking only when there are sufficient funds on the cash account connected to its/his/her Nasdaq CSD securities account or its/his/her securities account to cover the whole transaction amount for that particular Subscription Undertaking.

## 4.7 Distribution and Allocation

The Company will decide on the allocation of the Offer Bonds after the expiry of the Offering Period of the respective series of Bonds. The Bonds will be allocated to the investors participating in the Offering in accordance with the following principles:

- I. under the same circumstances, all investors shall be treated equally, whereas dependent on the number of investors and interest towards

the Offering, the Company may set minimum and maximum number of the Bonds allocated to one investor;

- II. the Company shall be entitled to use different allocation principles between the groups of retail investors and institutional investors;
- III. the allocation shall be aimed to create a solid and reliable investor base for the Company;
- IV. the Company shall be entitled to prefer Estonian investors to foreign investors who may participate in the Institutional Offering;
- V. the Company shall be entitled to prefer its existing shareholders and bondholders of the Company to other investors; and
- VI. the Company shall be entitled to prefer the clients of the Company to other investors;
- VII. the Company shall be entitled to give preference to the employees, management and supervisory board members of companies belonging to the Group whereas such persons may use their investment vehicles in subscribing for the Bonds and shall in such case inform the Company of the usage of an investment vehicle and its name.

The results of the allocation process of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website. The Company plans to announce the results of allocation of each series of the Bonds within three business days after the end of the Offering Period, but in any case, before the Bonds are transferred to the investors' securities accounts. Therefore, dealing with the Bonds on Nasdaq Tallinn Stock Exchange shall not begin before the results of the allocation have been announced.

## 4.8 Settlement and Trading

The Bonds allocated to investors will be transferred to their securities accounts on or about the settlement date provided in the Final Terms of the Bonds through the 'delivery versus payment' method

simultaneously with the transfer of payment for such Bonds. The title to the Bonds will pass to the relevant investors when the Bonds are transferred to their securities accounts. If an investor has submitted several Subscription Undertakings through several securities accounts, the Bonds allocated to such investor will be transferred to all such securities accounts proportionally to the number of the Bonds indicated in the Subscription Undertakings submitted for each account, rounded up or down as necessary. Trading with the Bonds is expected to commence on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange on or about the date noted as such in the Final Terms of the Bonds.

## 4.9 Cancellation of Offering

The Company has the right to cancel the Offering in full or in part in its sole discretion, at any time until the end of the Offer Period. In particular, the Company may decide to cancel the Offering in the part not subscribed for. Furthermore, the Company has a right to shorten or extend the Offer Period, at any time until the end of the Offer Period. Any such decision will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website (<https://admiralmarketsgroup.com/bonds-2>). All rights and obligations of the parties in relation to the cancelled part of the Offering will be considered terminated as of the moment when such announcement is made public.

## 5. Reasons for the Offering, Listing and Admission To Trading

The overall purpose of the Program is to strengthen the capital structure of the Group and ensure stable access to additional capital to support the further growth and market position of the Group, increase the business volumes of the Group and ensure conservative capital buffer for the Group companies.

The main purpose for using the funds received under the Program has been and will be to increase the limits of trading portfolios in order to decrease the expenses on hedging client trading positions and establish additional capital buffers. This is achieved by increasing the own funds (the capital buffer required under the CRR<sup>4</sup>/CRD<sup>5</sup> regime, now partly

substituted by IFR<sup>6</sup>/IFD<sup>7</sup>)<sup>8</sup> thereby maintaining the required capital adequacy ratios. According to the CRR, CRD and the guidelines issued by EFSA the Group is obliged to maintain a capital adequacy ratio of at least 16,95%. The ratio can be maintained by either increasing the own funds or by decreasing the limits of the trading positions. Decreasing the limits of the trading positions is more expensive for the Group because it would in turn increase the expenses on hedging client trading positions. More preferable option for the Group is increasing the own funds of the Group. By increasing the own funds, the Company is able to ensure the compliance with the legal requirements for the capital adequacy

ratios, increase of limits of trading portfolios and decrease the expenses on hedging client trading positions. These changes enable to continue the growth of the trading portfolios of the Companies belonging to the Group providing investment services and operate with higher profitability, which are also one of the objectives of the Group for the next years.

The funds received from the issue of series A1 and A2 Bonds in the sum of EUR 2,701,600 were also included to the own funds which resulted in the increase of the capital adequacy ratio. At the end of January 2021, the own funds constituted EUR 41,379,594 and the capital adequacy ratio was 17,94%. The Group's policy is to always maintain a slightly higher capital adequacy ratio to ensure the compliance with the relevant regulations. Thus,

the Group decided to increase the own funds. After issuing A2 series of the Bonds, i.e., by 31.05.2021, the sum of the own funds was raised to EUR 59,137,476 (with other measures taken to increase the own funds) thus increasing the capital adequacy ratio to 24,88%. The Group plans to use the funds received from the additional potential issues of the Bonds in the same way.

Provided that all the Bonds are subscribed for and issued by the Group, the expected amount of gross proceeds from the Offering is up to approximately EUR 15,000,000. The net proceeds to the Group from the Offering, after deducting estimated expenses payable by the Group (approximately EUR 285,000) are estimated to be approximately EUR 14,715,000, if additional tranches shall be issued.

<sup>4</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

<sup>5</sup> Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

<sup>6</sup> Regulation (EU) No 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

<sup>7</sup> Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

<sup>8</sup> The financial data provided in this Section is based on SREP (supervisory review and evaluation process) assessment of the Group made under the former regime stipulated by CRR and CRD relevant provisions.

# 6. Corporate Information, Shares and Share Capital

## 6.1 General Corporate Information

The business name of the Company is Admirals Group AS. The Company was registered in the Estonian Commercial Register on 30 December 2009 under the register code 11838516. The legal entity identifier (LEI) code of the Company is 549300906IGR87BLLY36. The Company has been established and is currently operating under the laws of the Republic of Estonia in the form of a public limited company (in Estonian: aktsiaselts or AS) and is established for an indefinite term.

The contact details of the Company are the following:

- Address: Maakri tn 19/1, 10145 Tallinn
- Phone: +372 6 309 300
- E-mail: info@admiralmarkets.com

According to the latest available annual report of the Company, i.e. the annual report for the financial year ended on 31 December 2020, the field of activity of the Company was "holding company's activities" (EMTAK<sup>9</sup> 64201). The consolidated fields of activity of the Group are the provision of investment services. The website of the Company is <https://admiralmarketsgroup.com>. The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

<sup>9</sup> EMTAK (the Estonian Classification of Economic Activities) is the basis for determining the fields of activity of Estonian companies. EMTAK is the national version of the international harmonised NACE classification. As of 1 January 2007, the Estonian companies are, instead of providing their fields of activity in the Articles of Association, required to report them in their annual reports using EMTAK classification.

## 6.2 Articles of Association

The latest version of the Articles of Association of the Company was adopted by the respective resolution of the General Meeting, dated 20.04.2021. The Articles of Association are available the website of the Company at (I) <https://admiralmarketsgroup.com/bonds-2> under section "Issuer Documents".

## 6.3 Share Capital and Share

The current registered and fully paid-in share capital of the Company is EUR 250,000 which is divided into 2,500,000 ordinary shares of the Company (the **Shares**) with the nominal value of EUR 0.10. All the issued Shares have been fully paid up. The Shares are registered with Nasdaq CSD (Nasdaq CSD SE, register code 40003242879, registered address Valņu iela 1, Rīga LV-1050, Latvia) under ISIN code EE3100106212 and are kept in book-entry form.

The Shares are ordinary shares. The shareholders have a right to sell their shares to third persons. The other shareholders have a right of pre-emption for one month after presentation of the transfer agreement. The Shares are governed by the laws of Estonia. All the Shares are of one class and rank pari passu with each other. All the Shares carry equal voting rights.

## 6.4 Rights of Shareholders

The main rights attached to the Shares are (I) the right to participate in the corporate governance of the Company; (II) the right to information; (III) the right to dividends; (IV) the right to liquidation quota; (V) the preferential right to subscribe for new shares; (VI) the preferential right to convertible bonds; and (VII) the rights relating to mandatory takeover bids, squeeze-out and sell-out, as applicable.

Right to Participate in Corporate Governance. Each Share entitles a Shareholder to one vote at the General Meeting. A General Meeting is capable of passing resolutions if more than 1/2 of the votes represented by all Shares are represented at the General Meeting. As a rule, resolutions of a General Meeting require the affirmative vote of the majority of the votes represented at the General Meeting. Certain resolutions require a qualified majority of 2/3 of the votes represented at the meeting, and some even higher majority.

Right to Information. The Shareholders have the right to receive information on the activities of the Company from the Management Board at the General Meeting.

Right to Dividends. All the Shareholders of the Company have the right to participate in the distribution of profit of the Company and have the right to receive dividends (if declared) proportionally to their shareholding in the Company. Resolving the distribution of profit and the payment of dividends is in the competence of the General Meeting.

Right to Liquidation Quota. Upon the liquidation of the Company, the Shareholders are entitled to liquidation quota proportionally to their existing shareholding, in the instances and in accordance with the procedure specified in the law.

Preferential Right to Subscribe for New Shares. The existing Shareholders have, upon the increase of the share capital and the issue of the new shares of the Company, the preferential right to subscribe for new shares of the Company proportionally to their existing shareholding. This preferential right may be excluded by a majority of 3/4 of all votes present at the General Meeting.

Preferential Right to Convertible Bonds. If the Company issues convertible bonds, the Shareholders have the preferential right to subscribe for such bonds, unless such right is excluded by a resolution of the General Meeting.

Rights Relating to Mandatory Takeover Bids, Squeeze-out and Sell-out. The Estonian law provides for mandatory takeover bids, squeeze-out and sell-out rights in certain circumstances.

## 6.5 Major shareholders

The main shareholders of the Company (holding over 10% of the voting rights represented by their shares) are:

- I. **Montes Auri OÜ** (1,225,000 shares, representing 49.0% of the total number of shares), the sole shareholder of which is Alexander Tsikhilov;
- II. **Alexander Tsikhilov** (684,375 shares, representing 27.375% of the total number of shares);
- III. **Laush OÜ** (440,000 shares, representing 17.6% of the total number of shares), the sole shareholder of which is Dmitri Lauš.

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

The Company is controlled by a shareholder with a holding of above 70 percent of the share capital, Alexander Tsikhilov, making him the main beneficiary of the Company.

# 7. Organisational Structure and Management

## 7.1 Management Structure

In accordance with the Estonian law, the operational management of the Company is structured as a two-tier system. The Management Board is responsible for the day-to-day management of the Company's operations and is authorised to represent the Company based on the law and the Articles of Association. The Supervisory Board is responsible for the strategic planning of the business activities of the Company and for supervising the activities of the Management Board.

The address of operations of the Management Board and the Supervisory Board is the registered address of the Company – Maakri 19/1, 10145 Tallinn.

## 7.2 Management Board

**Role.** The Management Board of the Company is responsible for the day-to-day management of the Company's operations, the representation of the Company and for organising its accounting. Further, according to the Estonian Commercial Code, it is the obligation of the Management Board to draft the annual reports and submit the reports to the Supervisory Board for review and to the General Meeting for approval. The Management Board is accountable to the Supervisory Board and must adhere to its lawful instructions.

**Specific Duties.** The Management Board must present an overview of the economic activities and economic situation of the Company to the Supervisory Board at least once every four months.

The Management Board must immediately give notice of any material deterioration of the economic condition of the Company or of any other material circumstances related to the economic activities of the Company. The Management Board shall also notify of any circumstances related to the companies connected to the Company, which may significantly affect the operation of the Company. The Management Board's reports and notices to the Supervisory Board must be comprehensive and clear and shall be submitted in good time and in a format which can be reproduced in writing. The members of the Supervisory Board may demand copies of reports and documents. If the Company is insolvent and such insolvency is not temporary, the Management Board must immediately file for bankruptcy.

The Management Board may enter into transactions outside the Company's ordinary scope of business only with the consent of the Supervisory Board. According to the Articles of Association, the consent of the Supervisory Board is not required for the following transactions:

- I. resolving establishment or dissolution of a subsidiary of the Company;
- II. transfer or encumbering of real estate or registered property;
- III. establishment or liquidation of a foreign branch;
- IV. granting loans or securing debt obligations not within the Company's ordinary scope of business if the sum does not exceed EUR 100,000;

The members of the Management are not (I) persons who are subject to restrictions on acting as a member of Management or as an entrepreneur, imposed by a competent court; (II) persons whose wrongful action or failure to act has, according to a ruling of a competent court, caused damage to a legal entity, resulted in a bankruptcy of a legal entity or the revocation of an activity license or a permit issued to a legal entity; (III) persons who

have committed a criminal offence in the field of economic activity or related to acting within a professional relationship, or an offence against property (the prohibition does not extend to persons, whose punishment has been deleted from the criminal record by the time of applying to the position of the Management).

**Members of Management Board.** According to the Articles of Association, the Management Board comprises of one to eleven members who are appointed by the Supervisory Board for a term decided by the Sup

**Management Board:** According to the Articles of Association, the Management Board comprises of one to eleven members who are appointed by the Supervisory Board for a term decided by the Supervisory Board. The Supervisory Board has decided to appoint seven members of the Management Board: Andreas Ioannou (since 15.03.2021), Andrey Koks (since 15.03.2021), Roman Krutyanskiy (since 15.03.2021), Vjatšeslav Balahontsev (since 15.03.2021), Sergei Bogatenkov (since 04.03.2016), Jens Chrzanowski (since 04.04.2017) and Olga Luštšik (since 05.08.2021). The business address for the Management Board is the registered address of the Company, i.e., Maakri tn 19/1, 10145 Tallinn.

**Andreas Ioannou.** Mr Ioannou, born in 1988, has obtained a bachelor's degree with honours in Laws from the University of Liverpool and a master's degree in Laws from Sheffield Hallam University. Mr Ioannou has over 10 years of experience in corporate law, working with EU legislation and numerous various jurisdictions, compliance and AML, holding managerial positions for the last 8 years. He has held various senior positions in Meritservus/Meritkapital and Chesterfield International in Cyprus and the UK. Mr Ioannou has been with the Group for the last 4 years, holding besides compliance/AML officer position also the executive director's position and from the beginning of 2021 having joined the group's management board.

**Andrey Koks.** Mr Koks, born in 1985, has obtained a bachelor's degree in Information Communication Technology from the Estonian Entrepreneurship University of Applied Sciences. Mr Koks has over 19 years of experience working in IT, including 6 years

on IT managerial positions. He has held various positions in Symantec, and Kuehne+Nagel.

**Roman Krutyanskiy.** Mr Krutyanskiy, born in 1985, has studied for a bachelor's degree in Business Economics in Freie Universität in Berlin. He has over 10 years of experience working in the trading and brokerage industry. At the Group he held various positions, for the last 4 years as Country Manager of the largest and most successful region - Germany, Austria and Switzerland.

**Vjatšeslav Balahontsev.** Mr Balahontsev, born in 1971, has obtained an uncompleted higher education in marine engine engineering from Leningrad High Marine College. Mr Balahontsev has over 20 years of experience in engineering and over 10 years of experience in project management. He has held various positions in Symantec for 12 years and HireRight for 7 years. Mr Balahontsev has been with the Group for the last 4 years, having taken the position of a management board member in early 2021.

**Sergei Bogatenkov.** Mr Bogatenkov, born in 1987, has obtained a bachelor's degree in Economics and a master's degree in Corporate Finance from the Tallinn University of Technology. Mr Bogatenkov has over 10 years of experience in consulting, banking and asset management. He has held various positions in Swedbank, Ernst&Young, and Bank of Estonia.

**Jens Chrzanowski.** Mr Chrzanowski, born in 1976, has studied for a bachelor's degree in Business Economics at Brandenburg University of Applied Science but did not finish. He has over 15 years of experience working in the trading and brokerage industry. Mr Chrzanowski has held various positions at FXCM, E\*TRADE Germany, and Deutsche Bank.

**Olga Luštšik.** Ms Luštšik, born in 1977, has MBA in e-banking from the University of Tartu and has also studied business administration and management in the University of North Carolina at Greensboro. She has over 25 years of experience in banking, project management and finance. She has held various positions in Swedbank, Ministry of Finance of Estonia, Tallinn Stock Exchange, Proekspert, Guardtime and Inzmo.

## 7.3 Supervisory board

**Role.** In accordance with the Estonian Commercial Code, the Supervisory Board of the Company is responsible for the strategic planning of the business activities of the Company and supervising the activities of the Management Board. The Supervisory Board is accountable to the shareholders of the Company acting through the general meeting of shareholders of the Company.

**Duties.** In accordance with the Estonian Commercial Code, before the ordinary general meeting is held, the Supervisory Board must review the annual report and provide the general meeting with a written report on the annual report, indicating whether the Supervisory Board approves the report and also providing information on how the Supervisory Board has organised and supervised the activities of the Company during the year. In practice, the referred report is made available along with the notice on convening the general meeting.

**Members of the Supervisory Board.** According to the Articles of Association of the Company, the Supervisory Board consists of three to seven members who are appointed by the general meeting for an indefinite period unless the General Meeting decides otherwise. The members of the Supervisory Board elect among themselves a Chairman of the Supervisory Board, who is responsible for organising the activities of the Supervisory Board. The Articles of Association stipulate that only persons with sufficient knowledge and experience may be appointed to the Supervisory Board.

According to the Articles of Association, meetings of the Supervisory Board are as a general rule held once a month or according to the actual necessity, but in any case, at least once every three months. A meeting of the Supervisory Board has quorum if more than one half of the members of the Supervisory Board participate and a resolution of the Supervisory Board is adopted if more than one half of the members of the Supervisory Board who participate at the meeting vote in favour. In case of a tied vote, the Chairman of the Supervisory Board has a casting vote.

As at the date of this Prospectus there are six members in the Supervisory Board of the Company – Alexander Tsikhilov (the Chairman of the Supervisory Board since 17.10.2019 until 09.06.2022), Dmitri Lauš (since 01.07.2021 until 01.07.2026), Anton Tikhomirov (since 20.04.2021 until 20.04.2026) Anatolii Mikhailchenko (since 28.09.2020 until 28.09.2025), Priit Rohumaa (since 17.06.2020 until 17.06.2025) and Fedor Ragin (since 13.06.2017 until 09.06.2022).

**Alexander Tsikhilov.** Mr Tsikhilov, born in 1972, is one of the founders of the Group. He obtained a master's degree in 2006 and a doctorate in Business Administration from the Swiss Business School in 2015.

**Dmitri Lauš.** Mr Lauš, born in 1980, obtained a master's degree in Business Administration from IE University (Madrid, Spain). Together with Alexander Tsikhilov he founded the headquarters of the Group in Estonia. With a background in financial technology, he has played an integral part in the Group's technological development.

**Anton Tikhomirov.** Mr Tikhomirov, born in 1975, has been working in the industry since 1999 and has managerial experience in a financial brokerage. Joined the Group during the company's merging with the local Russian broker. Has been developing the Group's business activity in Spain and Latin America. Currently responsible for the supervision of the regional structure as well as research and development of the Group's KPIs and other critical business metrics.

**Anatolii Mikhailchenko.** Mr Mikhailchenko, born in 1973, obtained a degree from ITMO University in Saint Petersburg. Joined the Group in 2004 as IB (introducing broker) manager. Has been working as a Chairman of the Supervisory Board for the Company since 2011.

**Priit Rohumaa.** Mr Rohumaa, born in 1975, worked from 2009 to 2015 as the Chairman of the Management Board of Viru Keemia Grupp AS and from 2000 to 2009 as the Group's Chief Financial Officer and Deputy Chairman of the Management Board. From 2016 to 2020, he was the Chairman of the Supervisory of Eesti Raudtee and since June 2020 he has been the Chairman of the Supervisory Board of Ekspress Grupp.

**Fedor Ragin.** Mr Ragin, born in 1966 Joined the Group in 2017. Obtained a master's degree in Business Administration from the International Management Institute of Saint Petersburg and a master's degree in Engineering from Leningrad Mechanical Institute. Experience includes 19 years of teaching on MBA/EMBA programs, managing a business school, strategic consulting, launching and running start-ups, serving on the boards of private companies as an independent director and PhD research on founder succession.

## 7.4 Conflicts of Interest

According to the knowledge of the Management, there are no known actual or potential conflicts of interest between the duties of any of the members of the Management and the Supervisory Board to the Company or to any Group company, and their private interests or other duties.

According to the best knowledge of the Management, the persons involved with the intended offering, listing and the admission to trading of the Bonds do not have any personal interests in the intended offering, listing and the admission to trading of the Bonds, which would be material to the intended offering, listing and the admission to trading of the Bonds. The Management is unaware of any conflicts of interests related to the intended offering, listing and the admission to trading of the Bonds.

## 7.5 Statement of Compliance with Corporate Governance

The Company complies with the corporate governance regime of the Republic of Estonia. Further to the compliance with the applicable laws and regulations, the Company has committed itself

to adhere to the highest standards of corporate governance within the Group companies for ensuring the transparent management of the Group companies and avoiding conflicts of interests. For these purposes, the Group companies have adopted work procedure rules for all corporate governance bodies to further specify the rules, requirements, limitations and liability of their members arising in general from the applicable law and the Articles of Association. The Company follows the principles of good corporate governance arising from the Good Corporate Governance Code as adopted by the EFSA and the relevant reports are published as part of the annual reports of the Company. The Good Corporate Governance Code is binding on the basis of "comply or explain principle", whereas the requirements, which are currently not fully followed by the Company have been described in the latest Good Corporate Governance Report made available in the audited consolidated financial statements of the Group for the year ended on 31 December 2020.

## 7.6 Statutory Auditors

According to the Articles of Association, the appointment of statutory auditors is in the competence of the General Meeting. The General Meeting held on 19.11.2021 appointed AS PricewaterhouseCoopers (registry code 10142876; having its registered address at Pärnu mnt 15, 10141 Tallinn, Estonia) to act as the statutory auditor of the Company for the financial year of 2021. AS PricewaterhouseCoopers has been appointed as the statutory auditor in each year starting from 2016, thus the audited Financial Statements referred to in the Prospectus have been audited by AS PricewaterhouseCoopers, as independent auditors as stated in their report. AS PricewaterhouseCoopers is a member of the Estonian Auditing Board.

# 8. Principal Activities and Markets

## 8.1 History and Development of Group

The Company was founded in 2009 with the aim of incorporating financial companies from different countries to form a multinational group of companies operating under a joint trademark – Group. The Company is a holding company, and the services are provided by the subsidiaries of the Company. The Company was originally established by two individuals (Alexander Tsikhilov and Dmitri Lauš).

Group is regulated by the Financial Conduct Authority (FCA) for the UK, the Australian Securities and Investments Commission (ASIC) for Australia, the Cyprus Securities and Exchange Commission (CySEC) for Cyprus, the Jordan Securities Commission in Jordan and the EFSA. In the UK the licenced entity is Admiral Markets UK Ltd, in Australia the licenced entity is Admiral Markets Pty Ltd, in Cyprus the licenced entity is Admiral Markets

Cyprus Ltd, in Jordan the licenced entity is Admiral Markets AS Jordan LTD and in Estonia the licenced entity is Admiral Markets AS. The Group also has licenced entity in South Africa (Admirals SA (Pty) Ltd) but no business activities have been conducted yet and Admirals SA (Pty) Ltd has submitted a request for additional licence.

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

The milestones in the history of the Company and the development of the Group are summarised in the following table:

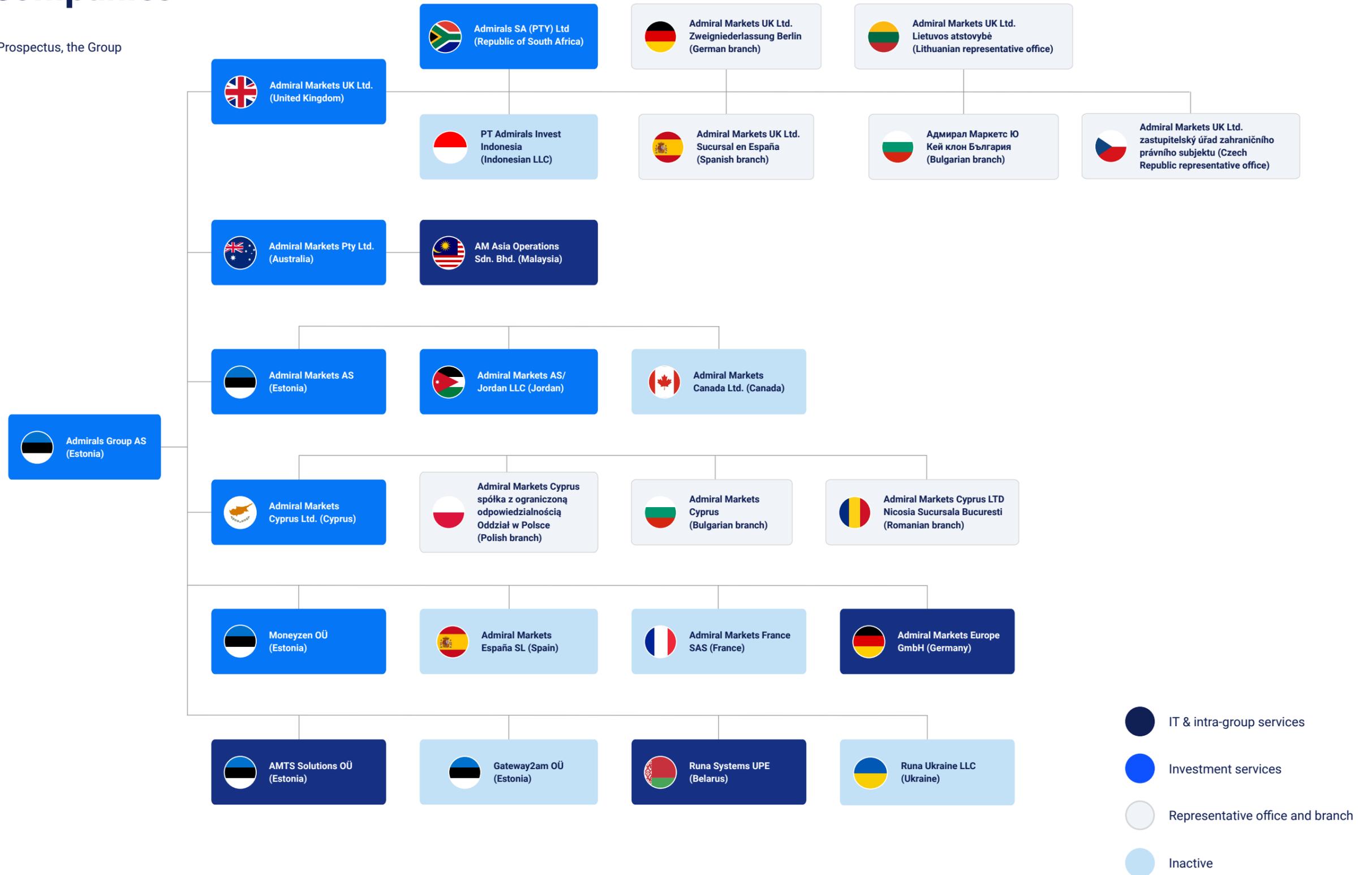
Year	Development
2009	Admiral Markets AS receives an EU-wide license to operate from the EFSA. This license entitles the company to perform investment and brokerage activities in financial markets, including foreign exchange, stocks, futures and CFDs. This license also authorises Admiral Markets AS to provide cross-border brokerage services within the 28 member states of the European Union (EU) and the three European Economic Area (EEA) countries: Iceland, Norway and Liechtenstein.
2011	The Company acquired the Russian broker UMIS. The expansion of business to Australia, with registration and licensing from the Australian Securities & Investments Commission (ASIC). The launch of the German branch of Group in Berlin in June.

2013	Obtaining UK license from the UK Financial Conduct Authority (FCA). Obtaining Cyprus Securities and Exchange Commission (CySEC) license. The introduction of MetaTrader Supreme Edition as a comprehensive plugin package for the MT4. Group renewed its brand presence with a new logo.
2014	The conversion of account models and order execution systems from instant execution to market execution.
2016	The introduction of numerous new products and services. The expansion of the CFD trading instrument range, the introduction of the browser-based WebTrader, new volatility protection settings for optimised risk management, and more. The Group reviewed its global strategy and established a new one focused on key markets and target segments. The Group significantly improved the offer to retail customers (expanded list of instruments, new training programs, etc.)
2017	The introduction of cryptocurrency CFDs such as Bitcoin crossed with the US dollar, the BTCUSD, in order to be able to trade on rising and falling prices. Introduction of Invest.MT5 account, which allows clients to make long-term investments in stocks and ETFs without leverage, in addition to CFD trading.
2018	In January, bonds issued by Admiral Markets AS were listed on the Baltic Bond List by Nasdaq Tallinn. Implementation of the new ESMA CFD regulation rules in Europe. The move to the new Group head office in Tallinn, Estonia in October, the Maakri Kvartal building.
2019	The introduction of the Wallet facility in the Trader's Room as a central account for the management of trading funds, linked bank accounts, credit cards, and many other features. The introduction of Premium Analytics, featuring market news, technical analysis, an economic calendar, and sentiment analysis, all of which are aggregated from over 1000 financial news sources. The content is provided by leading sources such as Dow Jones, Trading Central, and Acuity.
2020	The launch of the Group App, the mobile application for trading on-the-go. The revamped app enables the Group to focus on the novice investor, one who is making their first encounter with the financial markets. The launch of the new virtual Group Card for Group Cyprus. In addition to seminars, webinars, analytics and more, new trading podcasts have been added to the program. These can be found at all leading portals such as Spotify, Deezer, Soundcloud, Apple Podcast, and Google Podcast. Started sponsorship with Eesti Kontsert. Gate 5 at Tallinn Airport became a home to Group branding.
2021 (as of the date of the Prospectus)	Admiral Markets Virtual Cards were launched at the end of 2020 under Admiral Markets Cyprus Ltd for EU countries only. Since then, 1923 virtual cards have been requested, with most of the cards issued in Italy, France, and Germany. Clients have made 1474 transactions using the Virtual Cards. Admiral Markets Physical Cards were launched in April 2021 under Admiral Markets Cyprus Ltd for EU countries only. Since then, 73 virtual cards have been requested, with most of the cards issued in France, Germany, and Estonia. 126 transactions have been made using Physical Cards. Copy Trading was established to enable the investors to mirror/copy successful trader accounts (Cyprus). The beginning of the rebranding process and implementation of the 'Admirals' brand

There have not been any recent events which are to a material extent relevant to an evaluation of the Company's solvency.

## 8.2 Group Structure and Group Companies

As at the date of this Prospectus, the Group structure is following:



The Company owns 100% of shares of all its subsidiaries, except for AMTS Solutions OÜ, where The Company has 62% ownership and PT ADMIRALS INVEST INDONESIA (LLC in Indonesia) – 99% ownership.

Gateway2am OÜ is inactive at the moment, as well as Admirals SA (PTY) Ltd, PT Admirals Invest Indonesia LLC, Admiral Markets Canada Ltd, Admiral Markets Europe GmbH (Germany), Admiral Markets France (Société par actions simplifiée), Admiral Markets Espana S.L. (Spain), Runa Ukraine LLC.

In 2019 and 2020, some additional changes to the Group structure were made to prepare the Group for the UK leaving the EU. During 2020 the branch in Latvia was liquidated, during 2021 the representative office in Hungary and branches in Croatia and Romania were liquidated, branches of Admiral Markets UK Ltd in Bulgaria is being liquidated. Admiral Markets AS closed its branch in Poland and the representative office in the Russian Federation. They are being closed in coordination with the development of Group Group's continued strategy. This change shall have no impact on either client relationships or the investment services provided to the clients, as clients may continue trading on a cross-border basis through entities of the Group holding the respective licence.

In 2021, the Company acquired MoneyZen OÜ, a peer-to-peer lending platform.

## 8.3 Business Segments

Introductory Remarks. The business segments of the Group and the financial results thereof have been described in detail in Note 20 of the Financial Statements.

Products. The main focus of the Group is the development of trading and investment services (mainly leveraged and derivative products) to retail, professional, and institutional clients. Customers are offered leveraged Contract for Difference (CFD)

products in the over-the-counter market, including Forex, indices, commodities, digital currencies, stocks and ETFs, as well as listed instruments. Group activities have largely targeted experienced traders, but in 2020 Group strengthened its position in the beginner's segment as part of strengthening its position in the emerging retail client sector (See also "[History and Development of Group Section 8.1](#)"). In order to accomplish this goal, the Group now focuses on the improvement of general trading skills in experienced traders, and in training new enthusiasts as well. Targeting new segments of clients is a significant strategic choice of the business expansion of the Group.

## 8.4 Principal Markets

Introductory Remarks. Admiral Markets Cyprus has the widest range of services for clients, including Copy Trading service, Admiral Markets debit card, and Asset Management platform for professional portfolio managers. Admiral Markets Cyprus is leveraging its EEA cross-border service provision permissions to retain the role of Group's primary service unit for retail and professional clients.

According to the latest available financial report of the Company, i.e. the unaudited financial report for the first six months of 2021 (until 30 June 2021), the Company has clients in more than 149 countries and offices in 16 countries worldwide. 83% of the clients are from EU. Most EU clients are from Germany, followed by France, Spain and United Kingdom, but the Group has significant number of clients in Lithuania, Poland, Netherlands, Romania, and the Czech Republic. Most popular instruments traded are DAX30, DJI30, GOLD, EUR/USD and GBP/USD.

Germany. German clients generate 22% of the total revenue for the Group. German clients mostly trade with Admiral Markets UK. In 2020 German clients preferred to trade with DAX30, DJI30 and EURUSD

France. French clients generate 11% of the total revenue for the Group. Clients from France mostly

get service from Admiral Markets Pty. Between French clients' top instruments are DJI30, DAX30, DJI30, EURUSD.

Spain. Spanish clients generate 8% of the total revenue for the Group. Clients from Spain mostly trade with Admiral Markets UK and Admiral Markets Pty. For Spanish clients, the most popular instruments for trading are DAX30, DJI30 and EURUSD.

The United Kingdom. The clients from the United Kingdom generate 7% of the total revenue for the Group and their top instruments in 2020 were GOLD, EURUSD, and GBPUSD.

## 8.5 Investments

Introductory Remarks. The Group companies are continuously seeking opportunities for the expansion of their business operations by investing into organic growth but also by considering mergers and acquisitions of other market players. As a general rule, the investments made by the Group companies are financed by own funds or by additional capital engaged from the shareholders.

Significant Investments. As at the date of the Prospectus, the Group companies have not made any significant investments since 2017, nor have they made any firm commitments on significant future investments expect the investment made into Admiral Markets AS / Jordan LLC of EUR 4,000,000 as a share capital payment, which the Group sees as a significant investment

## 8.6 Material Agreements

Introductory Remarks. The Group companies are not parties to any material agreements outside of their ordinary course of business, which may result in the Group companies obtaining rights or incurring

obligations which may materially affect the Group companies' ability to perform their obligations or have a material adverse effect on the financial position or operations of the Group companies. Despite the foregoing, this Section "[Material Agreements](#)" ([Chapter 8.6](#)) provides a general description of the partnership agreement forming the grounds for the Group's material partnership model. The level of detail of the information provided herein is limited due to the confidentiality provisions included in this agreement; however, the Management believes that the information provided is sufficient for comprehending the overall nature and essence of the agreement.

Material Agreements. The management considers agreements serving as basis for using MetaTrader software, also agreements for maintaining the Group company data servers and with banking service providers (Swedbank, SEB, Barclays) material to the everyday functioning of the Group companies. The Group companies offer trading services through online platform. MetaTrader is a widely used electronic platform for trading purposes developed by MetaQuotes. At the beginning of 2016, a new web-based trading platform MetaTrader 4 WebTrader was launched. This platform enables trading in all operating systems (Mac, Windows, Linux) through web interface, as a result of which clients do not have to download additional software. In 2017, the upgrade was made to MetaTrader 5 platform, which includes expanded coverage of markets, with all Forex instruments and CFDs on cash indices, commodities, single shares, bonds, and cryptocurrencies.

## 8.7 Trend Information

There has been no material adverse change in the prospects of the Group between publishing the last audited Financial Statements and the date of this Prospectus. Further, the Management is not aware of any trends having a material adverse effect on the operations of the Group for the current financial year. The factors most likely to have a negative impact on

the results and operations of the Group are further described in Section “[Risk Factors](#)” ([Chapter 3](#)).

A trend that might have a positive effect with regard to the area of business is the increasing importance of the retail investor base. As of the date of this Prospectus the Management envisages to increase the number of products offered to retail clients in the forthcoming years by Group subsidiaries.

## 8.8 Legal Proceedings

In the course of its everyday business operations, the Group companies are parties to several legal and administrative proceedings. In the legal proceedings, the Group companies act, as a rule, as plaintiffs seeking to claim damage or in client disputes. EFSA has initiated misdemeanour proceedings No 4.5-3.2/5417 against Admiral Markets AS regarding reporting. The Group does not consider these proceedings to have significant effect to the Group's financial position or profitability. The Group is closely following any regulative initiatives from European Union or country level, also regulatory guidelines from ESMA and has capability to adjust to any changes and initiatives.

As of the date of this Prospectus, none of the legal or administrative proceedings to which a Group company is a party to (including any such proceedings which are pending or threatened of which the Management is aware) are considered likely to have any significant effects on the Group's financial position and there are no legal or administrative proceedings to which a Group company has been party to (including any such proceedings which are pending or threatened of which the Management is aware) during the 12 months preceding the date of this Prospectus which may have, or have had, significant effects on the Group's financial position or profitability.

## 8.9 Credit ratings

The Company has not been assigned any credit ratings at the request or with cooperation of the issuer in the rating process.

## 8.10 Material Changes

As of the date of the Prospectus, there have been changes in the Group's financial or trading position since 31.12.2021. 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 in the first six months of 2021 was EUR 17.3 million (for comparison: in the first 6 months of 2020 the net trading income was EUR 37.9 million and in the first 6 months of 2019 the net trading income in 2019 was EUR 14 million) Despite of 54% decrease compared to the first half of 2020 we still keep positive trend of 24% increase in net trading income compared to the first half of 2019. Along with the lower volatility, the transaction activity of clients also decreased, but not significantly compared with the same period in 2020.

As of the date of the Prospectus here have not been material changes in the Company's borrowing and funding structure since 30.06.2021 (the date of the Interim Financial Report).

## 9. Taxation

This Section is meant to give an overview of the tax regime applicable to the bondholders. The below summary is in no way exhaustive and is not meant to constitute professional advice to any person. In order to establish particular tax consequences of any offering the ownership of the Bonds, each individual investor is strongly encouraged to seek specialist assistance.

Capital Gains from Sale or Exchange of Bonds. Gains realised by an Estonian resident individual upon the sale or exchange of securities (including the Bonds) are subject to income tax at the rate of 20%. Since all earnings of resident legal persons, including capital gains, are taxed only upon distribution (in Estonia corporate income tax is charged only on the distributed profit with the reinvested profits remaining untaxed until distribution), capital gains accruing to resident legal persons are not subject to immediate taxation. As a rule, capital gains received by non-residents from the sale or exchange of securities are not taxed in Estonia (except for certain securities related to the Estonian real estate). Non-resident bondholders receiving capital gains from the sale or exchange of the Bonds may be subject to declaring and paying income tax in their respective countries of residence. For the purposes of capital gains taxation, the gain derived from the sale of securities (including the Bonds) is the difference between the acquisition cost and the sales price of such securities. The gain derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as a result of the exchange. The expenses directly related to the sale or exchange of Bonds may be deducted from the gains.

Taxation of Interest. Estonian resident individuals are subject to paying income tax (20%) on the interest received from loans, securities (including the Bonds) and other debt obligations. Therefore, interest (coupon payments) received by Estonian resident individuals from the Bonds is subject to income tax in Estonia, whereas such income tax is subject to withholding by the Company. Since all earnings of resident legal persons are taxed only upon distribution (as described above), interest received by Estonian resident legal persons is not subject to immediate taxation. As a rule, interest payments received by non-residents are exempt in Estonia (i.e. no withholdings are made). Note, however, that non-resident bondholders receiving interest from the Bonds may be subject to declaring and paying income tax in their respective countries of residence.

Investment Account. Estonian resident individuals may postpone the taxation of their investment income by using an investment account for the purposes of making transactions with certain financial assets (including the Bonds). An investment account is a monetary account opened with a European Economic Area or the Organisation for Economic Co-operation and Development (OECD) member state credit institution, through which the transactions with the financial assets, taxation of income from which (e.g. capital gains, etc.) a person wants to postpone, shall be made. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e. the amount withdrawn from the account exceeds the amount which had been previously paid in to the account). Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

# 10. Glossary

Term	Definition
Articles of Association	shall mean the Articles of Association of the Company effective as at the date of this Prospectus.
Bail-in Powers	shall mean any loss absorption, write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Estonia, relating to (i) the transposition of the BRRD (including but not limited to the Financial Crisis Prevention and Resolution Act (finantskriisi ennetamise ja lahendamise seadus) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Company (or any affiliate of the Company) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Company or any other person (or suspended for a temporary period).
Bonds	shall mean up to 150,000 subordinated bonds with the nominal value of EUR 100 issued by the Company in accordance with the Bond Terms.
Bond Terms	shall mean the terms and conditions of the Bonds as established by the Company, date 15 January 2021, available at <a href="https://admiralmarketsgroup.com/bonds-2">https://admiralmarketsgroup.com/bonds-2</a> .
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time.
Company	shall mean Admirals Group AS, an Estonian public limited company, registered in the Estonian Commercial Register under register code 11838516, having its registered address at Maakri tn 19/1, 10145 Tallinn.
EUR	shall mean the official currency of Eurozone countries, including Estonia, Latvia and Lithuania, the euro.
Eurozone	shall mean the economic and monetary union (EMU) of the European Union member states, which have adopted euro as their single official currency.

Final Terms	shall be the set of terms and conditions of the Bond Terms established separately for each series of the Bond issue as determined by the Bond Terms.
Financial Statements	shall mean the audited consolidated financial statements of the Group for the financial year ended on 31 December 2019, and the financial year ended on 31 December 2020.
EFSA	shall mean the Estonian Financial Supervision and Resolution Authority, a financial supervision institution with autonomous competence and a separate budget which conducts supervision over credit institutions, insurance companies, insurance intermediaries, investment firms, management companies, investment and pension funds as well as the payment service providers, e-money institutions and the securities markets that have been authorised by the Estonian Financial Supervision and Resolution Authority in the name of the state and which is independent in its activities and decisions.
General Meeting	shall mean the General Meeting of shareholders of the Company, the highest governing body of the Company.
Group	shall mean the Company together with the Subsidiaries.
IFRS	shall mean the International Financial Reporting Standards as adopted by the European Union.
Institutional Offering	shall mean the offering of the Bonds to institutional investors in and outside of Estonia.
Interim Financial Statement	shall mean the unaudited consolidated financial statement of the Group for the interim period of 6 months ended on 30 June 2021.
Management	shall mean the Management Board and the Supervisory Board of the Company.
Management Board	shall mean the Management Board of the Company.
Maximum Amount	shall mean the number of the Bonds indicated by the investor in the Subscription Undertaking as the maximum number of the Bonds which the investor wishes to acquire.

continued on next page ↓

# Annex 1

2021

## Admirals Group AS

Up to EUR 15,000,000 Tier 2 Subordinated Bonds Program

Terms and Conditions

admirals

Nasdaq CSD	Nasdaq CSD SE (Societas Europaea), the regional Baltic central securities depository, register code 40003242879, registered address Valņu iela 1, Rīga LV-1050, Latvia.
Nasdaq Tallinn Stock Exchange	shall mean the only regulated market operated by Nasdaq Tallinn AS (register code 10359206).
Offer Price	shall mean the final price per each Bond, which shall be a fixed price of EUR 100 per one Bond.
Offering	shall mean the offering of the Bonds by way of public offering to retail and institutional investors in Estonia. In addition, the Company may offer Bonds by the way of non-public offering to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and other investors in compliance with Article 1(4) (a) and (b) of the Prospectus Regulation on terms and conditions described in this Prospectus. The Bonds will be publicly offered only in Estonia and not in any other jurisdiction.
Offering Period	shall mean the period within which the persons who have the right to participate in the Retail Offering may submit Subscription Undertakings.
Program	shall mean all series of Bond issues in the aggregate principal amount of EUR 15,000,000 as established by the Company in accordance with the Bond Terms.
Prospectus	shall mean this document.
Relevant Resolution Authority	shall mean the resolution authority with the ability to exercise any Bail-in Powers in relation to the Company and/or the Group.
Retail Offering	shall mean the offering of the Bonds by a way of public offering to retail investors in Estonia.
Section	shall mean a section of this Prospectus.
Shareholder	shall mean natural or legal person(s), holding the Share(s) of the Company at any relevant point of time.
Subsidiaries	shall mean the subsidiaries of the Company.
Subscription Undertaking	shall mean the order submitted by an investor for the purchase of the Bonds in accordance with the terms and conditions of the Offering.
Supervisory Board	shall mean the Supervisory Board of the Company.
Summary	shall mean the summary of this Prospectus.

# Terms And Conditions of Admirals Group AS as Tier 2 Subordinated Bonds

## General

Admirals Group AS (registered in Estonia, registry code: 11838516, registered address: Maakri 19/1-11th floor, 10145Tallinn, Estonia, the “**Issuer**”) has established a Bonds (as defined below) issue program in an aggregate principal amount of up to EUR 15,000,000 (the “**Program**”). The Bonds will be issued to be qualified as Tier 2 Capital (as defined below), shall be unsecured and subordinated to all other debt obligations of the Issuer (other than those which are subject to the limitations similar to the Subordination (as defined below)).

These are the terms and condition of the Bonds (the “**Terms**”) which were approved and confirmed by the Issuer’s Management Board on 15 January 2021 and shall be applied in relation to all the Bonds issued under the Program and parties’ rights and obligations thereunder. The Terms will be available through the Issuer’s website (<https://admiralmarketsgroup.com/admiral-markets-group-as>).

The Bonds will be issued in separate series (each, a “**Series**”) and in addition to the regulation of the Terms, the Bonds of each Series will all be subject to terms which shall be specified in the Final Terms (as defined below). The relevant Final Terms will be made available to the Subscribers (as defined below) upon the subscription of the Bonds to be issued within the relevant Series and if publicly listed will be made available through the Issuer’s website (<https://admiralmarketsgroup.com/admiral-markets-group-as/>).

## 1. Interpretation

a. In these Terms the following expressions have the following meanings:

“**Applicable Banking Regulations**” means at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy then in effect in Estonia including, without limitation to the generality of the foregoing, CRD IV and V, BRRD, and those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the EFSA, as replaced or amended from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer).

“**Bail-in Powers**” means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Estonia, relating to (i) the transposition of the BRRD (including but not limited to the Financial Crisis Prevention and Resolution Act (finantskriisi ennetamise ja lahendamise seadus) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

“**BRRD**” means the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time.

“**Business Day**” means a day on which commercial banks settle inter-bank payments in euro in Tallinn, and which at the same time is a settlement day of the Register.

“**Capital Event**” means the determination by the Issuer, after consultation with the EFSA, that the Nominal Value of the relevant Series of Bonds ceases or would be likely to cease to be included in whole or in any part, or count in whole or in any part, towards the Tier 2 Capital of the Issuer within the meaning of CRR.

“**Confirmation**” means a document substantially in the form as specified in Annex C of the Terms in case of non-public offering (private placement) confirming the amount of the Bonds allocated to the Subscriber from the issue under the relevant Series and specifying the amount payable for the allocated Bonds and payment details.

“**CRD IV and V**” means the legislative package consisting of the CRD IV Directive, CRD V Directive, the CRR and any CRD IV and V Implementing Measures.

“**CRD IV Directive**” means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended or replaced from time to time.

“**CRD V Directive**” means Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as the same may be amended or replaced from time to time.

“**CRD IV and V Implementing Measures**” means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer to the extent required by the CRD IV Directive, CRD V Directive or the CRR, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof).

“**CRR**” means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time.

“**EFSA**” means the Estonian Financial Supervisory Authority (Finantsinspektsioon) and any successor or replacement thereto or any other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

“**Final Terms**” mean the additional terms and conditions (to be compiled substantially in the form as specified in Annex A to these Terms) applicable only to the Bonds issued under the specific Series and which will be approved and confirmed by the Management Board of the Issuer prior to the issue of such Bonds

“**Interest Commencement Date**” means, in relation to the Bonds issued under specific Series, the date specified as such in the relevant Final Terms.

“**Interest Payment Date**” means, in relation to the Bonds issued under specific Series, any date or dates specified as such in the relevant Final Terms.

“**Investor**” means any person who according to the information available at the Register, is registered as the owner of the Bond as of the relevant moment.

“**Issuer**” has the meaning assigned to such term in the General part of the Terms.

**“Issue Date”** means, in relation to the Bonds issued under specific Series, any date or dates specified as such in the relevant Final Terms and being the date when the relevant Bonds are scheduled to be issued.

**“Issue Price”** means, in relation to the Bonds issued under specific Series, the amount specified as such in the relevant Final Terms and being the price payable by the Subscriber for one Bond upon the issue thereof.

**“Maturity Date”** means, in relation to the Bonds issued under specific Series, the scheduled redemption date of such Bonds, as specified in or determined in accordance with the relevant Final Terms.

**“Member of the Group”** means any member of the Issuer’s consolidation group (other than the Issuer), as determined according to Applicable Banking Regulations.

**“Nominal Value”** means, in relation to the Bonds issued under specific Series, the stated (face) value of a single Bond, as specified in the relevant Final Terms. The Nominal Value shall be deemed as respectively decreased by the amount of each partial redemption payment applied in relation to all Bonds under the relevant Series.

**“Bond”** means the debt security issued by the Issuer in accordance with the Terms and the Final Terms, representing the unsecured debt obligation of the Issuer towards the Investors and which is (i) qualified as Tier 2 Capital of the Issuer, and (ii) subordinated to all other debt obligations of the Issuer (other than those which are subject to the limitations similar to the Subordination and Tier 2 Capital restrictions) in accordance with the Terms and Applicable Banking Regulations.

**“Program”** has the meaning assigned to such term in the General part of the Terms.

**“Rate of Interest”** means the rate (expressed as a percentage per annum) of interest specified in the relevant Final Terms and payable in respect of the Bonds issued under the relevant Series.

**“Register”** means Nasdaq Central Securities Depository (CSD) operated by Nasdaq CSD SE, register code 40003242879, registered address Valņņu iela 1, Rīga LV-1050, Latvia.

**“Relevant Resolution Authority”** means the resolution authority with the ability to exercise any Bail-in Powers in relation to the Issuer.

**“Series”** has the meaning assigned to such term in the General part of the Terms.

**“Subordination”** shall mean the subordination of Investors’ claims for the repayment of the Nominal Value to the claims of other creditors of the Issuer, as further specified Section 4.

**“Subscriber”** is a person who has been proposed by the Issuer to submit or who submitted the Subscription Request for subscribing the Bonds. For the sake of clarity, as of the acquisition of the Bonds, the relevant Subscriber shall also be an Investor.

**“Subscription Amount”** means, in relation to the Bonds issued under specific Series and Subscriber, the amount equal to the multiplication of the Issue Price and number of the Bonds allocated to the relevant Subscriber.

**“Subscription Period”** means, in relation to the Bonds issued under specific Series, the period specified in the relevant Final Terms during which the Subscribers may submit the Subscription Request to the Issuer.

**“Subscription Request”** means the request for subscribing the Bonds by the Subscriber to be compiled either in the form as specified in relevant prospectus published by the Issuer, or in case of non-public offering (private placement) in the form as specified in Annex B to the Terms.

**“Tax Event”** means:

- I. any amendment to, or change in, the laws or treaties (or any regulations thereunder) of the Taxing Jurisdiction affecting taxation;

- II. any governmental action in the Taxing Jurisdiction; or
- III. any amendment to, or change in, the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Taxing Jurisdiction, irrespective of the manner in which such amendment, change, action, pronouncement, interpretation or decision is made known,

which amendment or change is effective or such governmental action, pronouncement, interpretation or decision is announced, on or after the Issue Date of the relevant Series of Bonds and as a result of which:

- I. the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to such Bonds or is not, or will not be, entitled to claim a deduction in respect of payments in respect of such Bonds in computing its taxation liabilities (or the value of such deduction would be materially reduced); or
- II. the treatment of any of the Issuer’s items of income or expense with respect to such Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to additional taxes, duties or other governmental charges.

**“Taxing Jurisdiction”** means the Republic of Estonia or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Issuer is treated as having a permanent establishment, under the income tax laws of such jurisdiction.

**“Termination Event”** shall mean the occurrence of any of the below events:

- I. the insolvency (in Estonian: maksejõuetus) of the Issuer; or
- II. liquidation (in Estonian: likvideerimine) of the Issuer.

**“Terms”** has the meaning assigned to such term in the General part of the Terms.

**“Tier 2 Capital”** means tier 2 capital as specified in and determined in accordance with the Applicable Banking Regulations.

b. In these Terms:

- I. references in these Terms to Bonds are to the Bonds of the relevant Series;
- II. if an expression is stated in Section 1 (a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “Not Applicable” then such expression is not applicable to the Bonds;
- III. references to any act or other regulatory instrument or any provision of any act or other regulatory instrument shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment;
- IV. the words and definitions in the Terms denoting the singular include the plural and vice versa; and
- V. the headings in the Terms have been entered for convenience purposes only and shall have no impact on the interpretation of any provision of the Terms.

## 2. Bonds and registration of Bonds

- a. The Bonds are issued in a dematerialised book-entry form, are registered in the Register and held in a dematerialised form on the securities accounts of the Investors. The Bonds are not numbered.
- b. All the Bonds of the same Series are registered in the Register with the same ISIN code and shall bear the same rights and obligations. All Investors holding the Bonds of the same Series shall be treated under the same circumstances equally, taking into account the number of Bonds held by the relevant Investor. The Bonds of the different Series may bear different rights and obligations (as expressed by the Final Terms) and in such case the Investors holding the Bonds of the different series may be treated respectively differently. In case the Final Terms of the different Series will provide for the Bonds to be issued thereunder similar terms (except for, as the case may be, the Issue Price, Issue Date and Interest Commencement Date), then such Bonds may be registered at the option of the Issuer with the same ISIN code, treated similarly with the other Bonds registered under the same ISIN code and the Investors of such Bonds will be treated respectively.
- c. A Bond shall be valid from the registration of such Bonds in the Register until deletion of such Bond from the Register. However, in any case the issued Bond shall bear interest from its Interest Commencement Date.
- d. The Bonds are denominated in euros.
- e. The owner of the Bond is determined based on the data in the Register. The title to the Bonds passes by the registration of the transfer of the Bond in the Register.
- f. Subject to the Applicable Banking Regulations, laws and regulations concerning the offering of securities and the regulation of the Terms and Final Terms, the Bonds are freely transferable and may be encumbered after they have been registered in the Register.
- g. Subject to the Applicable Banking Regulations and securities laws, the Issuer intends to submit an application for the Bonds to be listed and admitted to trading at a regulated market.

- h. The Issuer and any Member of the Group may not subscribe for, otherwise acquire or own any Bond, except as set forth in Section 7 (f).
- i. The Issuer organises the registration of the Bonds in the Register and their deletion from the Register upon their redemption. Only persons who have securities accounts (whether directly or via a nominee structure) with the Register can subscribe for or otherwise acquire the Bonds.
- j. The Register may temporarily block the Bonds on the Investors' securities account to ensure performance of corporate actions regarding the Bonds.

## 3. Subscription and issuance of the Bonds

- a. Subject to the applicable securities laws, the Bonds of the specific Series may be offered for subscription with or without public offering, as determined by the Issuer and specified in the relevant Final Terms.
- b. In case of non-public offering (private placement), the Bonds may be subscribed for by only such persons to whom the Issuer or a person authorised to represent the Issuer respectively has directly offered the Bonds for subscription using the form of Subscription Request.
- c. The detailed regulation for the subscription and issuance of the Bonds of the specific Series will be specified in the relevant Final Terms or any other document as the Issuer may deem necessary (in case of private placement) or offering prospectus (in case of public offering).

## 4. Subordination

- a. The Bonds will be subordinated to all claims towards the Issuer (other than those which are subject to the limitations similar to the Subordination and Tier 2 Capital restrictions). By subscribing for the Bonds or acquiring the Bonds from a secondary market, the Investor unconditionally and irrecoverably agrees to the Subordination.

Without prejudice to the generality of the foregoing, for the purposes of the Subordination, the following shall apply (in relation to the Bonds issued under specific Series):

- I. The Investor may not demand from the Issuer the redemption of the Nominal Value before the occurrence of the Maturity Date (including, in case of any breach of the Terms or Final Terms by the Issuer) unless the Termination Event has occurred;
  - II. The Issuer shall not redeem the Nominal Value before the Maturity Date (including, in case of any breach of the Terms or Final Terms by the Issuer) unless (i) the Termination Event has occurred, or (ii) the Bonds are (partly) redeemed early on basis of circumstances specified in Section 7;
  - III. In case of the occurrence of the Termination Event during the lifetime of the Bonds (i.e. before the Maturity Date), the Nominal Value shall be paid to the Investors only after the satisfaction of all due and payable claims of all other creditors of the Issuer (other than those which are subject to the limitations similar to the Subordination and Tier 2 Capital restrictions);
  - IV. In case upon the redemption of the Bonds on any ground the Issuer has also simultaneous payment obligations to third-party creditors that have become due and payable, the Issuer shall perform all such third-parties' claims (other than those which are subject to the limitations similar to the Subordination and Tier 2 Capital restrictions) before the payment of the redemption amounts; and
  - V. No Investor shall be entitled to exercise any right of set-off (In Estonian: tasaarvestus) against moneys owed by the Issuer in respect of such Bonds (and in case of exercise, such set-off shall be deemed as void from the beginning).
- b. By subscribing for the Bonds or acquiring the Bonds from a secondary market, the Investor unconditionally and irrecoverably agrees to and acknowledges the restrictions applied to the Bonds as Tier 2 Capital under the Applicable Banking Regulations and the effect of such restrictions to the Investors' rights as holders of the Bonds.

## 5. Representations and warranties

The Issuer warrants at the date of these Terms and on the date of each Final Terms the following:

- a. all the Issuer's obligations assumed under the Terms and Final Terms are valid and legally binding to the Issuer and performance of these obligations is not contrary to law or the Issuer's Articles of Association;
  - b. the Issuer has all the rights and sufficient authorizations to issue the Bonds and fulfil obligations arising from the Bonds and the Issuer has performed all the formalities required for issuing the Bonds;
  - c. no Termination Event has occurred or is reasonably expected to occur;
  - d. the Bonds shall rank at least pari passu with all the other unsecured loan obligations of the Issuer subject to the limitations similar to the Subordination and Tier 2 Capital restrictions (save for such claims which are preferred by bankruptcy, insolvency, litigation or other similar laws of general application); and
- I. the Issuer shall make its best efforts to apply for the listing and admission of trading of the Bonds in the Nasdaq Baltic Bond List as operated by Nasdaq Tallinn Stock Exchange by 31.12.2021 at the latest;
  - II. the Issuer is and shall until the full redemption of all the Bonds remain part of the group of companies whose financial results are consolidated either on the level of the Issuer or higher;
  - III. in the group of companies of the Issuer there is and shall be until the full redemption of all the Bonds at least one company licensed and supervised by the respective regulator of EEA and subject to the Applicable Banking Regulations.

## 6. Interest

- a. In relation to each Series, the Bonds shall bear interest from (and including) the Interest Commencement Date up to (but excluding) the Maturity Date, or, in case of early redemption of the Bonds, such redemption date.
- b. In relation to each Series, interest accrues on the Nominal Value of the Bonds at the Rate of Interest based day count convention specified in the Final Terms of the relevant Series. Interest is calculated by the Issuer. All sums are rounded to 2 decimals.
- c. In relation to each Series, the Issuer shall pay accrued interest on each Interest Payment Date under the relevant Series.

## 7. Redemption, early redemption and purchase of the Bonds

- a. Unless previously redeemed, or purchased and cancelled, the Bonds issued under the specific Series shall be redeemed at their principal amount on the Maturity Date of the relevant Series.
- b. Upon the occurrence of a Tax Event, but subject to having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Issuer may, at its option, having given not less than 30 calendar days' notice to the Investors in accordance redeem all (but not some only) of the outstanding Bonds of the relevant Series at any time. Any such redemption notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.
- c. Upon the occurrence of a Capital Event, but subject to having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Issuer may, at its option, having given not less than 30 calendar days' notice to the Investors at any time redeem all (but not some only) of the outstanding Bonds of the relevant Series. Any such redemption notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

- d. After 5 years have passed from the Issue Date and having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Issuer may, having given not less than 30 calendar days' notice to the Investors redeem fully or partially Bonds of the relevant Series. The early redemption notice issued under this paragraph must be signed by a duly authorized representative of the Issuer and shall specify:
  - I. the Series of Bonds subject to redemption;
  - II. whether such the Bonds under the Series are to be redeemed in whole or in part only and, if in part only, the part of the Nominal Value which is to be redeemed and the Nominal Value remaining after such redemption;
  - III. the due date when the redemption payment will be made, which shall be not less than 30 calendar days after the date of the redemption notice; and
  - IV. the amount of the redemption payment in relation to each Bond to be redeemed calculated in accordance with Section 7 (h).

Any such redemption notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

- e. All Bonds shall become automatically (i.e. without any action or notice by any person), immediately and fully due and payable upon the occurrence of the insolvency (in Estonian: maksejõuetus) of the Issuer. Upon the occurrence of any other Termination Event, the Investor shall have the right to demand immediate redemption of the Bonds held by the Investor by delivering a respective notice to the Issuer in which case such Bonds shall become immediately due and payable as of the date of such notice. The Issuer shall notify the Investors upon the occurrence of the Termination Event immediately upon becoming aware of such event.
- f. The Issuer and its subsidiaries may at any time, if in accordance with the Applicable Banking Regulations, purchase the Bonds for the purpose of market making and to be passed on to employees as part of their remuneration at any

price and any such purchases shall be subject to the prior permission of the EFSA in accordance with the CRR and Commission Delegated Regulation No 241/2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council of 7 January 2014 with regard to regulatory technical standards for Own Funds requirements for institutions, and any other Applicable Banking Regulations (if such permission is then required under the Applicable Banking Regulations).

- g. All Bonds redeemed or purchased in accordance with this Section 7 will be cancelled and may not be reissued or resold. References in this paragraph to the purchase of the Bonds by the Issuer shall not include the purchase of Bonds in the ordinary course of business of dealing in securities as a market maker or for passing on to employees as their remuneration or the purchase of Bonds otherwise than as beneficial owner.
- h. Upon redemption of the Bonds under at any grounds, the Issuer shall pay to the Investors in relation to each Bond so redeemed the Nominal Value of that Bond as at the date of the redemption and interest accrued until the date of redemption.
- i. Upon the payment of full redemption amounts of the Bonds of the relevant Series, such Bonds shall be considered redeemed and shall be deleted from the Register. The Issuer shall arrange deletion of the redeemed Bonds from the Register at its own cost. The Investor(s) are obliged to co-operate with the Issuer and take all actions reasonably required for deleting the Bonds from the Register.

## 8. Taxation

- a. All payments to be made in connection with the Bonds shall be calculated and paid taking into account any taxes and other deductions mandatory under applicable law. Unless required under mandatory laws, no set-offs or withholdings shall be permitted by the Issuer in respect of payments to be made under or in respect of the Bonds.

- b. The Issuer shall pay all the taxes payable in connection with the Bonds that the Issuer is liable for according to the applicable laws and regulations. The Investors shall upon request provide information necessary for the Issuer to determine the taxation obligation and amount in respect of the relevant Investor.

## 9. Payments

- a. Payments of amounts (whether principal, interest or otherwise, including on the final redemption) due on the Bonds will be made to the Investors thereof, as appearing in the Register at the close of business on the Business Day two days before the due date for such payment (T-2). Payment of amounts due on the final redemption of the Bonds will be made simultaneously with deletion of the Bonds, or, if so required by the Issuer, against delivery of the Bonds to the Issuer. If the due date for payment of the final redemption amount of the Bonds is not a Business Day, the Investor thereof will not be entitled to payment thereof until the next following Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms.
- b. All payments and transfers of Bonds shall be made to the Investors with the payment and securities account details specified in the Register.
- c. All payments in relation to the Bonds shall be made in euro, in immediately available funds and, unless required otherwise under mandatory laws, without any set-off or withholdings, except for the deductions and withholdings made in accordance with Section 8.
- d. If the Issuer fails to transfer any amount payable to a Investor in connection with the Bond by the due date, the Issuer undertakes to pay delay interest to the Investor on the outstanding amount as from the payment deadline until actual payment at the rate specified in the relevant Final Terms.

## 10. Limitation Period

Claims against the Issuer in respect of the Bonds will expire (in Estonian: aeguvad) unless made within 3 years after the due date for payment.

## 11. Notices

- a. Notices to the Investors will be deemed to be validly given published through the information system of the stock exchange in which the Bonds are listed (if applicable) and will be deemed to have been validly given upon publishing; or in case of unlisted Bonds if sent to them at their e-mail address as recorded in the Register and will be deemed to have been validly given on the second Business Day after the date of such sending.
- b. Notices to the Issuer will be deemed to be validly given if delivered to the [ir@admiralmarkets.com](mailto:ir@admiralmarkets.com) (or at such other contact details as may have been notified to the Investors) and will be deemed to have been validly given at the opening of business on the Business Day.
- c. All communications under these Terms or otherwise in connection with the Bonds shall be in English language.

## 12. Law and Jurisdiction

The Bonds and all non-contractual obligations arising out of or in connection with any of them are governed by Estonian laws and subjected to the jurisdiction of Harju County Court (in Estonian: Harju Maakohus) in Tallinn as a court of first instance.

## 13. Acknowledgement of Bail-in Powers

Notwithstanding and to the exclusion of any other term of the Bonds or any other agreements, arrangements or understanding between the Issuer and any Investor (which, for the purposes of this Section 13, includes each holder of a beneficial interest in the Bonds), by its acquisition of the Bonds, each Investor acknowledges and accepts

that any liability arising under the Bonds may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- a. the effect of the exercise of any Bail-in Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
  - I. the reduction of all, or a portion, of any amount payable by the Issuer in respect of the Bonds;
  - II. the conversion of all, or a portion, of any amount payable by the Issuer in respect of the Bonds into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Investor of such shares, securities or obligations, including by means of an amendment, modification or variation of the Terms or Final Terms;
  - III. the cancellation of the Bonds or any amount payable by the Issuer in respect of the Bonds;
  - IV. the amendment or alteration of the amount of interest payable on the Bonds, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- b. the variation of the Terms or Final Terms, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Bail-in Powers by the Relevant Resolution Authority.

# Annex A - Form of Final Terms for the Bonds

[Date]

## Admirals Group AS

Issue of

[Aggregate Nominal Value of Series][<sup>1</sup>] Tier 2 Subordinated Bonds Issued under the EUR 15,000,000 Bonds Program

Capitalised terms used herein shall bear the meaning assigned to such terms in the Terms and Conditions of the Bonds. These are the Final Terms for the purposes of the issue of the Bonds referred to herein.

Issuer	Admirals Group AS
Series number	[]
Aggregate Nominal Value of the Series	EUR [specify amount]. [The Aggregate Nominal Value of the Series may be increased or decreased by the decision of the Issuer until Issue Date (including) by up to EUR [specify amount]]
Nominal Value	EUR []
Issue Price <sup>2</sup>	EUR []
Issue Date	[specify date]
Interest Commencement Date	[specify date]
Maturity Date	[specify date]
Interest	
I. Interest Payment Dates	[] in each year
II. Rate of Interest	[]% per annum
III. Day count fraction	[30/360]
IV. Delay interest	[]
Subscription Period	[]
Bonds subscription, allocation and issuance terms	[subject to the public offering or private placement options]

<sup>1</sup>[The Aggregate Nominal Value of the Series may be increased or decreased by the decision of the Issuer until Issue Date (including) by up to EUR [specify amount]]

<sup>2</sup>Issue Price may include accrued interest, accrued since Interest Commencement Date or last Interest Payment Date, as the case may be.

- a. The Bonds may be subscribed for by delivering the Subscription Request to the Issuer (or if so instructed by the Issuer, to representative of the Issuer) within the limits of the Subscription Period. The Issuer may (but is not obliged to) accept Subscription Requests made after the end of the Subscription Period. The Subscription Request must be signed by the Subscriber or by its duly authorised representative. The Issuer shall have the right to reject any incomplete or illegible Subscription Request.
- b. The Subscription Request is irrevocable and the Subscriber is bound by its terms from the moment the Issuer has received the relevant Subscription Request.
- c. The Issuer shall have the right to accept or reject, in whole or in part, Subscription Requests at its sole discretion. Upon rejecting a Subscription Request, the Issuer shall not be obliged to provide any explanation or justification for such rejection.
- d. The Issuer shall decide the allocation of the Bonds between the Subscribers at its absolute sole discretion. The amount of Bonds allocated to the Subscriber shall not exceed the amount Bonds subscribed for by that Subscriber in the Subscription Request.
- e. The Issuer shall deliver a Confirmation to each Subscriber to whom the Bonds were allocated by [insert time]. From the moment the submitted Subscription Request is (partially) confirmed by the Issuer by issuing the Confirmation to the Subscriber, a binding agreement shall become effective between the Subscriber and the Issuer on the terms specified in the Confirmation and the Terms and Final Terms.
- f. In case of (partial) rejection of the Subscription Request, the Issuer shall not be responsible for any cost or expense the Subscriber may have incurred in connection with participating in the subscription for the Bonds.
- g. The Subscriber shall transfer the Subscription Amount to the Issuer's bank account specified in the Confirmation by the time specified in the Confirmation.
- h. Subject to the due payment of the Subscription Amount, the subscribed Bonds will be registered on and credited to the Investors' securities accounts within [2] Business Days as from the Issue Date.
- i. In case the Subscriber has not paid the Subscription Amount in accordance with details specified in the Confirmation, the Issuer may choose whether to hold such Bonds for that Subscriber until the payment has been duly made (in which case the Issuer may demand default interest on the amount of such delayed payment at the rate specified in the relevant Final Terms for each delayed day, dispose such Bonds to other Investors or Subscribers or cancel them.

Signed on behalf of Admirals Group AS:

By: Sergei Bogatenkov  
Chairman of the Management Board

Duly authorised

Date:

## Annex B - Form of the Subscription Request

[Date]

### Admirals Group AS

Issue of

[Aggregate Nominal Value of Series] Tier 2 Subordinated Bonds Series No [ ]  
Issued under the EUR 15,000,000 Bonds Program

Capitalised terms used herein shall bear the meaning assigned to such terms in the Terms and Conditions of the Bonds. This the Subscription Request for the purposes of the issue of the Bonds of the Series referred to herein.

Issuer	Admirals Group AS
Series number	[]
Nominal Value	EUR []
Issue Price	EUR []
Issue Date	[specify date]
Payment Date	[specify date]
Maturity Date	[specify date]
Interest	[]% per annum
Subscription Period	[]

## Subscription Request

We wish to subscribe for the above Bonds as follows:

Number of Bonds subscribed (#)      Aggregate Nominal Value of the Bonds subscribed (EUR)

### Investor

Name:      Contact person:

ID / registry code:      Address:

Phone:

E-mail:

Securities account No:

Holder of securities account:

Name of securities account operator:

Current account No:

We confirm that we have read and understood the Terms, Final Terms and other information material made available to us by the Issuer in relation to the Bonds and we have had the time and opportunity to obtain any such additional information on the Bonds and on the Issuer as we have deemed necessary. We undertake to follow the Terms and Final Terms and be bound by them.

We understand that upon submitting this Subscription Request (i) we undertake the liability to pay the Subscription Amount for the subscribed Bonds in accordance with the Terms, Final Terms and Confirmation, and (ii) that the terms of our contractual relationship with the Issuer will be governed by the Terms and Final Terms.

The Subscriber may choose to hold the Bonds in a nominee account. If the securities account referred to above is a nominee account, then by signing this Subscription Request the Investor provides its express written consent to hold the Bonds in a nominee account. The Subscriber shall inform the nominee account holder regarding the Bonds to be transferred to a nominee account and provides its confirmation to the Register that the nominee account holder has been informed regarding the Bonds. If the Subscriber has not informed the nominee account holder the Subscriber provides to the Register a consent to disclose the Subscriber holding the Bonds in a nominee account to the nominee account holder.

Date:

Name and signature

# Annex C - Form of the Confirmation

[Date]

## Admirals Group AS

Issue of

[Aggregate Nominal Value of Series] Tier 2 Subordinated Bonds Series No [ ]  
Issued under the EUR 15,000,000 Bonds Program

### [details of the Investor]

Confirmation No [ ]

Capitalised terms used herein shall bear the meaning assigned to such terms in the Terms and Conditions of the Bonds. This is a Confirmation for the purposes of the issue of the Bonds of the Series referred to above.

We hereby confirm your Subscription Request on the following terms and conditions:

Investor's name	ID / registry code	Securities account number	Number of allocated Bonds	Subscription Amount (EUR)
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Please transfer the Subscription Amount to our account with details specified below by [date].

Admirals Group AS

Account:

Reference:      Admirals Group AS Bonds Series No [ ]

Date:

Name and signature



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