

# ANNUAL REPORT

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**end of the financial year:** 31.12.2021

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## **Introduction**

Crowdestate, founded in January 2014, continued to be one of the leading real estate crowdfunding platforms in Europe also in 2021. As crowdfunding is becoming a more mainstream alternative for real estate developers and is gaining more and more traction among investors, the industry is still in its very early stages and 8 years old Crowdestate is one of the longest operating crowdfunding platforms in the world.

Crowdestate's mission is to disrupt real estate investing, making professional grade real estate investment opportunities accessible to all. Our long term goals are supported by local teams, present on each of our home markets and by our global scalable technology, which helps to consolidate investments by tens of thousands of single investors into significant and valuable investing power.

Crowdestate continues to create financial and emotional connections between Crowdestate investors and professional real estate development companies, providing investors with high quality, pre-vetted and geographically diversified real estate investment opportunities.

Real estate developers value Crowdestate's fast and flexible ability to raise different types of capital.

As a part of this annual report, we have compiled an overview of important factors that affected our business activities in 2021 or may affect them in the future.

## **European crowdfunding regulation**

The long-awaited single European crowdfunding regulation was adopted and established on 07.10.2020. by the European Parliament and the Council of Europe, as the regulation EU 2020/1503 was issued. The directly applicable regulation entered into force in November 2021, and according to the regulation, all businesses offering crowdfunding services within the scope of the regulation must apply for a crowdfunding service license from the local financial supervisory authority. The transitional period for obtaining such license ends in November 2022.

The European Crowdfunding Regulation is complemented by a large number of technical standards that specify specific aspects of the Crowdfunding Regulation. Some of the technical standards projects were published at the end of 2021, and the remaining projects were published in May 2022.

The regulation imposes strict requirements on crowdfunding operations in EU member states, which will most likely lead to a clean-up and consolidation on the market, as many of today's crowdfunding platforms are not able to operate sustainably in compliance with the regulation.

Crowdestate estimates that approx. 150 more or less real estate focused crowdfunding platforms operate in continental Europe. Most of them are financially and organisationally incapable to comply with the requirements necessary to obtain the crowdfunding license nor to sustainably operate under financial supervision.

Crowdestate started preparing the application for a crowdfunding service license immediately after the introduction of the European Crowdfunding Regulation in October 2021 and submitted an application for a crowdfunding service license to the Estonian Financial Supervisory Authority in May 2022.

## **FinanceEstonia and the Crowdfunding Workgroup**

Crowdestate continued to be a member of the FinanceEstonia NGO in 2021 and followed the Good Practice of Crowdfunding that came into force in 2016.

Crowdestate is the only Estonian crowdfunding platform that has received the Good Practice label in all the years that the Good Practice label was issued (2016 - 2019). FinanceEstonia stopped issuing Good Practice labels in 2020.

More information about Estonian Crowdfunding Good Practice and its conditions can be found on the FinanceEstonia website at [http://www.financeestonia.eu/priority\\_niche/crowdfunding](http://www.financeestonia.eu/priority_niche/crowdfunding).

## **Crowdestate is a regulated payment institution**

Crowdestate started the preparation for applying for a payment institution license and the implementation of the accompanying internal changes in 2020. The process, which lasted nearly 1,5 years, culminated on June 22, 2021 with the issuance of a payment institution license to Crowdestate by the Estonian Financial Supervision Authority.

As a regulated payment institution, Crowdestate has the right to offer its customers payment transaction execution services, including the transfer of funds to a payment account opened with a payment service provider. Permission to open payment accounts and execute a payment transaction allows Crowdestate to offer its investors a clearly differentiated and higher quality investment service. Most of the crowdfunding platforms in the European Union have outsourced the service related to their customers' payment accounts and financial payments to some independent payment institution, which has led to the need for customers to open a new payment account with such payment institution for each crowdfunding platform they use and to make all their financial payments through such payment accounts. As a result of this, the financial transfers have slowed down significantly. The integrated payment and investment service provided by Crowdestate allows the customer to use a regular bank account and European Union instant payments to make crowdfunding investments.

Secondly, the payment institution license provides Crowdestate clients with the assurance that the funds deposited in their Crowdestate investment accounts are carefully and securely maintained in accordance with applicable regulations. Capital adequacy norms dependent on payment volumes ensure that Crowdestate has enough capital to secure the sustainability of its business.

The process of applying for a payment institution license was a great lesson for Crowdestate, forcing us to review and improve a large part of our existing internal rules and business processes.

Also, the payment institution operating license process was a good preparation for preparing the application for a crowdfunding service operating license.

Crowdestate has started applying for permits to provide cross-border payment services in order to be able to provide payment services in all other commercially interesting EU member states. In June 2022, Banco de Portugal, the Central Bank of Portugal issued the permission to Crowdestate for the cross-border provision of payment services in Portugal. In the second half of 2022, Crowdestate plans to submit additional applications to the Estonian Financial Supervision Authority for the cross-border provision of payment services in other European Union member states, starting with Crowdestate's current markets.

## **Changes in the management structure**

Simultaneously with the issuance of the payment institution license in June 2021,

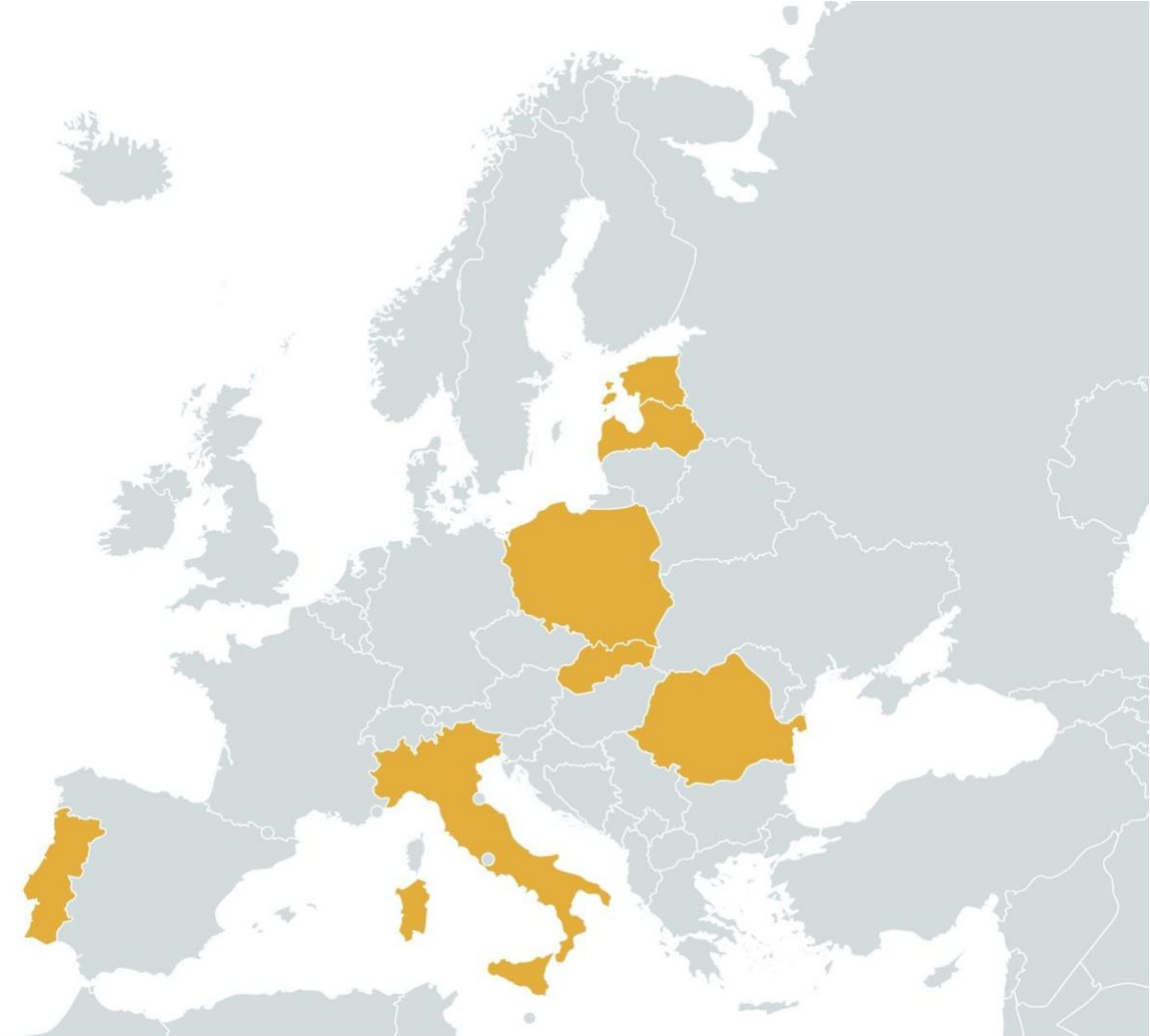
Crowdestate's management structure was changed:

- Crowdestate's founder and chairman of the Management Board, Loit Linnupõld, moved to the position of Chairman of the Supervisory Board
- Crowdestate Management Board member Allan-Kristjan Mauer took over the role of CEO and Chairman of the Management Board of Crowdestate Group and
- Robert-Mihai Butoi, head of the Romanian branch of Crowdestate, was elected as the second member of Crowdestate's Management Board and the group's risk manager.

## **Geographic expansion**

Physical presence continues to be one of the important elements of Crowdestate's business model - it is important for us to have a local team that knows the local market and its peculiarities in each of our home markets. The local team is responsible for sourcing, analyzing and tracking local projects according to Crowdestate's standardized principles and rules. This approach ensures that all investment opportunities published on the Crowdestate platform meet our uniform quality standards.

Until the end of 2020, Crowdestate operated in four European countries: Estonia, Latvia, Italy and Romania. We temporarily suspended operations in Italy at the beginning of 2021 and plan to reopen this market in the second half of 2022.



During 2021, Crowdestate started operations in three European Union member states - Portugal, Slovakia and Poland. During 2022, we plan to expand to at least one more European Union member market.

## **COVID-19 and Russia's war in Ukraine**

The COVID-19 pandemic had a significant negative impact on the operations and financial results of Crowdestate AS also in 2021. As a result of the second wave of COVID-19, which

prevailed in 2021, retail investors continued to demonstrate uncertainty - the decrease in interest for investments and readiness to invest was evident, and many crowdfunding investors suspended their investment activities until the trends of the epidemic became clear. The impact of COVID-19 on crowdfunded real estate projects was essentially non-existent, and aside from the delays caused by the shortage of construction materials and delivery difficulties for some individual real estate developments, the absolute majority of Crowdestate's real estate crowdfunding projects were completed on time and according to the predicted results. The uncertainty that began to dissipate among investors in the last quarter of 2021 was given a new blow by Russia's war against Ukraine, which began in February 2022. A large part of the investors belonging to the western cultural space classified the easternmost member states of the European Union, geographically close to Russia, as a risk area and directed their investments to the significantly lower yielding, but significantly safer Western European countries.

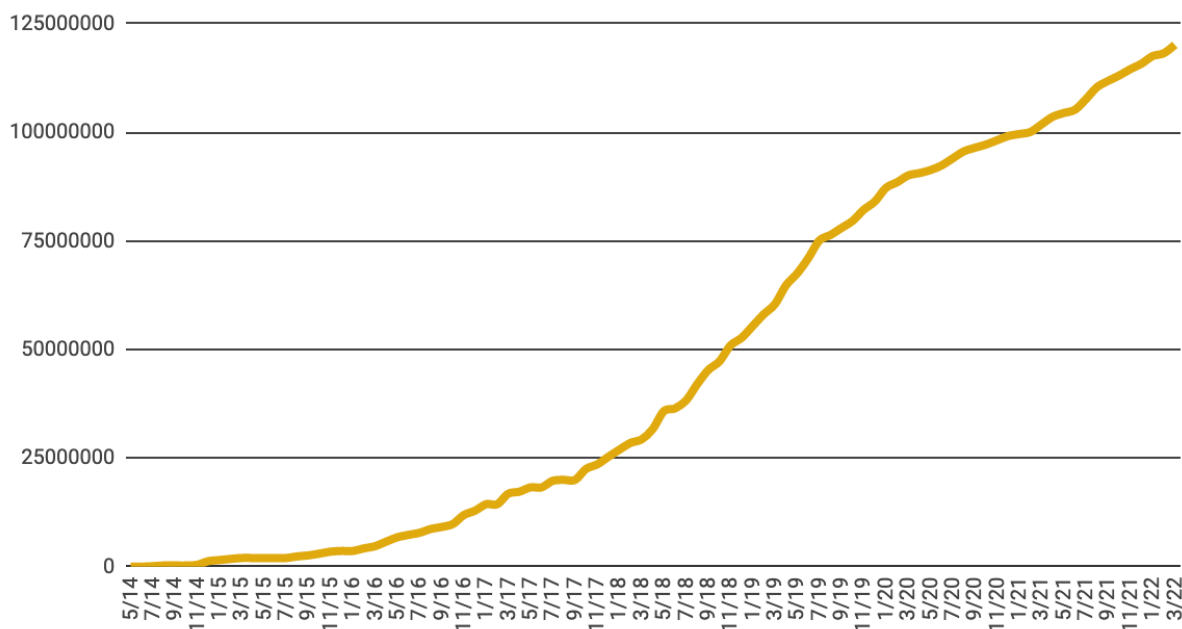
According to Crowdestate, the uncertainty resulting from the war will definitely last until the end of it and probably for at least a few years after its end. As a result, Crowdestate is reviewing its geographical expansion plans and intends to shift its future focus to the countries of Central and Western Europe.

## **New investments**

In 2021, Crowdestate raised capital in the total amount of 18 million euros for 122 investment opportunities. The average size of the financed investment opportunity was approx. 150,000 euros. The largest investment opportunity financed in 2021 was 690,000 euros, the smallest investment opportunity was 30,000 euros.

By the end of 2021, Crowdestate had successfully financed a total of 411 investment opportunities for a total amount of 112.7 million euros.

## Funds raised



## Successfully exited projects

During 2021, 108 investment opportunities were successfully exited, and as a result, the total number of successful exits increased to 284.

18.7 million euros was returned to investors, of which 17.5 million euros were the returned principal and 1.2 million euros accounted for interest and penalties.

The total amount returned to Crowdestate investors increased to a total of 97 million euros by the end of 2021, of which 84.4 million euros were returned principal, 12.6 million euros interest and 0.4 million euros late payment fees.

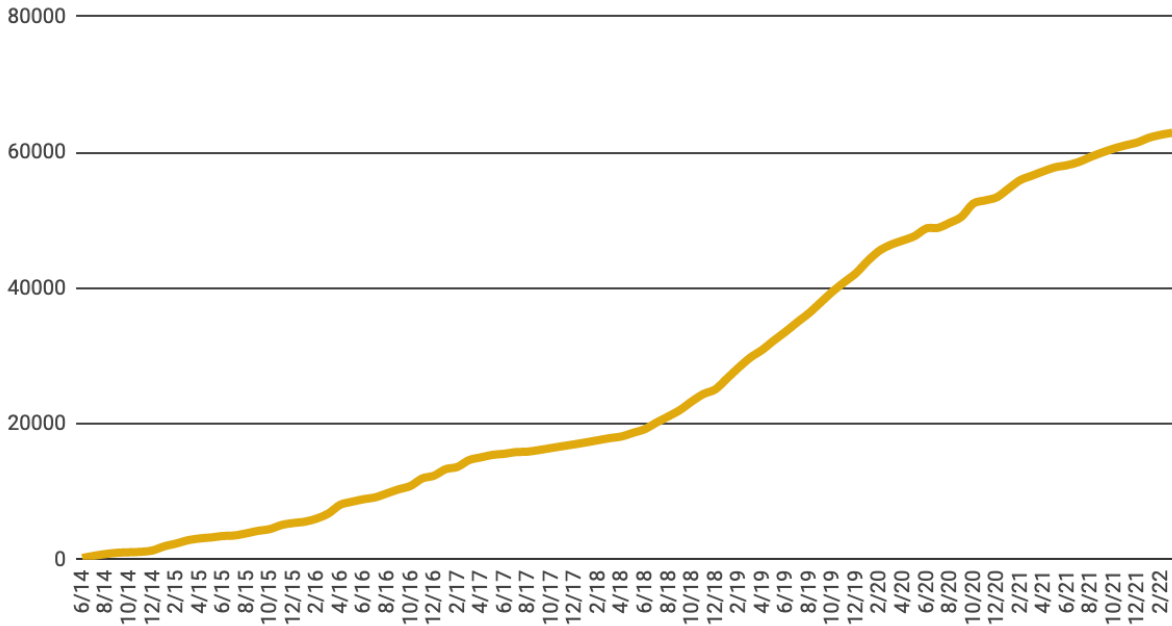
The historical weighted average return of all completed investments during Crowdestate's 8 years of operation was 14.5% per year.

## Investors

The number of Crowdestate investors grew by 16% year-on-year. As at the end of 2020, 52,413 investors had joined Crowdestate, then by the end of 2021, the number of investors had increased to 60,583 investors.



# Investors



The reason for the slowdown in the investor growth rate was due to uncertainty resulting from the COVID-19 pandemic, as well as significantly reduced marketing and advertising costs.

Crowdestate's investors continue to be global with investors from nearly 100 countries. However, most investors are from Crowdestate's main markets in Estonia, Italy and Romania, as well as from other Western European countries, thus proving both the preference for domestic investments and the hyperlocality of real estate investnig.

During the year, investors signed a total of 51,033 loan agreements, the average size of individual investment was approx. 361 euros.

## Financial results

If in 2020 the COVID-19 pandemic led to a noticeable decrease in the number of real estate projects seeking financing and meeting Crowdestate's quality standard, in 2021 investors' interest in real estate investments changed significantly. This had a significant impact on our ability to finance projects. In this regard, the sales revenue of Crowdestate AS decreased by approx. 26% to EUR 0.9 million.

The 2021 EBITDA of Crowdestate AS was 104,900 euros, and the net loss for the reporting year was 68,800 euros. The main reason for the decrease in Crowdestate's profitability was a decrease in sales revenue, an increase in operating expenses as a result of geographical

expansion, as well as the legal costs related to the preparation for the application for payment institution's license.

Nevertheless, the balance sheet of Crowdestate AS continues to be strong - the company has essentially no loan obligations and the company operates on the basis of equity capital. The company's share capital of 250,000 euros exceeds the regulatory minimum capital applicable to payment institutions by 2 times, and the equity exceeds the regulatory required norm by more than 10 times.

At the end of 2021, equity capital of Crowdestate AS, including undistributed profit, reached 1,306,000 euros.

## **Technological innovations**

In 2021, Crowdestate continued to invest in information technology solutions, increasing the performance and security of information systems, adding functionality and updating user interfaces.

In the 4th quarter of 2021, Crowdestate introduced an access interface that complies with the requirements of the European Payment Services Directive (PSD2), through which it is possible to interface Crowdestate's information systems with the information systems of any other regulated credit and financial institutions, based on regulated standards.

Crowdestate continues to be the only Estonian and one of the few crowdfunding platforms operating in the European Union which enables project owners to fulfill the obligation to withhold income tax from the interest paid out in accordance with local tax regulations.

## **Risks and Uncertainty**

Just like any other business, Crowdestate's operations are open to various risks and uncertainties arising from the specifics of the business. These include, but are not limited to, growth management, credit and investment risks, third-party risks, regulation, infrastructure, system outages, and general economic unpredictability. We have made, in our opinion, reasonable preparations and plans to manage these risks and uncertainties in order to protect our business from the realization of such risks.

As a regulated payment institution and a crowdfunding company applying for an operating license, we have evaluated and redesigned business processes in 2020 and 2021 in order to meet regulations and industry standards.

We remain committed to high-quality management and control, both of which are essential to the effective management of our business and the associated risks. We are confident that we

can keep our business innovative and successful without having to expose it and our investors to unacceptable risks. We believe that Crowdestate continues to be well positioned to provide excellent value and investment services to our investors.

## **2022 prospects**

We intend to continue to increase the number of our investors, the volume of investments, and the corresponding offer of real estate investment opportunities in all our main markets also in 2022.

We will reopen operations in Italy during 2022. Also, by the end of 2022, we plan to open our business in 1-2 more European Union member markets and to prepare for further expansions.

## **The Management Board**

The Management Board of Crowdestate had two members in 2021, the board members were paid a total of 102,280 euros.

## The annual accounts

### Statement of financial position

(In Euros)

|                                      | 31.12.2021       | 31.12.2020       | Note |
|--------------------------------------|------------------|------------------|------|
| Assets                               |                  |                  |      |
| Current assets                       |                  |                  |      |
| Cash and cash equivalents            | 6 822 743        | 8 011 388        | 2    |
| Receivables and prepayments          | 504 477          | 412 236          | 3    |
| <b>Total current assets</b>          | <b>7 327 220</b> | <b>8 423 624</b> |      |
| Non-current assets                   |                  |                  |      |
| Receivables and prepayments          | 74 878           | 2 878            | 3    |
| Property, plant and equipment        | 21 225           | 38 549           | 5    |
| Intangible assets                    | 309 658          | 279 962          | 6    |
| <b>Total non-current assets</b>      | <b>405 761</b>   | <b>321 389</b>   |      |
| <b>Total assets</b>                  | <b>7 732 981</b> | <b>8 745 013</b> |      |
| Liabilities and equity               |                  |                  |      |
| Liabilities                          |                  |                  |      |
| Current liabilities                  |                  |                  |      |
| Loan liabilities                     | 11 385           | 25 647           | 7    |
| Payables and prepayments             | 6 390 749        | 7 325 769        | 8    |
| <b>Total current liabilities</b>     | <b>6 402 134</b> | <b>7 351 416</b> |      |
| Non-current liabilities              |                  |                  |      |
| Loan liabilities                     | 24 881           | 19 167           | 7    |
| <b>Total non-current liabilities</b> | <b>24 881</b>    | <b>19 167</b>    |      |
| <b>Total liabilities</b>             | <b>6 427 015</b> | <b>7 370 583</b> |      |
| Equity                               |                  |                  |      |
| Issued capital                       | 250 000          | 250 000          | 10   |
| Share premium                        | 820 380          | 820 380          |      |
| Retained earnings (loss)             | 304 364          | 0                |      |
| Annual period profit (loss)          | -68 778          | 304 050          |      |
| <b>Total equity</b>                  | <b>1 305 966</b> | <b>1 374 430</b> |      |
| <b>Total liabilities and equity</b>  | <b>7 732 981</b> | <b>8 745 013</b> |      |

## Income statement

(In Euros)

|   | 2021            | 2020           | Note |
|---|-----------------|----------------|------|
| Revenue                                     | 920 987         | 1 248 266      | 11   |
| Other income                                | 12 135          | 12 337         |      |
| Raw materials and consumables used          | -155 569        | -133 200       |      |
| Other operating expense                     | -312 489        | -388 613       | 12   |
| Employee expense                            | -359 587        | -310 771       | 13   |
| Depreciation and impairment loss (reversal) | -216 046        | -222 564       | 5, 6 |
| Other expense                               | -589            | -688           |      |
| <b>Operating profit (loss)</b>              | <b>-111 158</b> | <b>204 767</b> |      |
| Interest income                             | 11 211          | 82             |      |
| Interest expenses                           | -1 100          | -1 195         |      |
| Other financial income and expense          | 32 269          | 104 300        |      |
| <b>Profit (loss) before tax</b>             | <b>-68 778</b>  | <b>307 954</b> |      |
| Income tax expense                          | 0               | -3 904         |      |
| <b>Annual period profit (loss)</b>          | <b>-68 778</b>  | <b>304 050</b> |      |

## Notes

### Note 1 Accounting policies

#### General information

The financial statements of Crowdstate AS for 2021 have been prepared in accordance with the Estonian Financial Reporting Standards.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements have been prepared in euros.

Crowdstate AS is classified as a "small business" and thus, the statement of cash flows and the statement of the changes in equity are not included in this annual report.

#### Changes in accounting policies or presentation of information

| Additional item name | 31.12.2020 | Change    | 31.12.2020 |
|----------------------|------------|-----------|------------|
|                      | 791 711    | 7 219 677 | 8 011 388  |
|                      | 106 092    | 7 219 677 | 7 325 769  |

#### Cash and cash equivalents

Cash in hand and at the bank is recognized as "Cash and cash equivalents".

#### Receivables and prepayments

Accounts receivable have been valued in the balance sheet based on the amounts likely to be received. Each outstanding invoice is assessed individually, considering all the known information on the client's solvency. Doubtful receivables are partially or fully expensed, depending on the specific circumstances for being uncollectible.

#### Plant, property and equipment and intangible assets

When recognising fixed assets in the balance sheet, accumulated depreciation and impairment losses are deducted from their acquisition cost. Based on the materiality principle, those assets with an acquisition cost exceeding 640 euros and a useful life of more than one year are recognised as fixed assets. Assets with a lower acquisition cost or a shorter useful life are expensed when taken into use and are accounted for on off-balance-sheet accounts. The Company uses the straight-line method to depreciate its fixed assets.

#### Minimal acquisition cost 650

#### Useful life by assets group (years)

| Assets group name | Useful life |
|-------------------|-------------|
| Vehicles          | 3 aastat    |
| Software          | 3 aastat    |

#### Financial liabilities

Financial liabilities include unpaid suppliers' invoices, accrued liabilities and other current and non-current liabilities. Financial liabilities are accounted for on the balance sheet at amortised costs. A financial liability is removed when it is discharged, cancelled or expired.

#### Revenue recognition

Revenue is recognised at the fair value of the receivable, taking into account any discounts and rebates granted. Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred from the seller to the buyer, the revenue and transaction costs can be measured reliably and the collection of the receivable is probable.

Revenue from the sale of a service is recognised after the service has been provided or, if the service is provided over a longer period, based on the stage of completion method.

**Related parties**

The company considers parties to be related if one party has control over the other party or has a significant influence over the other party's business decisions, and such parties are:

- # The parent company (and owners of the parent company);
- # Other companies belonging to the same consolidation group;
- # Managing director, management board and supervisory board of a company and private owners with significant holdings, unless these persons do not have the opportunity to have a significant influence on the business decisions of the company.
- # In addition, related parties are close relatives of the persons described above and companies controlled or significantly influenced by them.

**Note 2 Cash and cash equivalents**

(In Euros)

|  | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|
| Bank accounts                          | 600 175           | 791 711           |
| Customer assets                        | 6 222 568         | 7 219 677         |
| <b>Total cash and cash equivalents</b> | <b>6 822 743</b>  | <b>8 011 388</b>  |

## Note 3 Receivables and prepayments

(In Euros)

|  | 31.12.2021     | Allocation by remaining maturity |               |              | Note |
|--|----------------|----------------------------------|---------------|--------------|------|
|  |                | Within 12 months                 | 1 - 5 years   | Over 5 years |      |
| Accounts receivable                      | 357 482        | 357 482                          | 0             | 0            |      |
| Accounts receivables                     | 460 442        | 460 442                          | 0             | 0            |      |
| Allowance for doubtful receivables       | -102 960       | -102 960                         | 0             | 0            |      |
| Receivables from related parties         | 31 781         | 31 781                           | 0             | 0            | 14   |
| Tax prepayments and receivables          | 3 665          | 3 665                            | 0             | 0            | 4    |
| Loan receivables                         | 73 285         | 25                               | 73 260        | 0            |      |
| Other receivables                        | 4 093          | 4 093                            | 0             | 0            |      |
| Interest receivables                     | 4 093          | 4 093                            | 0             | 0            |      |
| Prepayments                              | 14 090         | 14 090                           | 0             | 0            |      |
| Deferred expenses                        | 7 121          | 7 121                            | 0             | 0            |      |
| Other paid prepayments                   | 6 969          | 6 969                            | 0             | 0            |      |
| Deposits                                 | 1 618          | 0                                | 1 618         | 0            |      |
|  | 93 341         | 93 341                           | 0             | 0            |      |
| <b>Total receivables and prepayments</b> | <b>579 355</b> | <b>504 477</b>                   | <b>74 878</b> | <b>0</b>     |      |



|  | 31.12.2020     | Allocation by remaining maturity |              |              | Note |
|--|----------------|----------------------------------|--------------|--------------|------|
|  |                | Within 12 months                 | 1 - 5 years  | Over 5 years |      |
| Accounts receivable                      | 372 130        | 372 130                          | 0            | 0            |      |
| Accounts receivables                     | 475 090        | 475 090                          | 0            | 0            |      |
| Allowance for doubtful receivables       | -102 960       | -102 960                         | 0            | 0            |      |
| Receivables from related parties         | 31 653         | 31 653                           | 0            | 0            | 14   |
| Tax prepayments and receivables          | 141            | 141                              | 0            | 0            | 4    |
| Loan receivables                         | 1 285          | 25                               | 1 260        | 0            |      |
| Other receivables                        | 0              | 0                                | 0            | 0            |      |
| Prepayments                              | 8 287          | 8 287                            | 0            | 0            |      |
| Deferred expenses                        | 4 929          | 4 929                            | 0            | 0            |      |
| Other paid prepayments                   | 3 358          | 3 358                            | 0            | 0            |      |
| Deposits                                 | 1 618          | 0                                | 1 618        | 0            |      |
| <b>Total receivables and prepayments</b> | <b>415 114</b> | <b>412 236</b>                   | <b>2 878</b> | <b>0</b>     |      |

## Note 4 Tax prepayments and liabilities

(In Euros)

|  | 31.12.2021      |                 | 31.12.2020      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | Tax prepayments | Tax liabilities | Tax prepayments | Tax liabilities |
| Corporate income tax                         |                 | 104             |                 | 323             |
| Value added tax                              |                 | 7 279           |                 | 16 245          |
| Personal income tax                          |                 | 3 618           |                 | 3 506           |
| Social tax                                   |                 | 8 032           |                 | 8 771           |
| Contributions to mandatory funded pension    |                 | 226             |                 | 333             |
| Unemployment insurance tax                   |                 | 338             |                 | 453             |
| Prepayment account balance                   | 3 665           |                 | 141             |                 |
| <b>Total tax prepayments and liabilities</b> | <b>3 665</b>    | <b>19 597</b>   | <b>141</b>      | <b>29 631</b>   |

## Note 5 Property, plant and equipment

(In Euros)

|                                  |                |                                |                               |                         | Total   |
|----------------------------------|----------------|--------------------------------|-------------------------------|-------------------------|---------|
|                                  | Transportation | Computers and computer systems | Other machinery and equipment | Machinery and equipment |         |
| <b>31.12.2019</b>                |                |                                |                               |                         |         |
| Carried at cost                  | 0              | 0                              | 0                             | 0                       | 0       |
| Accumulated depreciation         | 0              | 0                              | 0                             | 0                       | 0       |
| <b>Residual cost</b>             | 0              | 0                              | 0                             | 0                       | 0       |
| Acquisitions and additions       | 25 740         | 3 070                          | 647                           | 29 457                  | 29 457  |
| Other acquisitions and additions | 25 740         | 3 070                          | 647                           | 29 457                  | 29 457  |
| Depreciation                     | -12 687        | -698                           | -323                          | -13 708                 | -13 708 |
| Other changes                    | 22 800         | 0                              | 0                             | 22 800                  | 22 800  |
| <b>31.12.2020</b>                |                |                                |                               |                         |         |
| Carried at cost                  | 82 739         | 3 070                          | 647                           | 86 456                  | 86 456  |
| Accumulated depreciation         | -46 886        | -698                           | -323                          | -47 907                 | -47 907 |
| <b>Residual cost</b>             | 35 853         | 2 372                          | 324                           | 38 549                  | 38 549  |
| Acquisitions and additions       | 0              | 0                              | 1 326                         | 1 326                   | 1 326   |
| Other acquisitions and additions | 0              | 0                              | 1 326                         | 1 326                   | 1 326   |
| Depreciation                     | -16 548        | -1 471                         | -598                          | -18 617                 | -18 617 |
| Other changes                    | 0              | -31                            | -2                            | -33                     | -33     |
| <b>31.12.2021</b>                |                |                                |                               |                         |         |
| Carried at cost                  | 82 739         | 3 020                          | 1 963                         | 87 722                  | 87 722  |
| Accumulated depreciation         | -63 434        | -2 150                         | -913                          | -66 497                 | -66 497 |
| <b>Residual cost</b>             | 19 305         | 870                            | 1 050                         | 21 225                  | 21 225  |

## Note 6 Intangible assets

(In Euros)

|                            | Total             |           |
|----------------------------|-------------------|-----------|
|                            | Computer software |           |
| <b>31.12.2019</b>          |                   |           |
| Carried at cost            | 0                 | 0         |
| Accumulated depreciation   | 0                 | 0         |
| <b>Residual cost</b>       | 0                 | 0         |
| Acquisitions and additions | 146 250           | 146 250   |
| Depreciation               | -208 845          | -208 845  |
| Other changes              | 342 557           | 342 557   |
| <b>31.12.2020</b>          |                   |           |
| Carried at cost            | 993 585           | 993 585   |
| Accumulated depreciation   | -713 623          | -713 623  |
| <b>Residual cost</b>       | 279 962           | 279 962   |
| Acquisitions and additions | 227 125           | 227 125   |
| Depreciation               | -197 429          | -197 429  |
| <b>31.12.2021</b>          |                   |           |
| Carried at cost            | 1 220 710         | 1 220 710 |
| Accumulated depreciation   | -911 052          | -911 052  |
| <b>Residual cost</b>       | 309 658           | 309 658   |

## Note 7 Finance lease

(In Euros)

Accounting entity as lessee

|  | 31.12.2021 | Allocation by remaining maturity |             |              | Interest rate | Base currencies | Due date   |
|--|------------|----------------------------------|-------------|--------------|---------------|-----------------|------------|
|  |            | Within 12 months                 | 1 - 5 years | Over 5 years |               |                 |            |
| Financial lease contract 197926        | 19 166     | 2 959                            | 16 207      | 0            | 2.600%        | EUR             | 25.09.2025 |
| Financial lease contract 135386        | 17 100     | 8 426                            | 8 674       | 0            | 2.900%        | EUR             | 25.12.2023 |
| <b>Finance lease obligations total</b> | 36 266     | 11 385                           | 24 881      | 0            |               |                 |            |

|  | 31.12.2020    | Allocation by remaining maturity |               |              | Interest rate | Base currencies | Due date   |
|--|---------------|----------------------------------|---------------|--------------|---------------|-----------------|------------|
|  |               | Within 12 months                 | 1 - 5 years   | Over 5 years |               |                 |            |
| Financial lease contract 197926        | 22 050        | 2 883                            | 19 167        | 0            | 2.600%        | EUR             | 25.09.2025 |
| Financial lease contract 135386        | 22 765        | 22 765                           | 0             | 0            | 2.500%        | EUR             | 25.12.2021 |
| <b>Finance lease obligations total</b> | <b>44 815</b> | <b>25 648</b>                    | <b>19 167</b> | <b>0</b>     |               |                 |            |

## Note 8 Payables and prepayments

(In Euros)

|                                       | 31.12.2021       | Allocation by remaining maturity |             |              | Note |
|---------------------------------------|------------------|----------------------------------|-------------|--------------|------|
|                                       |                  | Within 12 months                 | 1 - 5 years | Over 5 years |      |
| Trade payables                        | 47 692           | 47 692                           | 0           | 0            |      |
| Employee payables                     | 6 223            | 6 223                            | 0           | 0            |      |
| Tax payables                          | 19 597           | 19 597                           | 0           | 0            | 4    |
| Other liabilities                     | 2 537            | 2 537                            | 0           | 0            |      |
|                                       | 6 314 700        | 6 314 700                        | 0           | 0            |      |
| <b>Total payables and prepayments</b> | <b>6 390 749</b> | <b>6 390 749</b>                 | <b>0</b>    | <b>0</b>     |      |

|                                       | 31.12.2020       | Allocation by remaining maturity |             |              | Note |
|---------------------------------------|------------------|----------------------------------|-------------|--------------|------|
|                                       |                  | Within 12 months                 | 1 - 5 years | Over 5 years |      |
| Trade payables                        | 52 851           | 52 851                           | 0           | 0            |      |
| Employee payables                     | 11 367           | 11 367                           | 0           | 0            |      |
| Tax payables                          | 29 631           | 29 631                           | 0           | 0            | 4    |
| Other payables                        | 11 265           | 11 265                           | 0           | 0            |      |
| Other accrued expenses                | 11 265           | 11 265                           | 0           | 0            |      |
| Other liabilities                     | 978              | 978                              | 0           | 0            |      |
|                                       | 7 219 677        | 7 219 677                        | 0           | 0            |      |
| <b>Total payables and prepayments</b> | <b>7 325 769</b> | <b>7 325 769</b>                 | <b>0</b>    | <b>0</b>     |      |

## Note 9 Contingent liabilities and assets

(In Euros)

|   | 31.12.2021     | 31.12.2020     |
|---|----------------|----------------|
| Contingent liabilities                          |                |                |
| Distributable dividends                         | 188 469        | 243 240        |
| Income tax liability on distributable dividends | 47 117         | 60 810         |
| <b>Total contingent liabilities</b>             | <b>235 586</b> | <b>304 050</b> |

## Note 10 Share capital

(In Euros)

|                        | 31.12.2021 | 31.12.2020 |
|------------------------|------------|------------|
| Share capital          | 250 000    | 250 000    |
| Number of shares (pcs) | 250 000    | 250 000    |

## Note 11 Net sales

(In Euros)

|  | 2021           | 2020             |
|--|----------------|------------------|
| Net sales by geographical location               |                |                  |
| Net sales in European Union                      |                |                  |
| Estonia  | 400 601        | 758 030          |
| Italy  | 34 339         | 242 983          |
| Romania  | 168 613        | 125 183          |
| Latvia   | 261 854        | 121 416          |
| Denmark  | 0              | 53               |
| Portugal   | 26 542         | 44               |
| Poland   | 4 159          | 0                |
| Slovakia   | 14 356         | 0                |
| Other European Union net sales                   | 4 095          | 0                |
| <b>Total net sales in European Union</b>         | <b>914 559</b> | <b>1 247 709</b> |
| Net sales outside of European Union              |                |                  |
| Virgin Islands (British)                         | 0              | 483              |
| United Kingdom                                   | 0              | 74               |
| Other net sales outside of European Union        | 6 428          | 0                |
| <b>Total net sales outside of European Union</b> | <b>6 428</b>   | <b>557</b>       |
| <b>Total net sales</b>                           | <b>920 987</b> | <b>1 248 266</b> |
| Net sales by operating activities                |                |                  |
| Veebiportaalide tegevus                          | 920 987        | 1 248 266        |
| <b>Total net sales</b>                           | <b>920 987</b> | <b>1 248 266</b> |

## Note 12 Miscellaneous operating expenses

(In Euros)

|   | 2021            | 2020            |
|---|-----------------|-----------------|
| Leases  | -15 000         | -18 900         |
| Miscellaneous office expenses                 | -78 427         | -99 499         |
| Travel expense                                | -2 639          | -4 737          |
| Training expense                              | -5 587          | -149            |
| State and local taxes                         | -478            | 0               |
| Allowance for doubtful receivables            | -3 670          | -18 306         |
| Legal services                                | -74 808         | -129 742        |
| Marketing services                            | -93 097         | -84 557         |
| IT expenses                                   | -24 779         | -24 716         |
| Accounting and audit expenses                 | -14 004         | -8 007          |
| <b>Total miscellaneous operating expenses</b> | <b>-312 489</b> | <b>-388 613</b> |

## Note 13 Labor expense

(In Euros)

|   | 2021           | 2020           |
|---|----------------|----------------|
| Wage and salary expense                                   | 296 835        | 245 339        |
| Social security taxes                                     | 67 896         | 63 983         |
| Vacation reserve  | -5 144         | 1 449          |
| <b>Total labor expense</b>                                | <b>359 587</b> | <b>310 771</b> |
| Average number of employees in full time equivalent units | 7              | 7              |
| Average number of employees by types of employment:       |                |                |
| Person employed under employment contract                 | 6              | 6              |
| Member of management or controlling body of legal person  | 1              | 1              |

## Note 14 Related parties

(In Euros)

### Related party balances according to groups

| SHORT TERM  | 31.12.2021    | 31.12.2020    |
|---|---------------|---------------|
| <b>Receivables and prepayments</b>  |               |               |
| Parent company  | 31 781        | 31 653        |
| Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher | 4 093         | 0             |
| <b>Total receivables and prepayments</b>  | <b>35 874</b> | <b>31 653</b> |
| <b>Payables and prepayments</b>   |               |               |

|   |               |            |
|---|---------------|------------|
| Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher | 10 552        | 157        |
| <b>Total payables and prepayments</b>   | <b>10 552</b> | <b>157</b> |

| <b>LONG TERM</b>  | <b>31.12.2021</b> | <b>31.12.2020</b> |
|---|-------------------|-------------------|
| Receivables and prepayments   |                   |                   |
| Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher | 73 260            | 0                 |
| <b>Total receivables and prepayments</b>  | <b>73 260</b>     | <b>0</b>          |

| <b>GIVEN LOANS</b>  | <b>31.12.2020</b> | <b>Given loans</b> | <b>Given loans repayments</b> | <b>31.12.2021</b> | <b>Interest accrued for period</b> |
|---|-------------------|--------------------|-------------------------------|-------------------|------------------------------------|
| Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher | 0                 | 132 000            | -60 000                       | 72 000            | 4 093                              |
| <b>Total given loans</b>  | <b>0</b>          | <b>132 000</b>     | <b>-60 000</b>                | <b>72 000</b>     | <b>4 093</b>                       |

| <b>BOUGHT</b>   | <b>2021</b>  |                 |                           | <b>2020</b>  |                 |                           |
|---|--------------|-----------------|---------------------------|--------------|-----------------|---------------------------|
|   | <b>Goods</b> | <b>Services</b> | <b>Non-current assets</b> | <b>Goods</b> | <b>Services</b> | <b>Non-current assets</b> |
| Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher | 0            | 0               | 217 125                   | 0            | 0               | 146 250                   |
| Legal person with material ownership interest and material influence of management and higher   | 0            | 7 688           | 0                         | 0            | 20 000          | 0                         |
| <b>Total bought</b>   | <b>0</b>     | <b>7 688</b>    | <b>217 125</b>            | <b>0</b>     | <b>20 000</b>   | <b>146 250</b>            |

|   |             |             |
|---|-------------|-------------|
| Remuneration and other significant benefits calculated for members of management and highest supervisory body |             |             |
|   | <b>2021</b> | <b>2020</b> |
| Remuneration  | 102 280     | 96 379      |