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## **Funderbeam Markets AS**

Unaudited Interim Results  
for the 6-month period ended 30<sup>th</sup> June 2023

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Consolidated Interim Report	01.01.2023 – 30.06.2023
Company Name	Funderbeam Markets AS
Company Number	12917885
Address	Rotermanni 12, Tallinn, 10111
Telephone	
E-mail	markets@funderbeam.com
Primary Activity	Financial Services
Licence	Investment firm licence number 4.1-1/212 issued by the Estonian Financial Services Authority (Finantsinspektsioon)
Board of Directors	Monika Karu Thomas Davies
Supervisory Board	Kaidi Ruusalepp Jason Ow Vilve Vene

## Consolidated Statement of Comprehensive Income

for the six month period ending 30th June

(in EUR)	2023	2022	FY 2022
<b>Results for the period</b>			
Revenue from Contracts with Customers	283,660	258,499	463,100
Cost of Sales	2,468	(572)	(2,468)
<b>Gross profit</b>	<b>286,128</b>	<b>257,927</b>	<b>460,633</b>
Other operating income	(222)	-	-
Administrative expenses	(666,955)	(999,728)	(1,957,554)
Other operating expenses	240	(143)	(1,459)
<b>Operating profit/(loss)</b>	<b>(380,810)</b>	<b>(741,944)</b>	<b>(1,498,380)</b>
Finance costs	-	-	-
<b>Profit/(loss) before tax</b>	<b>(380,810)</b>	<b>(741,944)</b>	<b>(1,498,380)</b>
<b>Profit/(loss) for the year</b>	<b>(380,810)</b>	<b>(741,944)</b>	<b>(1,498,380)</b>
Attributable to:			
Equity holders of the parent	(380,810)	(741,944)	(1,498,380)
Non-controlling interests	-	-	-
	<b>(380,810)</b>	<b>(741,944)</b>	<b>(1,498,380)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<b>(380,810)</b>	<b>(741,944)</b>	<b>(1,498,380)</b>
Attributable to:			
Equity holders of the parent	(380,810)	(741,944)	(1,498,380)
Non-controlling interests	-	-	-
	<b>(380,810)</b>	<b>(741,944)</b>	<b>(1,498,380)</b>

**Consolidated Statement of Financial Position  
as at**

(in EUR)	<b>30.06.2023</b>	<b>31.12.2022</b>	<b>30.06.2022</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant & equipment	2,139	3,556	4,622
	<u>2,139</u>	<u>3,556</u>	<u>4,622</u>
<b>Current assets</b>			
Trade and other receivables	410,194	656,100	221,723
Cash	248,135	137,130	528,853
	<u>658,329</u>	<u>793,230</u>	<u>750,576</u>
<b>TOTAL ASSETS</b>	<b><u>660,468</u></b>	<b><u>796,787</u></b>	<b><u>755,198</u></b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	277,021	277,017	277,011
Share premium	2,844,979	2,519,983	1,729,989
Share-based payment reserve	128,669	128,669	66,429
Retained losses	(2,731,482)	(2,350,673)	(1,594,237)
<b>Total equity attributable to equity holders of the parent</b>	<b><u>519,187</u></b>	<b><u>574,996</u></b>	<b><u>479,192</u></b>
<b>Total equity</b>	<b><u>519,187</u></b>	<b><u>574,996</u></b>	<b><u>479,192</u></b>
<b>Current liabilities</b>			
Contract liabilities	-	8,536	-
Trade and other payables	141,281	213,255	276,006
	<u>141,281</u>	<u>221,791</u>	<u>276,006</u>
<b>Total liabilities</b>	<b><u>141,281</u></b>	<b><u>221,791</u></b>	<b><u>276,006</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>660,468</u></b>	<b><u>796,787</u></b>	<b><u>755,198</u></b>

**Consolidated Statement of Cash Flows**  
for the six month period ending 30th June

(in EUR)	2023	2022	FY 2022
<b>Cash flows from (to) operating activities</b>			
Net profit/(loss)	(380,810)	(741,944)	(1,498,380)
Adjustments to reconcile profit/(loss) before tax to net cash flows:			
Depreciation and amortisation	490	1,048	2,114
Share-based payment expense	-	-	62,240
<b>Changes in working capital:</b>			
Changes in trade and other receivables	245,906	(87,349)	(521,725)
Changes in trade and other payables	(80,509)	13,406	(40,809)
<b>Net cash flows from (to) operating activities</b>	<b>(214,923)</b>	<b>(814,839)</b>	<b>(1,996,561)</b>
<b>Cash flows from (to) investing activities</b>			
Sale/(purchase) of property, plant and equipment	927	-	-
<b>Net cash flows from (to) investing activities</b>	<b>927</b>	<b>-</b>	<b>-</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from issuance of shares	325,000	965,000	1,755,000
<b>Net cash flows from (to) financing activities</b>	<b>325,000</b>	<b>965,000</b>	<b>1,755,000</b>
<b>Cash</b>			
Net increase/(decrease) in cash	111,004	150,161	(241,561)
Cash at the beginning of the period	137,130	378,691	378,691
Cash at the end of the period	248,135	528,853	137,130

## Consolidated statement of changes in equity

(in EUR)

	Share capital	Share premium	Share-based payment reserve	Profit and loss account	Total	Total equity
<b>As at 1 January 2022</b>	<b>277,005</b>	<b>764,995</b>	<b>66,429</b>	<b>(852,293)</b>	<b>256,136</b>	<b>256,136</b>
Loss for the period	-	-	-	(741,944)	(741,944)	(741,944)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	<b>(741,944)</b>	<b>(741,944)</b>	<b>(741,944)</b>
Issuance of shares	6	964,994	-	-	965,000	965,000
Share based payments reserve	-	-	-	-	-	-
<b>As at 30 June 2022</b>	<b>277,011</b>	<b>1,729,989</b>	<b>66,429</b>	<b>(1,594,237)</b>	<b>479,192</b>	<b>479,192</b>
<b>As at 1 January 2023</b>	<b>277,017</b>	<b>2,519,983</b>	<b>128,669</b>	<b>(2,350,673)</b>	<b>574,996</b>	<b>574,996</b>
Loss for the period	-	-	-	(380,810)	(380,810)	(380,810)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	<b>(380,810)</b>	<b>(380,810)</b>	<b>(380,810)</b>
Issuance of shares	4	324,996	-	-	325,000	325,000
Share based payments reserve	-	-	-	-	-	-
<b>As at 30 June 2023</b>	<b>277,021</b>	<b>2,844,979</b>	<b>128,669</b>	<b>(2,731,482)</b>	<b>519,187</b>	<b>519,187</b>
<b>As at 1 January 2022</b>	<b>277,005</b>	<b>764,995</b>	<b>66,429</b>	<b>(852,293)</b>	<b>256,136</b>	<b>256,136</b>
Loss for the period	-	-	-	(1,498,380)	(1,498,380)	(1,498,380)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	<b>(1,498,380)</b>	<b>(1,498,380)</b>	<b>(1,498,380)</b>
Issuance of shares	12	1,754,988	-	-	1,755,000	1,755,000
Share based payments reserve	-	-	62,240	-	62,240	62,240
<b>As at 31 December 2022</b>	<b>277,017</b>	<b>2,519,983</b>	<b>128,669</b>	<b>(2,350,673)</b>	<b>574,996</b>	<b>574,996</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Corporate information**

Funderbeam Markets AS (hereinafter “the Company”) is a public limited liability company registered in 2015 in the Republic of Estonia.

The address of registered office of the Company is Rotermanni tn 12, 10111, Tallinn, Harju county, Estonia. The company number for Funderbeam Markets AS is 12917885.

The immediate and ultimate parent is Funderbeam Limited, incorporated in the United Kingdom.

The Company changed its legal structure on the 28th of September 2020 from a private limited company (Funderbeam Markets OÜ) to a public limited company (Funderbeam Markets AS).

The principal activity of the Company is the provision of online platform for potential investors to invest and trade in early-stage companies. The Company is registered to provide investment services under § 48 of the Securities Market Act by the Finantsinspektsioon (“FSA”).

All the shares of the Company are ordinary shares with the par value of 1 EUR each and were fully paid as at 30.06.2023, 31.12.2022 and 30.06.2022.

### **2. Accounting policies**

#### **2.1. Basis of preparation**

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements have been prepared on a historical cost basis. All amounts in the consolidated financial statements are presented in euros.

Due to rounding of certain amounts, figures in the tables may differ. Such rounding bias is immaterial in these financial statements.

#### **2.2. Summary of significant accounting policies**

The following are the significant accounting policies applied by the Group in preparing the consolidated financial statements.

##### *a) Current versus non-current classification*

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

*b) Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

*c) Revenue recognition*

The Company primarily generates revenue for services performed on fundraising activities on early-stage companies. Additional revenue sources include provision of administrative and management services to related entities and facilitating trading among investors.



Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. There is generally only one performance obligation in contracts with customers, being the promise to transfer distinct goods to the customer.

The following specific recognition criteria must also be met before revenue is recognised:

#### **Revenue from fundraising and listing services**

Revenue from syndication process is recognized once the Company's performance obligations have been completed i.e. upon completion of fundraising campaigns. On average a fundraising campaign lasts two months split evenly one month of preparation and launch work and one month of public fundraising, the campaign is deemed complete once all the funds have been raised or the fundraising period has been completed. The normal credit term for the service is 7 days from the completion of campaign. Syndication revenue has two components of which one being variable fee dependent on the amount raised and second being the fixed fee for the campaign. Variable portion of the fee is calculated at the end of the fundraising campaign. The Company nonetheless is entitled to a fixed fee if the fundraising campaign is not successful i.e. target investment amount is not reached.

#### **Revenue from investment services**

Revenue from executing client orders on the Funderbeam Marketplace platform is recognized once the sales and purchase orders have been successfully matched i.e. at the completion of a trade transaction. Trading fees are immediately deducted during the trade process, thus there is no delay in the settlement of consideration.

#### **Revenue from management and administrative services**

The Company recognises revenue evenly over the period which the services are expected to be provided. Fees are billed monthly or quarterly in advance prior to the delivery of the services. The recognition of revenue commences from beginning of the billing period. The normal credit terms for management and administrative services are 7 days.

#### **Revenue from marketplace membership fees**

Market membership fees are billed bi-annually in advance at which time the companies' listing on The Marketplace is continued for a further six months. Revenue is recognised in stages as performance obligations are satisfied through the passage of time i.e. the period over which the fee is charged. The normal credit terms for marketplace membership fees are 7 days.

#### **Contract balances**

##### *Contract assets*

A contract asset is recognised for revenue earned from fundraising services for which invoices have not been issued and are conditional but the receipt of consideration has been successfully satisfied through the completion of fundraising activities. Upon issuance of invoice, the amount recognized as contract asset is reclassified to trade receivables.

##### *Trade receivables*

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

##### *Contract liabilities*

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

d) *Income tax*

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions as appropriate.

According to the Estonian Income Tax Act, for Group companies registered in Estonia, annual profits are not subject to income tax.

Instead, the dividends paid out of retained earnings are subject to the corporate income tax at rate of 14% or 20%, calculated as 14/86 or 20/80 of the net distribution. The more favourable tax rate can be applied to regular dividend distributions, i.e. if the amount of the distribution does not exceed the company's last three years' average profit distributions subject to taxation in Estonia. The portion of the distribution exceeding this threshold is taxed at 20%. The corporate income tax arising from the payment of dividends is recognized as a liability and an income tax expense in the period in which dividends are declared, regardless of the period for which the dividends are paid or the actual payment date.

**Deferred tax**

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for accounting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

e) *Foreign currencies*

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

f) *Property, plant and equipment*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment is ready for its intended use, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following useful lives:

Computers and hardware:	3 years
Fixtures and fittings:	3 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment. The carrying values of property, plant and equipment are

reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

*g) Impairment of non-financial assets*

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Non-financial assets are measured at cost less depreciation and impairment, if any.

*h) Financial assets*

The Group classifies financial assets as follows:

- financial assets at amortised cost;
- equity investments at fair value through other comprehensive income (FVTOCI);
- financial assets at fair value through profit or loss (FVTPL),
- debt investments at fair value through other comprehensive income (FVTOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Currently the Group has only debt instruments subsequently measured at amortised cost.

### **Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment.

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Debt instruments mainly comprise of cash, trade and other receivables.

### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 60 days past due unless a delayed payment is mutually agreed. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

*i) Cash*

Cash includes cash in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flows statement, cash comprises current bank accounts as well as deposits in bank with original term of three months or less.

*j) Financial liabilities*

**Recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and borrowings.

After initial recognition, such financial liabilities are measured at their amortised cost using the effective interest rate method.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

*k) Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost of inventory includes purchase cost, purchase expenses, and costs incurred in bringing each item to its present location and condition. Purchase expenses may include customs duties, other non-refundable taxes less any discounts. Inventories are accounted using the first-in first-out method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Inventories consist of cryptocurrencies held for sale in the ordinary course of business.

*l) Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group re-evaluates provisions at each reporting date and adjusts them in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the

expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

*m) Contingent liabilities*

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities associated with business combinations. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

*n) Share capital*

Ordinary shares are classified as equity. Share premium represents the difference between the nominal value of the new share issue and the fair value of consideration received for shares issued.

According to the Commercial Code of the Republic of Estonia, at least 5% of net profit is entered in the legal reserve each year until the legal reserve accounts for at least 10% of share capital. The legal reserve may not be paid out as dividends, but it may be used to cover loss if losses cannot be covered from available equity. The legal reserve may be also used to increase share capital.

*o) Servicing assets and liabilities*

Servicing assets consist of shares of fundraisers that are intermediated on Funderbeam platform (consists of units of shares) and the cash of investors held off - balance, while servicing liabilities consists of investment amounts due to investors and cash balance due to investors. The Company does not bear the credit risks and other finance risks related to these assets or liabilities, therefore these assets and liabilities are not recognized in the statement of financial position.

*p) Related parties*

Related parties and enterprises, as defined by IAS 24, are parties and enterprises which can be influenced by the reporting company or which can influence the reporting company. In addition, statutory directors, other key management of the Group or the ultimate parent company and close relatives are regarded as related parties.

*q) Subsequent events*

Subsequent events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.