

Funderbeam Markets AS
Annual Report
for the year ended 31 December 2021

(prepared in accordance with
International Financial Reporting Standards
as adopted by the EU)

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MANAGEMENT REPORT

For the year ended 31 December 2021

Introduction

Management presents the following report for the year ended 31 December 2021.

Principal activities

The principal activity of the Company in the year was the operation of an online platform “The Marketplace” for connecting investors with small and early-stage companies seeking to raise capital. The Company’s activities are regulated by the Finantsinspektsioon (Estonian Financial Supervision and Resolution Authority). The Company primarily operates across Estonia and Scandinavia and offers services in Croatia via a tied agency agreement with the related entity Funderbeam South East Europe.

The Company offers a variety of related services to Investors and early-stage companies including providing secondaries trading via The Marketplace, direct listing onto The Marketplace, as well as corporate services and ongoing support.

Business review

The results for the year and the financial position at the end of the period are considered satisfactory by the directors. Despite challenging operational environment the Company performed in line with expectations.

Following approval for a financial licence in December 2020 the Company was able to begin providing financial services in 2021 under the authority and regulation of the Finantsinspektsioon. As this was the first year providing regulated services the company spent considerable time on ensuring all operations and processes were compliant with regulation. The company successfully migrated a large number of EU based fundraising companies and investors from related entities.

In the latter half of the year the Company implemented a new growth plan. This included an increase in sales and marketing activities as well as an increase in headcount to improve internal capabilities and capacity. One of the key hires included a new Chief Growth Officer to take the lead in company growth and expansion. The Company also focused on legal and regulatory analysis of new markets in particular Finland.

Levels of business activity were relatively consistent throughout the year with month-to-month fluctuations resulting primarily from the number and size of individual fundraises each month rather than cyclical or seasonal effects.

The Company carefully reviews all potential fundraising companies and performs background checks and due diligence as appropriate. The company aims to ensure only quality investment opportunities are presented to investors.

Principal risks and uncertainties

The Company has exposure to three main areas of risk; liquidity risk, COVID-19 virus risk, and macro-economic risks. Management has determined the company does not have significant risk relating to foreign exchange rates, interest rates, or stock exchange rates.

- **Liquidity risk**

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company ensures it has sufficient autonomy over cash outflows to manage this risk and expects to meet its future financial obligations through operating cash flows. It is also able to call upon the support of its parent company Funderbeam Ltd, for additional funding as needed.

- **COVID-19**

The COVID-19 crisis and subsequent lockdowns currently have a very limited impact on the business.

The company has a policy of flexible working arrangements and has gradually returned to partial office based working arrangements. The majority of work and meetings are still conducted digitally with in the case of any negative developments the Company can return to working from home arrangements as required. The company has where possible developed redundancies in its processes to protect against risk of severe infection of any key employees.

The company plans to resume face to face meetings with potential clients and investors in 2022 and is looking to take advantage of the returning to in person conferences and events to drive new sales activity.

- **Macro-economic risks**

The markets for investing and early-stage businesses are currently marked by a number of significant disrupting events resulting in unusually high levels of uncertainty and risk at both a regional and global level. This can have a direct impact on investors willingness to invest or companies either seeking to delay fundraising or pursuing alternative or smaller lower risk methods of raising funds.

As the Marketplace is available globally this offers a degree of protection from localised economic risks and shocks. Currently the Funderbeam group of companies has investors from 131 different countries who are all able to invest in fundraising opportunities presented by the Company. Risks and uncertainty are offset by Funderbeams globally diverse investor base seeking high quality investment opportunities. The Company is also focusing on building its connections with affiliate networks and developing partnerships to build new sales channels and gain access to both new fundraising companies and investors. This diversification of investors, global reach, and development of multiple sales channels gives a sufficient level of protection from localised or broader mild economic shocks and risks.

Financial and key performance indicators

The directors review a range of financial and key performance indicators ("KPIs") on a regular basis to monitor the performance of the Company. These include net assets, turnover, funds raised by early-stage companies on the platform and the number of clients. This ongoing review is integral to maintaining the performance of the Company.

- **Working capital**

Difference between current assets and current liabilities, at end of 2021 was 250 466 EUR (135 276 EUR 2020).

- **Quick ratio**

Current assets divided by current liabilities currently at end of 2021 was 2.0 (9.90 in 2020).

- **Own Funds**

Calculated per Investments Firms Regulations (IFR) applicable in the EEA. As at end of 2021 Own Funds were 256 135 EUR (N/A in 2020).

- **New users**

New registered users creating an account on The Marketplace in 2021 were recorded at 12.6k (6.4k in 2020).

- **Trading volume**

Volume of shares trades completed on The Marketplace during the period in 2021 was €15.6m (nil in 2020).

- **Funds raised**

Funds raised companies on The Marketplace during the period in 2021 was €20m (nil in 2020)

Future developments

The Company will continue focusing on growth of revenues and market share within the Estonian, Scandinavian and South East European markets. This includes increased number of fundraising rounds and growing user and investor numbers. The Company aims to establish a tied agency agreement with a related entity in Scandinavia to further develop this market. The Company aims to target affiliate networks and industry partnerships and develop new lines of business including Platform as a Service. The Company plans to significantly increase resources dedicated to sales and marketing activities and will resume face to face meetings and attending in person networking and investor events.

In March 2022 the parent company Funderbeam Ltd began a capital raise to seek new investment to fund future growth and expansion. Funderbeam Ltd has committed part of the additional capital raised to accelerate the growth and expansion of the Company

Managements duty to promote the success of the Company

Management takes into consideration the following principles when performing their duties to promote the success of the Company:

- a) the likely consequences of any decision in the long term
- b) the interests of the Company's employees
- c) the need to foster the Company's business relationships with suppliers, customers and others
- d) the impact of the Company's operations on the community and the environment
- e) the desirability of the Company maintaining a reputation for high standards of business conduct
- f) the need to act fairly as between members of the Company

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income for the year ended 31 December

(in EUR)

	Notes	2021	2020
Results for the financial year			
Revenue from contracts with customers	7	1,049,606	3,030
Cost of sales	8, 12	(46,990)	(238)
Gross profit		1,002,616	2,792
Other operating income	10	83	-
Net gain from sale of subsidiaries	5,6	-	138,545
Administrative expenses	9	(1,556,474)	(71,362)
Other operating expenses	11	(153)	(721)
Operating profit/(loss)		(553,928)	69,254
Finance costs		-	(3,067)
Share of profit of disposed associates	6	-	19,358
Profit/(loss) before tax		(553,928)	85,544
Profit/(loss) for the year		(553,928)	85,544
Attributable to:			
Equity holders of the parent		(553,928)	85,293
Non-controlling interests		-	251
		(553,928)	85,544
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year, net of tax		(553,928)	85,544
Attributable to:			
Equity holders of the parent		(553,928)	85,293
Non-controlling interests		-	251
		(553,928)	85,544

The accompanying notes are an integral part of the consolidated financial statements.

All losses are made from continuing operations.

Consolidated statement of financial position as at

(in EUR)	Notes	31.12.2021	31.12.2020	01.01.2020
Assets				
Non-current assets				
Property, plant and equipment	13	5,670	-	627
Investments in associates	6	-	-	67,902
Deferred tax assets	20	-	-	21,400
		5,670	-	89,929
Current assets				
Inventories		-	-	238
Contract assets	7	91,300	-	-
Trade and other receivables	14	39,469	95,404	449
Accrued income	7	5,970	-	-
Cash	15	378,691	55,075	27,875
		515,430	150,479	28,562
TOTAL ASSETS		521,100	150,479	118,491
Equity and liabilities				
Equity				
Issued capital	16	277,005	277,002	277,000
Share premium	16	764,995	139,998	-
Share-based payment reserve	17	66,429	16,641	6,305
Retained losses		(852,293)	(298,367)	(383,660)
Total equity attributable to equity holders of the parent		256,136	135,274	(100,355)
Non-controlling interest		-	-	(26,920)
Total equity		256,136	135,274	(127,275)
Non-current liabilities				
Interest-bearing loans and borrowings	18	-	-	159,494
		-	-	159,494
Current liabilities				
Contract liabilities	7	8,081	-	-
Trade and other payables	19	256,883	15,203	86,271
		264,964	15,203	86,271
Total liabilities		264,964	15,203	245,765
TOTAL EQUITY AND LIABILITIES		521,100	150,479	118,491

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December

(in EUR)

	Notes	2021	2020
Cash flows from (to) operating activities			
Net profit/(loss)		(553,928)	85,544
Adjustments to reconcile profit/(loss) before tax to net cash flows:			
Depreciation and amortisation	13	1,033	-
Share of profit of associates	6	-	(19,358)
Finance cost		-	3,067
Profit from the sale of Funderbeam SPV Holding OÜ	5,6	-	(240)
Share-based payment expense	17	49,788	10,336
Changes in working capital:			
Changes in inventory		-	238
Changes in contract assets		(91,300)	-
Changes in contract liabilities		8,081	-
Changes in trade and other receivables		(45,034)	44
Changes in trade and other payables		241,679	(55,756)
Changes in assets arising from losing control of subsidiaries		-	24,256
Changes in liabilities arising from losing control of subsidiaries	5	-	(162,561)
Net cash flows from (to) operating activities		(389,681)	(114,430)
Cash flows from (to) investing activities			
Purchase of property, plant and equipment	13	(6,703)	-
Cash paid for the purchase of associates	5	-	(5,000)
Cash paid for the purchase of subsidiary net of cash acquired	5	-	(2,500)
Proceeds from sale of subsidiaries net of cash disposed	5	2,500	9,130
Proceeds from sale of associates	6	92,500	-
Net cash flows from (to) investing activities		88,297	1,630
Cash flows from (to) financing activities			
Proceeds from issuance of shares	16	625,000	140,000
Net cash flows from (to) financing activities		625,000	140,000
Cash			
Net increase in cash		323,616	27,200
Cash at the beginning of the year		55,075	27,875
Cash at the end of the year		378,691	55,075

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December

(in EUR)	Notes	Attributable to the equity holders of the parent				Total	Non-controlling interests	Total equity
		Share capital	Share premium	Share-based payment reserve	Profit and loss account			
As at 1 January 2020		277,000	-	-	(357,756)	(87,062)	(26,920)	(113,981)
Correction of errors in share-based payments	17	-	-	6,305	(6,305)	-	-	-
Correction of errors in equity-method accounting of associates	6	-	-	-	(19,598)	(19,598)	-	(19,598)
Adjusted balances at 1 January 2020		277,000	-	6,305	(383,660)	(100,355)	(26,920)	(127,275)
Profit for the year		-	-	-	85,293	85,293	251	85,544
Other comprehensive income/-loss		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	85,293	85,293	251	85,544
Issuance of shares	16	2	139,998	-	-	140,000	-	140,000
Disposal of a subsidiary		-	-	-	-	-	26,669	26,669
Correction of errors for share-based payments	17	-	-	10,336	-	10,336	-	10,336
As at 31 December 2020		277,002	139,998	16,641	(298,367)	135,274	-	135,274
As at 1 January 2021		277,002	139,998	16,641	(298,367)	135,274	-	135,274
Loss for the year		-	-	-	(553,928)	(553,928)	-	(553,928)
Other comprehensive income/-loss		-	-	-	-	-	-	-
Total comprehensive loss		-	-	-	(553,928)	(553,928)	-	(553,928)
Issuance of shares	16	3	624,997	-	-	625,000	-	625,000
Share based payments reserve	17	-	-	49,788	-	49,788	-	49,788
As at 31 December 2021		277,005	764,995	66,429	(852,293)	256,135	-	256,134

The accompanying notes are an integral part of the consolidated financial statements.

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 Company had one wholly owned subsidiary Funderbeam Ventures OÜ registered in Estonia with an investment in Funderbeam South East Europe d.o.o registered in Croatia (together hereinafter “the Group”) which were sold to Funderbeam Ltd on the 17th of December 2020, up to which point consolidated financial statements were prepared.

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 31.12.2021, 31.12.2020 and 01.01.2020.

2. Accounting policies

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). For all periods up to and including the year ended 31.12.2020, the Group prepared its financial statements in accordance with local generally accepted accounting principles (Estonian GAAP). These consolidated financial statements for the year ended 31.12.2021 are the first the Group has prepared in accordance with IFRS. Refer to Note 23 for information on how the Group adopted IFRS.

The consolidated 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. Basis of consolidation

The consolidated financial statements comprise the financial information of the Company and its subsidiaries as at 01.01.2020 up until the loss of control through the sale of Funderbeam Ventures OÜ on the 17th of December 2020. Thereafter, the financial statements are prepared based on standalone results of Funderbeam Markets AS.

A subsidiary is an entity controlled by the Group. Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, it has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial information of the subsidiary to bring its accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss.

2.3. 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) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

d) 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 trading

Revenue from trading securities on the Funderbeam Marketplace platform is recognized once the sales and purchase orders have been successfully matched i.e. at the completion of 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 balancesContract 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 recognised 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).

e) Income taxCurrent 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.

Income tax for the foreign subsidiary is accounted for according to tax legislation of Croatia. The standard income tax rates are as follows:

	31.12.2021	31.12.2020
Republic of Estonia	0%	0%
Republic of Croatia	N/A	12%

In Estonia, the tax rate for undistributed profits is nil. Profits are taxed only upon distribution. There is no separate tax accounting in Estonia and no differences between accounting and taxable profits.

f) 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.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

g) 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.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 17.

That cost is recognised in employee benefits expense together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

q) 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. Client off-balance cash is disclosed in Note 15.

r) 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.

s) 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.

2.4. Adoption of new IFRS and IFRIC interpretations

Standards issued but not yet effective

The Group has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorization of the consolidated financial statements, but which are not yet effective:

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

Management has assessed new or amended accounting Standards and Interpretations listed above are not expected to have a material impact on the Company in the future reporting periods and on foreseeable future transactions.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need to be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU.

Management has assessed new or amended accounting Standards and Interpretations listed above are not expected to have a material impact on the Company in the future reporting periods and on foreseeable future transactions.

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

Management has assessed new or amended accounting Standards and Interpretations listed above are not expected to have a material impact on the Company in the future reporting periods and on foreseeable future transactions.

- **IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)**

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

Management has assessed new or amended accounting Standards and Interpretations listed above are not expected to have a material impact on the Company in the future reporting periods and on foreseeable future transactions.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

Management has assessed new or amended accounting Standards and Interpretations listed above are not expected to have a material impact on the Company in the future reporting periods and on foreseeable future transactions.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

Management has assessed new or amended accounting Standards and Interpretations listed above are not expected to have a material impact on the Company in the future reporting periods and on foreseeable future transactions.

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU.

Management has assessed new or amended accounting Standards and Interpretations listed above are not expected to have a material impact on the Company in the future reporting periods and on foreseeable future transactions.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk, and the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has trade and other receivables, and cash that derive directly from its operations.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has the following current financial assets and liabilities:

(in EUR)	31.12.2021	31.12.2020	01.01.2020
Financial assets			
Financial assets measured at amortised cost			
- trade and other receivables (Note 14)	39,469	95,404	449
- cash (Note 15)	378,691	55,075	27,875
Total financial assets	418,160	150,479	28,324
(in EUR)	31.12.2021	31.12.2020	01.01.2020
Financial liabilities			
Financial liabilities measured at amortised cost			
- trade payables (Note 19)	256,883	15,203	86,271
- interest-bearing loans and borrowings (Note 18)	-	-	159,494
Total financial liabilities	256,883	15,203	245,765

Credit risk

Credit risk is the risk of financial loss to the Group if customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and certain investments. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate has less of influence on credit risk. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before offering the payment and delivery terms. Outstanding customer receivables are regularly monitored, and overdue receivables are chased until either received or written off if reasonable assurance exists that receivable will not be collected. The customers' credit risk is monitored on an ongoing basis.

The carrying amount of trade and other receivables, contract assets and cash balance represents the maximum credit exposure at the reporting date.

(in EUR)	31.12.2021	31.12.2020	01.01.2020
Contract assets (Note 7)	91,300	-	-
Trade receivables and other receivables (Note 14)	39,469	95,404	449
Cash (Note 15)	378,691	55,075	27,875
	509,459	150,479	28,324

Outstanding customer receivables and contract assets are regularly monitored. At 31.12.2021, the Group had 3 customers (31.12.2020: 0 customers, 01.01.2020: 0 customers) that owed it more than 10 000 EUR each and accounted for approximately 96% (31.12.2020: 100%, 01.01.2020: 100%) of all the receivables and contract assets outstanding.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group has incurred 6,473 EUR in credit losses in the reporting period (31.12.2020: 0 EUR). The Group is not exposed to significant credit risk.

The Company's cash are held with banks and financial institutions counterparties with high-credit ratings assigned by international credit rating agencies. While cash is also subject to the impairment requirements, no impairment loss was identified as at 31.12.2021, 31.12.2020 and 01.01.2020.

Set out below is the information about the credit risk exposure on the Group's trade receivables, receivables from related parties and contract assets using a provision matrix.

(in EUR)	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	61-90 days	91-120 Days	>120 days
31.12.2021	136,739	129,385	-	631	-	-	6,723
31.12.2020	95,404	95,404	-	-	-	-	-
01.01.2020	449	449	-	-	-	-	-

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. To avoid liquidity risk, management concludes detailed cash flow prognoses and plans carefully the timing of investments.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the settlement terms. The amounts disclosed in the table are the contractual undiscounted cash flows.

(in EUR)	On demand	< 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 December 2021						
Trade and other payables (Note 19)	253,396	3,487	-	-	-	256,883
	253,396	3,487	-	-	-	256,883

(in EUR)

Year ended 31 December 2020

	On demand	< 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables (Note 19)	13,556	1,647	-	-	-	15,203
	13,556	1,647	-	-	-	15,203

(in EUR)

Year ended 1 January 2020

	On demand	< 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings (Note 18)	-	-	-	-	159,494	159,494
Trade and other payables (Note 19)	86,271	-	-	-	-	86,271
	86,271	-	-	-	159,494	245,765

Collateral

The Group has not pledged any of its assets as collateral in order to fulfil the collateral requirements of its borrowings.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and currency risk. The Group is not exposed to interest rate risk as the Group does not have significant variable interest-bearing financial instruments. The Group is exposed to foreign currency risk on transactions that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily the Danish Krona, Croatian Kuna, and Great British Pound. The Group does not have any formal policy on managing its foreign currency risk. As a result the Group continues to be exposed to foreign currency risks related to unhedged amounts.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to comply with the capital requirement set by the regulators and to maintain a strong capital base to support its business and maximise shareholder value. The Company's overall strategy in the financial year remains unchanged compared with that in the previous financial year.

In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. Capital adequacy is monitored monthly by management.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors capital using a modified debt-to-equity gearing ratio, which is 'total debt less related parties financing' divided by 'total equity'.

(in EUR)

	31.12.2021	31.12.2020	01.01.2020
Total debt less related parties financing	264,964	15,203	86,271
Total equity	256,136	135,274	(127,275)
Gearing ratio	103%	11%	(68%)

External capital requirements

The Group is exposed to the requirement of holding the minimum share capital of 25 000 EUR or equity must at any time equal to at least half of the share capital which may not fall below the requirement of minimum share capital. As at 31.12.2021, Funderbeam Markets AS is in compliance with the abovementioned requirements (same for 31.12.2020).

Securities Market Act, EU Capital Requirements Directive (2013/36/EU) and EU CRR (575/2013) require a limited license investment firm to meet the base capital requirement of 125 000 EUR. As at 31.12.2021, Funderbeam Markets AS is in compliance with the abovementioned requirements (same for 31.12.2020).

Fair values

The Group's principal financial instruments are trade and other receivables and trade and other payables, and borrowings. The carrying amount of current trade and other accounts receivable, current accounts payable and current borrowings approximates their fair value, because of short maturities.

Quantitative disclosures on fair value measurement hierarchy

(in EUR)	As at	Carrying value	Total	Level 1	Level 2	Level 3
Liabilities for which fair values are disclosed						
Interest-bearing loans and borrowings*	31.12.2021	-	-	-	-	-
Interest-bearing loans and borrowings*	31.12.2020	-	-	-	-	-
Interest-bearing loans and borrowings*	01.01.2020	159,495	159,495	-	-	159,495

*Excluding lease liabilities

There were no transfers between Level 2 and Level 3 during any of the years presented.

The fair values of the Group's interest-bearing loans and borrowings are determined by using the discounted cash flows method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The Group's own non-performance risk as at 31.12.2021 was assessed to be insignificant.

4. Use of significant accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies.

Significant accounting judgmentsConsidering investments in special purpose vehicle companies as investments in associates

Funderbeam Markets AS administers loan structure investments through special-purpose vehicle companies (SPVs). A unique SPV is created for each fundraising company that completes a funding round through the platform. Investors subscribe to loan notes issued by the SPV which invests the collective principal amount of the loans in fundraiser company.

The Group receives a fixed fee for covering the costs and making a capital injection to SPVs. Although having an ownership of 100% and providing management service to SPVs, Funderbeam Markets AS has no power to direct relevant activities of the SPVs in order to affect its returns (SPVs are investment entities established for a specific purpose, i.e. related to one pre-agreed investment only and Funderbeam has no power to affect the returns on this investment). Returns from the SPVs are predefined and are not substantial. The Group is represented in the management board of the SPVs. The Group's representatives have the right to prohibit an investment or material transaction within each SPV if that would be non-compliant with articles of association or lending terms or applicable laws. The Group's management has assessed the control over the investments in the special purpose vehicles and has concluded to hold significant influence over these entities. Please see investments in associates in Note 6.

Significant accounting estimatesShare-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 17.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has tax losses carried forward which relate to the Croatian subsidiary that has a history of losses.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have concluded it is appropriate to prepare these financial statements on a going-concern basis despite negative operating cash-flows in 2021. The Company is pursuing an aggressive growth strategy and considers temporary negative operating cash-flows to be an expected part of this growth. The Company carefully manages monthly cash movement and adjusts spending plans as appropriate to maintain sufficient cash to meet business requirements. The company expects to grow revenues considerably in 2022 which will increase cash inflows.

Assessment of the impact of the Russian military invasion of the Republic of Ukraine

As mentioned in Subsequent events (Note 25), the EU and rest of the world, including global bodies, are taking measures to respond to the military aggression of the Russian Federation against the Republic of Ukraine. The management of the Group has assessed that these restrictive measures will not have a significant impact on the Group's ability to continue as a going concern, since the restrictive measures imposed are currently not having an adverse effect on the Group.

In addition, the management has concluded that these events are non-adjusting subsequent events. At the date of authorisation of these financial statements, the management is not yet able to reasonably quantify the extent of potential changes in accounting estimates in 2022 due to the rapidly changing situation, great level of uncertainty and the possible overall negative economic effect.

5. Investments in subsidiaries

As at 31.12.2021 and 31.12.2020 the Group had no investments in subsidiaries. As at 01.01.2020 the Group directly controlled the following subsidiaries:

Subsidiaries	Country of incorporation	Field of activity	Ownership interest		
			31.12.2021	31.12.2020	01.01.2020
Funderbeam Ventures OÜ	Estonia	Holding company	0%	0%	100%
Funderbeam South East Europe d.o.o.	Croatia	Business services	0%	0%	80%

Sale of Funderbeam Ventures OÜ

On the 17th of December 2020 Funderbeam Markets AS sold 100% of the shares in investment held in Funderbeam Ventures OÜ (alongside with its subsidiary Funderbeam South East Europe d.o.o) to Funderbeam Ltd. The transaction resulted in a loss of control of both subsidiaries. The transaction was completed at fair value resulting in gain of 154 573 EUR recognised in the statement of comprehensive income. Consideration received for the transaction amounted to 28 000 EUR.

Assets and liabilities over which control was lost:

Assets

Cash	18,847
Property, plant and equipment	627
Trade and other receivables	23
Deferred tax assets	21,400
	40,898

Liabilities

Trade and other payables	(15,311)
Interest-bearing loans and borrowings	(162,561)
	(177,872)

Total identifiable net assets

Non-controlling interests	(26,669)
Total identifiable net assets belonging to the Group	(110,306)

Sale consideration received	(28,000)
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Profit on the disposal of subsidiaries**(138,305)**Sale of Funderbeam SPV Holding OÜ

On the 21st of December 2020 Funderbeam Markets AS registered Funderbeam SPV Holding OÜ as a new subsidiary with an investment and carrying value of 2 501 EUR.

On 31st December 2020 Funderbeam Markets AS sold 100% of the shares in investment held in Funderbeam SPV Holding OÜ to Funderbeam Nominees. The transaction resulted in a loss of control of the subsidiary (and associates, see Note 6). The transaction was completed at fair value resulting in a profit of 240 EUR recognised in the statement of comprehensive income. Consideration received for the transaction amounted to 2 500 EUR.

6. Investments in associates

As at 01.01.2020 the Group had the following investments in associates (no investments in associates were held as at 31.12.2020 and 31.12.2021):

Associates	Country of incorporation	Field of activity	Ownership interest		
			31.12.2021	31.12.2020	01.01.2020
Shipitwise SPV2 OÜ	Estonia	Holding company	0%	0%	100%
SPID SPV1 OÜ	Estonia	Holding company	0%	0%	100%
SPLZ SPV1 OÜ	Estonia	Holding company	0%	0%	100%
SHW SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Frank SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Include SPV1 OÜ	Estonia	Holding company	0%	0%	100%
VTC SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Lumoflex SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Ratemate SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Sense SPV1 OÜ	Estonia	Holding company	0%	0%	100%
SportID SPV2 OÜ	Estonia	Holding company	0%	0%	100%
Amplifier Bikes SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Aspida SPV1 OÜ	Estonia	Holding company	0%	0%	100%
LeapIN SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Frank SPV2 OÜ	Estonia	Holding company	0%	0%	100%
Medvedgrad SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Silverticket SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Ciderinvest SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Tanker SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Entriidoo SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Aurupesü SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Autolevi SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Bike Invest SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Chaga SPV1 OÜ	Estonia	Holding company	0%	0%	100%
NAP3 SPV1 OÜ	Estonia	Holding company	0%	0%	100%
NAP3 SPV2 OÜ	Estonia	Holding company	0%	0%	100%
Omolab SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Exero SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Boost Yourself SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Drylab SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Nudist Drinks SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Fara SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Belief Water SPV1 OÜ	Estonia	Holding company	0%	0%	100%
A4 SPV1 OÜ	Estonia	Holding company	0%	0%	100%
Auka SPV1 OÜ	Estonia	Holding company	0%	0%	100%

On 7th January 2020 Funderbeam Markets AS invested 2 500 EUR for a 100% ownership interest in the associate NAP4 SPV1 OÜ. NAP4 SPV1 OÜ is a holding company incorporated in Estonia.

On 20th January 2020 Funderbeam Markets AS invested 2 500 EUR for a 100% ownership interest in the associate Stemi SPV1 OÜ. Stemi SPV1 OÜ is a holding company incorporated in Estonia.

On the 30th of December 2020 Funderbeam Markets AS sold 100% of the all the shares in investments in SPVs to the associate Funderbeam SPV Holding OÜ for total consideration of 92 500 EUR. Net impact from the transaction resulted in a profit worth 240 EUR recognised in the statement of comprehensive income.

On the 31st of December 2020 Funderbeam Markets AS sold 100% of the all the shares in investments in Funderbeam SPV Holding OÜ to the related entity Funderbeam Nominees for total consideration of 2 500 EUR (please see Note 5). The transaction resulted in a loss of significant influence in Funderbeam SPV Holding OÜ and all other associates. The share of equity-method profit for the associates for the year ended 2020 was 19,358 EUR (in 2021 there were no associates).

Associates were incorrectly accounted and correction of errors was made worth 19,598 EUR in the opening balance of retained earnings as at 01.01.2020 and in profit and loss statement for the financial year ending 31.12.2020 worth 19,358EUR.

7. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

(in EUR)	2021	2020
Type of goods or service		
Revenue from fundraising and listing services	814,819	-
Revenue from trading	78,054	-
Revenue from management and administrative services	144,564	3,030
Revenue from marketplace membership fees	12,169	-
Total revenue from contracts with customers	1,049,606	3,030
Geographical markets		
Countries within the EU	1,049,606	450
Countries outside the EU	-	2,579
Total revenue from contracts with customers	1,049,606	3,030
Timing of revenue recognition		
Revenue recognised at point in time	1,037,438	3,030
Revenue recognised over time	12,169	-
Total revenue from contracts with customers	1,049,606	3,030

Set out below, is the reconciliation of the revenue from contracts with customers:

(in EUR)	2021	2020
Revenue		
External customer	943,943	3,030
Related entities owned by the ultimate parent company	105,663	-
	1,049,606	3,030
Inter-segment adjustments and eliminations	-	-
Total revenue from contracts with customers	1,049,606	3,030

Contract balances

(in EUR)	31.12.2021	31.12.2020	01.01.2020
Trade receivables (Note 14)	39,469	95,404	449
Accrued income	5,970	-	-
Contract assets	91,300	-	-
Contract liabilities	8,081	-	-

Contract assets relate to revenue earned from finished fundraising campaigns which have not been invoiced due to outstanding completion of transfers of shares as at 31.12.2021 (no contract assets were held as at 31.12.2020 and 01.01.2020). Management has assessed contract assets not be impaired as at 31.12.2021 (same as at 31.12.2020 and 01.01.2020).

Contract liabilities include short-term deferred revenue for bi-annual listing fees for proportion of the listing period for which the passage of time has not been satisfied as at year-end. The performance obligation is satisfied upon passage of time which is up to 6 months depending on the start of the listing period.

Accrued income relates to transactional marketplace fees including trading fees and financial transaction fees billed to clients for transactions taking place in the preceeding month for which cash payment has not been received. Marketplace fees have an unconditional right of payment and are received in the first working days of the following month.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period is 0 EUR as at 31.12.2021 (31.12.2020: 0 EUR).

Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods is 0 EUR as at 31.12.2021 (31.12.2020: 0 EUR).

8. Cost of sales

(in EUR)	2021	2020
Staff costs (Note 12)	46,990	-
Cost of goods sold	-	238
Total cost of sales	46,990	238

9. Administrative expenses

(in EUR)	2021	2020
Staff costs (Note 12)	930,862	55,430
Consultations and other services	113,853	7,954
Office expense	81	271
Depreciation and amortisation (Notes 13)	1,033	-
Transport expense	4,651	391
Admin, support and IT from related entities	360,624	-
Other administrative expense	145,371	7,316
Total administrative expenses	1,556,474	71,362

Other administrative expenses contain services from related group entities 145,371 EUR (nil 2020), which mainly consist of IT and engineering costs 14,870 EUR (4,505 EUR 2020), sales and marketing costs 7,735 EUR (2,300 EUR 2020), and other minor costs.

10. Other operating income

(in EUR)	2021	2020
Net gain on disposal of fixed assets	83	-
Total other operating income	83	-

11. Other operating expenses

(in EUR)	2021	2020
Net foreign exchange differences	153	721
Total other operating expenses	153	721

12. Employee benefits expense

(in EUR)	2021	2020
Bonuses and commissions	46,990	-
Total employee direct costs expense	46,990	-
Wages and salaries	674,507	33,229
Social security costs	193,892	11,231
Pension costs	853	-
Fringe benefits	11,823	634
Share options expense	49,788	10,336
Total employee benefits expense	930,862	55,430
Total employee expense	977,852	55,430
Average number of employees	10	1

As at 31.12.2021 the Group employed 14 employees (31.12.2020: 1, 01.01.2020: 1).

The total staff costs are included in the following captions of the statement of comprehensive income:

(in EUR)	2021	2020
Cost of sales (Note 8)	46,990	-
Administrative expense (Note 9)	930,862	55,430
Total employee benefits expense	977,852	55,430

13. Property, plant and equipment

(in EUR)	Fixtures and fittings	IT equipment	Total
Cost			
01.01.2020	-	1,334	1,334
Disposals	-	(1,334)	(1,334)
31.12.2020	-	-	-
Additions	1,117	5,586	6,703
31.12.2021	1,117	5,586	6,703
Depreciation and impairment			
01.01.2020	-	(706)	(706)
Disposals	-	706	706
31.12.2020	-	-	-
Depreciation charge for the year	(33)	(1,000)	(1,033)
31.12.2021	(33)	(1,000)	(1,033)
Net book value			
01.01.2020	-	627	627
31.12.2020	-	-	-
31.12.2021	1,084	4,586	5,670

Disposal during 2020 relates to IT equipment belonging to the subsidiary Funderbeam South East Europe d.o.o. that was sold as per Note 5 and Note 22.

The Group had no significant acquisition commitments of property, plant and equipment as at 31.12.2021, as at 31.12.2020 and as at 01.01.2020.

14. Trade and other receivables

(in EUR)	31.12.2021	31.12.2020	01.01.2020
Receivables from third-party customers	44,448	-	-
Prepaid taxes (Note 20)	1,494	404	449
Receivables from related parties	-	95,000	-

	45,942	95,404	449
Allowance for expected credit losses	(6,473)	-	
	39,469	95,404	449

Trade receivables are non-interest bearing and are generally on terms of 7 days. For terms and conditions relating to related party receivables, refer to Note 22.

Information about the credit exposures are disclosed in Note 3.

15. Cash

(in EUR)	31.12.2021	31.12.2020	01.01.2020
Cash at banks	378,691	55,075	27,875
Total	378,691	55,075	27,875

Servicing assets (cash of investors held off-balance) and servicing liabilities (cash balances due to investors held off-balance) amounted to 2 749 761 EUR as at 31.12.2021 (31.12.2020: 0 EUR, 01.01.2020: 0 EUR).

16. Issued capital and reserves

	31.12.2021	31.12.2020	01.01.2020
Share capital (in EUR)	277,005	277,002	277,000
Number of ordinary shares	277,005	277,002	277,000
Share premium (in EUR)	764,995	139,998	-

	31.12.2021		31.12.2020		01.01.2020	
Shareholder	Number of shares	%	Number of shares	%	Number of shares	%
Funderbeam Ltd	277,005	100%	277,002	100%	277,000	100%
Total	277,005	100%	277,002	100%	277,000	100%

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31.12. No dividends have been declared or proposed during the years ended 31.12.2021, and 31.12.2020 as the Group has been operating at losses. The Group has retained losses as at 31.12.2021, 31.12.2020 and 01.01.2020.

During the year ended 31.12.2021 Funderbeam Markets AS increased its share capital by additional 3 shares in total (in 2020 by 2 shares).

At 2nd January 2021 share capital was increased via issuance of 1 new shares with payment of 1 EUR for shares and remaining amount of 374,999 EUR paid to share premium.

At 29th September 2021 share capital was increased via issuance of 1 new shares with payment of 1 EUR for shares and remaining amount of 99,999 EUR paid to share premium.

At 30th December 2021 share capital was increased via issuance of 1 new shares with payment of 1 EUR for shares and remaining amount of 149,999 EUR paid to share premium.

17. Share-based payments

Share options of the ultimate parent (Funderbeam Ltd, which is not within this consolidation group) are granted to key personnel of the Group. The share options are equity-settled by the ultimate parent with no cash settlement alternatives. The Group does not have a past practice of cash settlement for these awards.

For the year ended 31.12.2021, the Group had 259,500 share options outstanding (2020: 15,000, 2019: 15,000) with exercise price of 0.01 EUR.

	2021	2020
Expense arising from equity-settled share-based payments	49,494	10,336
Total expense arising from share-based payments	49,494	10,336

	2021	2021	2020	2020
	Number	WAEP* (cents)	Number	WAEP* (cents)
Outstanding at 1 January	15,000	1	15,000	1
Granted during the year	244,500	1	-	-
Outstanding at 31 December	259,500	1	15,000	1
<i>Exercisable at 31 December</i>	-	-	-	-
<i>Not vested at 31 December</i>	259,500	1	15,000	1

* weighted average exercise price (WAEP)

In 2021 Funderbeam Markets AS granted 259,500 share options (2020: 0, 2019: 15,000) to its key personnel with an exercise price of 0.01 EUR per share. Vesting period of the option scheme is 3 years. No options were exercised in 2021.

The following tables list the inputs used in the model in valuing the option plans for the years ended 31.12.2021, 2020 and 2019:

	2021	2020
Weighted average fair values at the measurement date	1.587	1.566
Dividend yield (%)	0%	0%
Expected volatility (%)	40%	40%
Risk-free interest rate (%)	2.00%	2.00%
Expected life of share options (years)	3	3
Weighted average share price	0.01	0.01
Model used	Black-Scholes	

The weighted average remaining contractual life for the share options outstanding as at 31 December 2021 was 2 years 8 months (2020: 1 years 7 months). The weighted average fair value of options granted during the year ended 31 December 2021 was 1.587 EUR (2020: 1.566 EUR). Exercise price of all options outstanding at the end of the year 31 December 2021 was 0.10 EUR (2020: 0.10 EUR).

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The weighted average fair value of the shares is determined based on company valuation and likelihood of shares vesting and is sensitive to changes arising from staff turnover and valuations determined by future fundraising.

Correction was made in the share-based payments calculations retrospectively as these were not previously accounted in accordance with the financial reporting requirements. Additional expense arose from equity-settled share-based payments in 2020 worth 10,336 EUR and in 2019 worth 6 305 EUR.

18. Interest bearing loans and borrowings

Original loan amount	Interest rate	Maturity	31.12.2021	31.12.2020	01.01.2020
153,152	2%	2022	-	-	159,494
Total:			-	-	159,494
<i>Non-current</i>			-	-	<i>159,494</i>
<i>Current</i>			-	-	-

Funderbeam South East Europe d.o.o. had outstanding loans with ultimate parent of the Group (Funderbeam Ltd) and with minority shareholder Zagreb Stock Exchange as at 01.01.2020. Funderbeam South East Europe d.o.o. was sold in 2020, see Note 5.

19. Trade and other payables

(in EUR)	31.12.2021	31.12.2020	01.01.2020
Trade and other payables	31,682	5,587	65,772
Payables to employees	82,987	3,836	9,231
Taxes payable (Note 20)	61,957	3,071	11,267
Other payables	80,256	2,709	-
Total	256,883	15,203	86,271

Other payables consists primarily of accrued expenses for costs incurred for which invoices are not yet received.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 14-day term
- Other payables are non-interest bearing and have an average term of 1 months 20 days
- For explanations on the Group's liquidity risk management processes, refer to Note 3

20. Tax liabilities and prepayments

	31.12.2021		31.12.2020		01.01.2020	
	Tax prepayment	Tax liabilities	Tax prepayment	Tax liabilities	Tax prepayment	Tax liabilities
Value added tax	-	8,487	-	-	-	-
Personal income tax	-	17,811	-	1,041	-	3,441
Income tax from fringe benefits	-	10	-	-	-	6
Social security tax	-	30,762	-	1,782	-	4,482
Pension tax	-	2,363	-	108	-	3,203
Unemployment tax	-	2,524	-	140	-	135
Prepayment account (Note 14)	1,494	-	404	-	-	-
Total tax liabilities and prepayments	1,494	61,957	404	3,071	-	11,267

VAT liabilities are included in trade and other payables please see Note 19.

The Group had deferred tax assets which were caused by the losses incurred by a subsidiary (Funderbeam South East Europe d.o.o.) as at 01.01.2020 worth 21 400 EUR. Funderbeam South East Europe d.o.o. was sold in 2020, thus deferred tax assets were disposed through the sale of subsidiary and there was no deferred tax balance as at 31.12.2021 and 31.12.2020.

21. Changes in liabilities arising from financing activities

(in EUR)	01.01.2021	Cash inflows	Cash outflows	Other	31.12.2021
Non-current interest-bearing loans and borrowings	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-

(in EUR)	01.01.2020	Cash inflows	Cash outflows	Other	31.12.2020
Non-current interest-bearing loans and borrowings	159,494	-	-	(159,494)	-
Total liabilities from financing activities	159,494	-	-	(159,494)	-

The 'Other' column includes the effect of loans transferred through the sale of subsidiaries (see Note 5).

22. Related party transactions

Note 5 and 6 provides the information about the Group's structure, Note 16 provides information on the shareholders of the Group. Transfer prices on transaction with related parties are on an arm's length basis in a manner similar to transactions with third parties.

There were no loans granted or received during the period or outstanding at the end of the period with members of the management board or private investors with significant ownership interests or entities under their control or significant influence.

There were no loans granted or received during the period or outstanding at the end of the period with institutional investors with significant ownership interests or entities under their control or significant influence.

The following table provides information on related party transactions.

(in EUR)	Financial year	Purchases	Sales
Ultimate parent – Funderbeam Ltd	2021	-	-
Other related entity - Funderbeam OÜ	2021	286,959	-
Other related entity - Funderbeam Markets Pte	2021	45,177	56,149
Other related entity - Funderbeam Markets Ltd	2021	-	49,513
Other related entity - Funderbeam SEE	2021	28,487	-
Total		360,624	105,663
Ultimate parent – Funderbeam Ltd	2020	-	28,000
Other related entity - Funderbeam OÜ	2020	-	-
Other related entity - Funderbeam Markets Pte	2020	-	-
Other related entity - Funderbeam Markets Ltd	2020	-	-
Other related entity - Funderbeam SEE	2020	-	-
Total		-	28,000
(in EUR)	As at	Receivables	Payables
Ultimate parent – Funderbeam Ltd	31.12.2021	-	-
Other related entity - Funderbeam Markets Ltd	31.12.2021	-	8,837
Total		-	8,837
Ultimate parent– Funderbeam Ltd	31.12.2020	95,000	-
Other related entity - Funderbeam Markets Ltd	31.12.2020	-	-
Total		95,000	-
Ultimate parent – Funderbeam Ltd	31.12.2019	-	159,150
Other related entity - Funderbeam Markets Ltd	31.12.2019	-	-
Total		-	159,150

Additionally, the following transactions have occurred during the financial year with related parties:

On the 17th of December 2020 Funderbeam Markets AS sold 100% of the shares in investment held in Funderbeam Ventures OÜ (alongside with its subsidiary Funderbeam South East Asia d.o.o) to Funderbeam Ltd for EUR 28 000. Transaction resulted in net gain worth 138,305 EUR.

On 31st December 2020 Funderbeam Markets AS sold all investments in associates listed in Note 6 to Funderbeam SPV Holding OÜ for EUR 92 500. Transaction resulted in net gain worth 240 EUR.

On 31st December 2020 Funderbeam Markets AS sold 100% of the shares in investment held in Funderbeam SPV Holding OÜ to Funderbeam Nominees for EUR 2 500. Transaction resulted in no net gain or loss.

Key management benefits

(in EUR)	2021	2020
Salaries and remuneration (Note 12)	72,285	-
Total	72,285	-

Key management are Funderbeam Markets AS Supervisory Council members (3 persons) and Board member (2 persons). Board members had directly and indirectly 98,000 share options as of 31.12.2021 at 0.01 EUR exercise price and exercise periods ending 11.04.2023.

23. First-time adoption of IFRS

This consolidated financial statement, for the year ended 31.12.2021, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31.12.2020, the Group prepared its financial statements in accordance with local generally accepted accounting principles Estonian Financial Reporting Standards (Local GAAP).

Accordingly, the Group has prepared consolidated financial statements that comply with IFRS applicable as at 31.12.2021, together with the comparative period data for the year ended 31.12.2020, as described in the summary of significant accounting policies. In preparing the consolidated financial statements, the Group's opening statement of financial position was prepared as at 01.01.2020, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements, including the statement of financial position as at 01.01.2020 and the financial information as of, and for, the year ended 31.12.2020.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- IFRS 2 Share-based Payment has not been applied to equity instruments in share-based payment transactions that were granted after 07.11.2002 that vested before 01.01.2020.
- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2020.
- The Group assessed all contracts existing at 1 January 2020 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2020.
- IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2020. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS.

Estimates

The estimates at 01.01.2020 and at 31.12.2020 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Local GAAP did not require estimation:

- Financial assets – economic credit loss provision matrix for trade receivables
- The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 01.01.2020, the date of transition to IFRS and as at 31.12.2020.

Group reconciliation of equity as at 01.01.2020 (date of transition to IFRS)

(in EUR)	Notes	Local GAAP	IFRS Remeasurements	Corrections of errors	IFRS as at 01.01.2020
Assets					
Non-current assets					
Property, plant and equipment		627	-	-	627
Investments in associates	A	87,500	-	(19,598)	67,902
Deferred tax assets		21,400	-	-	21,400
		109,527	-	(19,598)	89,929
Current assets					
Inventories		238	-	-	238
Trade and other receivables		449	-	-	449
Cash		27,875	-	-	27,875
		28,562	-	-	28,562
Total assets		138,089	-	(19,598)	118,491
Equity and liabilities					
Equity					
Issued capital		277,000	-	-	277,000
Share premium		-	-	-	-
Share-based payment reserve	B	-	-	6,305	6,305
Retained losses	A,B	(357,756)	-	(25,904)	(383,660)
Total equity attributable to equity holders of the parent		(80,756)	-	(19,598)	(100,354)
Non-controlling interests		(26,920)	-	-	(26,920)
Total equity		(107,676)	-	(19,598)	(127,274)
Non-current liabilities					
Interest-bearing loans and borrowings		159,494	-	-	159,494
		159,494	-	-	159,494
Current liabilities					
Trade and other payables		86,271	-	-	86,271
		86,271	-	-	86,271
Total liabilities		245,765	-	-	245,765
Total equity and liabilities		138,089	-	(19,598)	118,491

Group reconciliation of equity as at 31.12.2020

(in EUR)	Notes	Local GAAP	IFRS Remeasurements	Corrections of errors	IFRS as at 31.12.2020
Assets					
Current assets					
Trade and other receivables		95,404	-	-	95,404
Cash		55,075	-	-	55,075
Total assets		150,479	-	-	150,479
Equity and liabilities					
Equity					
Issued capital		277,002	-	-	277,002
Share premium		139,998	-	-	139,998
Share-based payment reserve	B	-	-	16,641	16,641
Retained losses	B	(281,729)	-	(16,636)	(298,365)
Total equity attributable to equity holders of the parent		135,271	-	5	135,276
Non-controlling interests		-	-	-	-
Total equity		135,271	-	5	135,276
Current liabilities					
Trade and other payables		15,208	-	(5)	15,203
		15,208	-	(5)	15,203
Total liabilities		15,208	-	(5)	15,203
Total equity and liabilities		150,479	-	-	150,479

Group reconciliation of total comprehensive income for the year ended 31.12.2020

(in EUR)	Notes	Local GAAP	IFRS Remeasure- ments	Corrections of errors	IFRS 2020
Results for the financial year					
Revenue from contracts with customers		3,030	-	-	3,030
Cost of sales		(238)	-	-	(238)
Gross profit		2,792	-	-	2,792
Other operating income		450	(450)	-	-
Profit from sale of associates		240	-	-	240
Gains from sale of subsidiaries		138,305	-	-	138,305
Administrative expenses	B	(61,027)	-	(10,336)	(71,363)
Other operating expenses		(721)	-	-	(721)
Operating loss		77,247	(450)	(10,336)	69,254
Finance costs	C	-	-	(3,067)	(3,067)
Share of profit of disposed associates	A	-	-	19,358	19,358
Loss before tax		77,247	(450)	5,955	85,544
Loss for the year		77,247	(450)	5,955	85,544
Attributable to:					
Equity holders of the parent		85,293	-	-	85,293
Non-controlling interests		251	-	-	251
		85,544	-	-	85,544
Other comprehensive income					
Total comprehensive loss for the year, net of tax		77,247	(450)	5,955	85,544
Attributable to:					
Equity holders of the parent		85,293	-	-	85,293
Non-controlling interests		251	-	-	251
		85,544	-	-	85,544

A - The Group had not recorded adjustments in the carrying value of associates to reflect profit and losses in prior years.

An additional expense of 19 598 EUR has been recognised in the Statement of Comprehensive Income for the year ended 31 December 2019. Additional revenue from disposed associates of 19 358 has been recognised for the year ended 31 December 2020. The associates were disposed of in 2020.

B – Under the local GAAP, the Group had incorrectly not recognised expenses and share-based payment reserve related to employee options granted. During the process of first-time adoption of IFRS the fair value of the share options was determined using an appropriate pricing model and recognised over the vesting period. An additional expense of 6 305 EUR has been recognised in the Statement of Comprehensive Income for the year ended 31 December 2019, and a further additional expense of 10 336 EUR has been recognised in the Statement of Comprehensive Income for the year ended 31 December 2020. These share options are still vesting and so share-based payment reserve in the same amount has been recognised as a separate component of equity in the Statement of Financial Position as at 31 December 2020 and 31 December 2021.

C – The Group had incorrectly calculated interest cost for a related party loan in Funderbeam SEE d.o.o. worth 3,067 EUR for the year ended 31.12.2020.

24. Financial statements of the parent entity

In accordance with the Estonian Accounting Act information on the unconsolidated primary financial statements of the reporting entity shall be disclosed in the notes to the financial statements.

Statement of comprehensive income of the parent

(in EUR)

	2021	2020
Results for the financial year		
Revenue from contracts with customers	1,049,606	3,030
Cost of sales	(46,990)	(238)
Gross profit	1,002,616	2,792
Other operating income	83	-
Administrative expenses	(1,556,474)	(71,362)
Other operating expenses	(153)	(721)
Operating loss	(553,928)	(69,292)
Loss before tax	(553,928)	(69,292)
Loss for the year	(553,928)	(69,292)
Other comprehensive income	-	-
Total comprehensive loss for the year, net of tax	(553,928)	(69,292)

Statement of financial position of the parent

(in EUR)

	31.12.2021	31.12.2020	01.01.2020
Assets			
Non-current assets			
Property, plant and equipment	5,670	-	-
Investments in associates	-	-	87,500
Investments in subsidiaries	-	-	28,000
	5,670	0	115,500
Current assets			
Inventories	-	-	238
Contract assets	91,300	-	-
Trade and other receivables	39,469	95,404	449
Accrued income	5,970	-	-
Cash	378,691	55,075	9,005
	515,430	150,479	9,691
Total assets	521,100	150,479	125,191
Equity and liabilities			
Equity			
Issued capital	277,005	277,002	277,000
Share premium	764,995	139,998	-
Share-based payment reserve	66,429	16,641	6,305
Retained losses	(852,293)	(298,366)	(229,074)
Total equity	256,136	135,275	54,231
Current liabilities			
Contract liabilities	8,081	-	-
Trade and other payables	256,883	15,203	70,960
	264,964	15,203	70,960
Total equity and liabilities	521,100	150,479	125,191

Statement of cash flows of the parent

(in EUR)

	2021	2020
Cash flows from (to) operating activities		
Net profit	(553,928)	(69,292)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	1,033	-
Share-based payment expense	49,788	10,336
Changes in working capital:		
Changes in inventory	-	238
Changes in contract assets	(91,300)	-
Changes in contract liabilities	8,081	-
Change in trade and other receivables	(45,034)	44
Change in trade and other payables	241,679	(55,757)
Net cash flows from (to) operating activities	(389,681)	(114,430)
Cash flows from (to) investing activities		
Purchase of property, plant and equipment	(6,703)	-
Cash paid for the purchase of associates	-	(5,000)
Cash paid for the purchase of subsidiary	-	(2,500)
Proceeds from sale of subsidiaries	2,500	28,000
Proceeds from sale of associates	92,500	-
Net cash flows from (to) investing activities	88,297	20,500
Cash flows from (to) financing activities		
Proceeds from issuance of shares	625,000	140,000
Net cash flows from (to) financing activities	625,000	140,000
Cash		
Net increase in cash	323,616	46,070
Cash at the beginning of the year	55,075	9,005
Cash at the end of the year	378,691	55,075

Statement of changes in equity of the parent

(in EUR)	Share capital	Share premium	Share-based payment reserve	Retained losses	Total
As at 1 January 2020	277,000	-	-	(222,769)	54,231
Corrections of errors	-	-	6,305	(6,305)	-
Adjusted balances at 1 January 2020	277,000	-	6,305	(229,074)	54,231
Loss for the year	-	-	-	(69,292)	(69,292)
Other comprehensive income/-loss	-	-	-	-	-
Total comprehensive loss	-	-	-	(69,292)	(69,292)
Issuance of shares	2	139,998	-	-	140,000
Share-based payments	-	-	10,336	-	10,336
As at 31 December 2020	277,002	139,998	16,641	(298,366)	135,275
As at 1 January 2021	277,002	139,998	16,641	(298,366)	135,275
Loss for the year	-	-	-	(553,928)	(553,634)
Other comprehensive income/-loss	-	-	-	-	-
Total comprehensive loss	-	-	-	(553,928)	(553,634)
Issuance of shares	3	624,997	-	-	625,000
Share-based payments	-	-	49,788	-	49,788
As at 31 December 2021	277,005	764,995	66,429	(852,293)	256,135

Statement of adjusted unconsolidated equity is not presented within the unconsolidated financial statements of the parent entity due to Funderbeam Markets AS selling all its subsidiaries and associates by year-end 2020.

25. Subsequent events

On 1st March 2022 share capital was increased via issuance of 1 new shares with payment of 1 EUR for shares and remaining amount of 149,999 EUR paid to share premium.

On 25th March 2022 share capital was increased via issuance of 1 new shares with payment of 1 EUR for shares and remaining amount of 374,999 EUR paid to share premium.

On 25th March 2022 share capital was increased via issuance of 1 new shares with payment of 1 EUR for shares and remaining amount of 374,999 EUR paid to share premium.

On 25th April 2022 share capital was increased via issuance of 1 new shares with payment of 1 EUR for shares and remaining amount of 89,999 EUR paid to share premium.

The COVID-19 measures, enforced by the Estonian Government during the first months of 2022, have had no significant impact on the Group's business activities, as the Group's employees can fully perform their tasks remotely.

On 24 February 2022, the Russian Federation has launched an invasion of the Republic of Ukraine. Shortly after the invasion, the EU and rest of the world, including global bodies, imposed wide-ranging set of restrictive measures against Russia, which is updated and expanded on a regular basis. This non-adjusting subsequent event was not reflected in the significant estimates and assumptions as at 31 December 2021. Until the date of authorisation of these financial statements, the restrictive measures imposed had no significant impact on the Group's performance, no operations had been suspended and no significant direct losses related to the restrictive measures had been incurred at the date of the financial statements.

Confirmation of the management board to the 2021 Annual Report

Hereby, I confirm the correctness of the information disclosed in the 2021 Annual Report of the consolidation group of Funderbeam Markets AS.

Member of the Management Board
Monika Tooming-Varblane

Member of the Management Board
Thomas Jasper Gwyndaf Davies

Tallinn, 03 May 2022



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Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Funderbeam Markets AS

Opinion

We have audited the financial statements of Funderbeam Markets AS, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Funderbeam Markets AS as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. Other information consists of Management report, but does not consist of the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tallinn, 03 May 2022

/signed digitally/

Olesia Abramova
Authorised Auditor's number 561
Ernst & Young Baltic AS
Audit Company's Registration number 58

/signed digitally/

Kärt Viilup
Authorised Auditor's number 712