CROWDESTOR

ANNUAL REPORT

Financial year: 01.01.2021 – 31.12.2021

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Management report

2021 has been the fifth year of CROWDESTOR OU being on a mission to help businesses to raise the necessary capital to grow and investors to earn higher than average rates of return.
This year our journey joined 5 337 new investors reaching more than 25 000 investors registered on the platform in total.

The funded amount in 2021 reached EUR 10 mln which was raised for 135 projects.
The total outstanding loan portfolio has diminished slightly because of repayments of previously issued loans, i.e. 60 repaid projects. Namely, EUR 20,8 mln of principal and EUR 6,9 mln interest totalling EUR 27,7 mln, have been returned to investors by the end of 2021, which is almost EUR 13 mln of total repaid amount in 2021 or 88%
year-to-year increase. A partial but crucial reason behind such dynamics is focusing on debt collection processes rather than the issuance of new loans.

In 2021 CROWDESTOR continued to outsource part of the services it uses to operate the platform and reached some new milestones. The major ones out of the latter are auto invest functionality and the new investment product made available to the investors this year - FLEX, which became a valuable addition to CROWDESTOR product range. To add, the advanced payment schedules were introduced this year as well.

From a legal perspective, CROWDESTOR carried on with moving on a path towards becoming a regulated Crowdfunding service provider in accordance with ECSP regulation, as well as optimized the way it deals with the outstanding non-repaid part of the loan portfolio.

We resume work on timely communication with investors, keeping them informed about the relevant news around the projects they are invested in via the update section in the investor's cabinet and personal communication in case of such a need.

The key goals are to keep up with debt enforcement and widen our product range to enable our investors to diversify their portfolios and to allow more businesses to access the growth capital needed.

The annual accounts

Statement of financial position

(In Euros)

	31.12.2021	31.12.2020
Assets		
Current assets		
Cash and cash equivalents	82 976	296 878
Financial investments	144 000	90 000
Receivables and prepayments	1 302 110	1 414 224
Total current assets	**1 529 086**	**1 801 102**
Non-current assets		
Property, plant and equipment	9 012	10 912
Total non-current assets	**9 012**	**10 912**
Total assets	**1 538 098**	**1 812 014**
Liabilities and equity		
Liabilities		
Current liabilities		
Payables and prepayments	170 471	1 249 872
Total current liabilities	**170 471**	**1 249 872**
Total liabilities	**170 471**	**1 249 872**
Equity		
Issued capital	2 500	2 500
Statutory reserve capital	250	250
Other reserves	731 000	0
Retained earnings (loss)	559 392	162 640
Annual period profit (loss)	74 485	396 752
Total equity	**1 367 627**	**562 142**
Total liabilities and equity	**1 538 098**	**1 812 014**

Income statement
(In Euros)

	2021	2020
Revenue	1 006 755	0
Other income	15 485	1 283 787
Raw materials and consumables used	-525 340	-824 825
Other operating expense	-37 790	-25 662
Employee expense	-34 759	-35 030
Depreciation and impairment loss (reversal)	-2 596	-1 388
Other expenses	-42	-91
Operating profit (loss)	**421 713**	**396 791**
Interest income	0	3
Interest expenses	-349 621	0
Other financial income and expense	2 393	-42
Profit (loss) before tax	**74 485**	**396 752**
Annual period profit (loss)	**74 485**	**396 752**

Notes

Note 1 Accounting policies

General information
These annual accounts have been prepared in accordance with Estonian GAAP. The annual accounts are drawn up in euro.

Cash and cash equivalents
Cash and cash equivalents are cash in hand and bank, demand deposits, short-term (less than 3 months maturity) bank deposits and MMF units with no material risk of change in market value

Receivables and prepayments
Receivables are estimated in the balance sheet on the basis of the amounts that are likely to be received. When assessing the claims, each claim has been viewed separately, taking into account the known information about the client's solvency.
Doubtful receivables are recognised in general administrative expenses. Hopeless receivables are written off the balance sheet. Receipts of previously discounted doubtful receivables are recognised as a reduction in the cost of doubtful receivables.

Plant, property and equipment and intangible assets
Property, plant and equipment and intangible assets When recognising material fixed assets in the balance sheet, accumulated depreciation and the value of the asset are deducted from their cost
discounts due to decline.
Based on the materiality principle, assets whose cost exceeds EUR 150.00 and whose useful life exceeds one year are recognised as fixed assets. An enterprise uses the linear method to depreciate property, plant and equipment.
Due to the specifics of an item of property, plant and equipment, its useful life may differ from that of another similar group. In this case, it is viewed separately and a suitable depreciation period is determined for it.
The depreciation rates set for property, plant and equipment are reviewed when circumstances have come to light that could materially change the useful life of the fixed asset or group of fixed assets. The effect of changes in estimates is reflected in the reporting period and subsequent periods.
If the residual value of the asset exceeds its carrying amount, the amortisation of the asset is terminated; amortisation shall start afresh when the residual value of the asset has fallen below its carrying amount.
If an item of property, plant and equipment has incurred expenditure that meets the definition of property, plant and equipment, then this expenditure is included in the cost of the item of property, plant and equipment. Expenditure on current maintenance and repairs is recognised in the costs for the period.
When an item of property, plant and equipment replaces an important component,
the cost of the new component is added to the cost of the item, provided that it meets the definition of property, plant and equipment. The component to be replaced is written off the balance sheet.
If the cost of the component to be replaced is not known, the cost to be written off shall be estimated at the cost at the time of replacement, after deduction of estimated depreciation.

Impairment of assets
A possible impairment of property, plant and equipment is examined in cases where an event or a change in circumstances indicates that
the asset's recoverable amount may have fallen below its book value. If such circumstances exist, the enterprise will carry out an assessment of the recoverable amount of the asset.
If the estimated recoverable amount is less than the carrying amount, the assets that make up the asset or cash-generating unit are written down to recoverable amount, which is the higher of the future cash flows from that asset(or value in use). In determining the fair value of an asset, the use of assistance from external experts. The write-down is recognised as an expense for the period in the line "depreciation and impairment of fixed assets" in the income statement.
If the recoverable amount of the asset subsequently exceeds the carrying amount of the asset, the write-down is reversed and the carrying amount of the asset is increased.

Buildings 33 yrs
Means of transport 5 yrs
Other property, plant and equipment 5

Financial liabilities

All financial liabilities (debts to suppliers, taken loans, accrued liabilities, issued bonds and other short-term and long-term liabilities) are initially taken into account at their acquisition cost, which also includes all direct costs associated with the transaction.
Further recognition is carried out using the adjusted acquisition cost method (except for financial liabilities acquired for resale purposes and derivatives with a negative fair value, which are recognized at their fair value).
The adjusted acquisition cost of short-term financial liabilities is generally equal to their nominal value, which is why short-term financial liabilities are reflected in the balance sheet at the amount due. In order to calculate the adjusted acquisition cost of long-term financial liabilities, they are initially recognized at the fair value of the consideration received (from which transaction costs are deducted), taking into account the following
interest expense from liabilities in periods using the internal interest rate method.
A financial liability is classified as short-term if its payment term is within 12 months from the reporting date; or the company does not unconditional right to postpone the payment of the obligation for more than 12 months after the reporting date. Loans that are due for repayment within 12 months from the reporting date, but which are refinanced to long-term after the reporting date, but before the approval of the annual report, are recorded as short-term. Loan liabilities that the lender was entitled to on the reporting date are also recorded as short-term
to recall due to violation of the conditions stipulated in the loan agreement.

Separate and contingent liabilities
In the balance sheet, the company's liabilities arising in the reporting period or in previous periods, which have a legal or contractual basis, require asset relinquishment, and whose cost can be reliably determined, but whose final cost or payment term is not firmly fixed, are
recorded as a provision in the balance sheet. Appraisal of allocations is based on the evaluations of the board, experience and, if necessary, the evaluations of independent experts.
Promises, guarantees and other obligations, which under certain conditions may become obligations in the future, but whose
realization probability is less than 50% according to the management of the company, are disclosed as potential obligations in the notes to the annual accounts.
A provision is recorded in the balance sheet if the company has a legal or operational obligation due to a binding event that occurred before the reporting date, the realization of which is probable and the amount of the obligation can be reliably measured.
Appraisal of allocations is based on the evaluations of the board, experience and, if necessary, the evaluations of independent experts, and these are reflected in the balance sheet in the amount necessary to satisfy the obligations related to the allocation as of the reporting date.
Promises, guarantees and other obligations that, under certain conditions, may become obligations in the future, but which are unlikely to materialize
is less than 50% according to the management of the company, is disclosed as contingent liabilities in the appendices to the annual accounts.

Revenues
Income from the sale of goods is recognized when significant risks and benefits related to ownership have been transferred to the buyer and the sales income and expenses related to the transaction can be reliably measured.
Income from the sale of services is recognized based on the completion method, revenues and profits from the provision of services are recognized proportionally in the same periods as the expenses associated with the provision of services.

Taxation
According to the current income tax law, the profit distributed as dividends is taxed at the rate of 20/80 of the amount paid out as net dividend.
Corporate income tax calculated on dividends is recorded as an income tax expense in the income statement of the period in which
the dividends are declared, regardless of the period for which they are declared or when the dividends are paid out. Income tax liability and expense calculated from unpaid dividends as of the reporting date are adjusted according to the income tax applicable in the new reporting period
to the degree. The maximum possible amount of income tax liability that could accompany the payment of dividends is given in the appendix to the annual report.

Related parties
When preparing the annual report, the following are considered related parties:
a. owners (parent company and persons controlling or having significant influence over the parent company);
b. subsidiaries and affiliates;
c. other companies belonging to the same consolidation group (including other subsidiaries of the parent company);
d. executive and senior management;
e. close family members of the persons listed above and companies controlled by them or under their significant influence.

Note 2 Labor expense
(In Euros)

	2021	2020
Wage and salary expense	27 747	25 583
Social security taxes	6 846	8 442
Pension expense	166	205
Total labor expense	34 759	34 230
Average number of employees in full time equivalent units	1	1

Note 3 Related parties
(In Euros)

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2021	**2020**
Remuneration	27 747	25 583