



# venturebeam

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## **Venturebeam Markets AS**

Unaudited Interim Results  
for the 6-month period ended 30<sup>th</sup> June 2025

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Interim Report	01.01.2025 – 30.06.2025
Company Name	Venturebeam Markets AS
Company Number	12917885
Address	Harju maakond, Tallinn, Kesklinna linnaosa, Rotermanni tn 2, 10111
E-mail	markets@Venturebeam.com
Primary Activity	Financial Services
Licence	Investment firm licence number 4.1-1/212 issued by the Estonian Financial Services Authority (Finantsinspektsioon)
Board of Directors	Monika Karu Thomas Davies Kristjan-Erik Suurväli
Supervisory Board	Alan Foy Brian Martin Jason Ow

**Statement of Comprehensive Income**

for the six month period ending 30th June

(in EUR)

	2025	2024	FY 2024
<b>Results for the period</b>			
Revenue from contracts with customers	144,623	438,362	551,011
Cost of sales	-	-	-
<b>Gross profit</b>	<b>144,623</b>	<b>438,362</b>	<b>551,011</b>
Other operating income	(3)	(225)	-
Administrative expenses	(711,049)	(840,211)	(1,611,257)
Other operating expenses	-	-	(76,137)
<b>Operating profit/(loss)</b>	<b>(566,429)</b>	<b>(402,074)</b>	<b>(1,136,383)</b>
Financial income	11,182	8,661	21,976
Finance expense	-	-	-
<b>Financial income/(expense) net</b>	<b>11,182</b>	<b>8,661</b>	<b>21,976</b>
<b>Profit/(loss) before tax</b>	<b>(555,247)</b>	<b>(393,413)</b>	<b>(1,114,407)</b>
<b>Profit/(loss) for the year</b>	<b>(555,247)</b>	<b>(393,413)</b>	<b>(1,114,407)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<b>(555,247)</b>	<b>(393,413)</b>	<b>(1,114,407)</b>

## Statement of Financial Position

as at

(in EUR)

	30.06.2025	31.12.2024	30.06.2024
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant & equipment	-	163	500
<b>Total non-current assets</b>	<b>-</b>	<b>163</b>	<b>500</b>
<b>Current assets</b>			
Loans receivables	565,000	45,000	250,750
Contract assets	1,543	3,219	7,591
Trade and other receivables	45,870	27,669	153,433
Cash	307,308	624,162	208,741
<b>Total current assets</b>	<b>919,721</b>	<b>700,050</b>	<b>620,515</b>
<b>TOTAL ASSETS</b>	<b>919,721</b>	<b>700,213</b>	<b>621,015</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	277,039	277,035	277,033
Share premium	5,314,961	4,564,965	3,964,967
Share-based payment reserve	28,840	28,840	42,299
Retained profits/(losses)	(5,017,361)	(4,462,114)	(3,766,823)
<b>Total equity</b>	<b>603,479</b>	<b>408,726</b>	<b>517,476</b>
<b>Current liabilities</b>			
Contract liabilities	7,787	8,543	8,597
Trade and other payables	206,178	207,172	94,942
Provisions	102,277	75,772	-
<b>Total liabilities</b>	<b>316,242</b>	<b>291,487</b>	<b>103,539</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>919,721</b>	<b>700,213</b>	<b>621,015</b>

## Statement of Cash Flows

for the six month period ending 30th June

(in EUR)

	2025	2024	FY 2024
<b>Cash flows from (to) operating activities</b>			
Net profit/(loss)	(555,247)	(393,413)	(1,114,407)
<b>Adjustments to reconcile profit/(loss) before tax to net cash flows:</b>			
Depreciation and amortisation	163	730	1,066
Loss on sales of fixed assets	-	-	-
Share-based payment expense	-	-	12,244
Interest income	(11,182)	(8,661)	(21,976)
Credit loss on loan impairment	-	-	-
<b>Changes in working capital:</b>			
Changes in contract assets	1,676	(3,828)	544
Changes in contractual obligations	(756)	(87)	(141)
Changes in trade and other receivables	(18,201)	(134,578)	(8,814)
Changes in trade and other payables	(993)	(32,830)	79,400
Changes in provisions	26,505	-	75,772
<b>Net cash flows from (to) operating activities</b>	<b>(558,035)</b>	<b>(572,667)</b>	<b>(976,312)</b>
<b>Cash flows from (to) investing activities</b>			
Proceeds from disposal of property, plant and equipment	-	-	-
Loans granted to customers	(600,000)	(134,833)	(94,000)
Repayments of loans granted	79,999	66,832	231,750
Interest received	11,182	8,661	21,976
<b>Net cash flows from (to) investing activities</b>	<b>(508,819)</b>	<b>(59,340)</b>	<b>159,726</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from issuance of shares	750,000	375,000	975,000
<b>Net cash flows from (to) financing activities</b>	<b>750,000</b>	<b>375,000</b>	<b>975,000</b>
<b>Cash</b>			
<b>Net increase/(decrease) in cash</b>	<b>(316,854)</b>	<b>(257,007)</b>	<b>158,414</b>
<b>Cash at the beginning of the period</b>	<b>624,162</b>	<b>465,748</b>	<b>465,748</b>
<b>Cash at the end of the period</b>	<b>307,308</b>	<b>208,741</b>	<b>624,162</b>

## Statement of changes in equity

(in EUR)

	Share capital	Share premium	Share-based payment reserve	Profit and loss account	Total equity
<b>As at 1 January 2024</b>	<b>277,030</b>	<b>3,589,970</b>	<b>42,299</b>	<b>(3,373,410)</b>	<b>535,889</b>
Loss for the period	-	-	-	(393,413)	(393,413)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(393,413)</b>	<b>(393,413)</b>
Issuance of shares	3	374,997	-	-	375,000
Share based payments reserve	-	-	-	-	-
<b>As at 30 June 2024</b>	<b>277,033</b>	<b>3,964,967</b>	<b>42,299</b>	<b>(3,766,823)</b>	<b>517,476</b>
<b>As at 1 January 2025</b>	<b>277,035</b>	<b>4,564,965</b>	<b>28,840</b>	<b>(4,462,114)</b>	<b>408,726</b>
Loss for the period	-	-	-	(555,247)	(555,247)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(393,413)</b>	<b>(393,413)</b>
Issuance of shares	4	749,996	-	-	750,000
Share based payments reserve	-	-	-	-	-
<b>As at 30 June 2025</b>	<b>277,039</b>	<b>5,314,961</b>	<b>28,840</b>	<b>(5,017,361)</b>	<b>603,479</b>
<b>As at 1 January 2024</b>	<b>277,030</b>	<b>3,589,970</b>	<b>42,299</b>	<b>(3,373,410)</b>	<b>535,889</b>
Loss for the period	-	-	-	(1,114,407)	(1,114,407)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,114,407)</b>	<b>(1,114,407)</b>
Issuance of shares	5	974,995	-	-	975,000
Share based payments reserve	-	-	(13,459)	25,703	12,244
<b>As at 31 December 2024</b>	<b>277,035</b>	<b>4,564,965</b>	<b>28,840</b>	<b>(4,462,114)</b>	<b>408,726</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Corporate information

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

The address of registered office of the Company is Harju maakond, Tallinn, Kesklinna linnaosa, Rotermanni tn 2, 10111. The company number for Venturebeam Markets AS is 12917885.

The immediate parent is Venturebeam Limited, incorporated in the United Kingdom. The ultimate parent is VentureWave Limited, incorporated in Ireland.

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 Finantsinspeksioon (“FSA”).

All the shares of the Company are ordinary shares with the par value of 1 EUR each and were fully paid as at 30.06.2025, 31.12.2024 and 30.06.2024.

Venturebeam Markets AS is classified as a small entity under the conditions set out in the Accounting Act.

### 2. Material accounting policies

#### 2.1. Basis of preparation

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

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

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

#### 2.2. Summary of material accounting policies

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

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

The Company 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 Company classifies all other liabilities as non-current.

## **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 Company.

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

## **c) Revenue recognition**

The Company primarily generates revenue from services performed in capital raising activities for companies. Additional revenue sources include providing administrative and management services to related entities and facilitating trading among investors.

Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration the Company expects to receive in exchange for those services. Generally, there is only one performance obligation in contracts with customers—the promise to transfer distinct goods to the customer.

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

### **Revenue from capital raising and listing services**

Revenue from the capital raising process is recognised once the Company has fulfilled its performance obligations, i.e., upon completion of the offering. On average, an offering lasts three to six months, typically consisting of one month of preparation and launch work followed by two months of the offering period. The offering is deemed complete once all the funds have been raised or the offering period has ended. The standard credit term for this service is seven days from the completion of the offering.

Syndication, a type of capital raising, generates revenue through two components: A variable fee based on the total amount raised, calculated at the end of the offering. A fixed fee, which applies even if the offering is not successful (i.e., the target investment amount is not reached).



Revenue from listing services is project-based and depends on the size of the project. The standard credit term for this service is seven days from the completion of the project.

### **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 Funderbeam Marketplace is continued for a further six months. Revenue is recognised in stages as performance obligations are satisfied through the passage of time i.e. the period over which the fee is charged. The normal credit terms for marketplace membership fees are 7 days.

### **Contract balances**

#### Contract assets

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

#### Trade receivables

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

#### Contract liabilities

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

### **d) Income tax**

#### Current income tax

According to the Estonian Income Tax Act, for companies registered in Estonia, annual profits are not subject to income tax. Income tax is payable on dividends, gifts, donations, entertainment expenses, non-business-related payments and transfer pricing adjustments. Until 31.12.2024 the dividends paid out of retained earnings were subject to the corporate income tax at rate 20/80 of the net distribution (starting from 01.01.2025, the rate is 22/78 of the amount distributed as the net dividend). Since 2019, a lower tax rate of 14% or 14/86 of the net amount of dividends has been applied to regularly paid dividends for Estonian resident companies. The lower tax rate could be applied to an extent that was smaller or equal to the average taxed dividend amount of the previous three years. 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.

## Minimum Corporate Tax

The European Union disclosed a directive enforcing the minimum corporate tax requirement in December 2021, and in May 2022, the European Parliament approved new rules for establishing a general minimum corporate tax rate. Based on the currently available information, Estonia has the right to postpone the implementation of this regulation until 2030.

### **e) Foreign currency transactions and assets and liabilities denominated in a foreign currency**

The Company's financial statements are presented in euros, which is also the company's functional currency. All other currencies except for the functional currency, the euro, constitute foreign currencies. Foreign currency transactions have been translated to functional currencies based on the foreign currency exchange rates of the European Central Bank prevailing on the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated using the official closing exchange rate of the European Central Bank. Foreign exchange gains and losses arising on translation are recognised in profit or loss. Non-monetary financial assets and liabilities denominated in a foreign currency measured at fair value have been translated into the functional currency based on the foreign currency exchange rates of the European Central Bank prevailing on the fair value measurement date. Non-monetary assets and liabilities that are not measured at fair value (e.g. prepayments, inventories accounted for using the cost method, property, plant and equipment as well as intangible assets) in a foreign currency are not translated at the balance sheet date but they continue to be reported using the official exchange rate of the European Central Bank prevailing at the date of the transaction.

### **f) Property, plant and equipment**

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

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

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

- Computers and hardware                      3 years
- Fixtures and fittings                              3 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

### **g) Impairment of non-financial assets**

The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets 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 considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

## **h) Financial assets**

The Company 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company has applied the practical expedient are measured at the transaction price as disclosed in section (c) *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 Company'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 Company has only financial assets 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. Financial assets mainly comprise of cash, loans granted to customers, 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 Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered 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 the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

#### Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial 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 Company expects to receive, discounted at an approximation of the original effective interest rate.

The following is a summary of the general principles for calculating expected credit losses.

- Probability of default is an estimation of the probability of default at a given time horizon. A default may occur within a certain time period if the loan has not previously been booked off-balance sheet and is still in the portfolio.
- The exposure in default is an estimate of the exposure at the time of a future default, considering changes in the exposure that are likely to occur after the reporting date, including payments of principal and accrued interest on outstanding principal (both contractual and other), expected drawdowns on the loan commitments and accrued interest on overdue payments.
- The default loss rate is an estimate of the loss an enterprise would have to bear at some point in time in the event of default. It is based on the difference between the contractual cash flows due to the entity and the cash flows that the entity expects to receive (including cash flows from the realisation of collateral or credit enhancement arrangements that are treated as an integral part of the loan and are therefore not separately recognised). This is usually presented as a percentage of the exposure in default.

Impairment losses and reversals of impairment losses on financial assets are recognised separately from losses and gains arising from adjustments to the carrying amount of financial assets.

The general principles of the application of the expected credit loss model are briefly summarised below.

- Phase 1: 12-month expected credit loss reflects the portion of the expected credit loss over the lifetime of the financial instrument that corresponds to the expected credit loss that could arise from a default on the financial instrument within 12 months after the reporting date. The discount based on the expected credit loss for 12 months shall be based on the probability of default in the 12 months after the reporting date. The probability of default is multiplied by the expected default exposure and the expected loss rate due to default and then discounted at a rate approximating the initial effective interest rate.
- Phase 2: for loans with a significant increase in credit risk after initial recognition, a loss allowance is recognised over their lifetime based on the expected credit loss. The calculation procedure is similar to Phase 1 (including the consideration of different possible scenarios), but the probability of default and the default loss rate are calculated over the lifetime of the instrument. The expected cash shortfalls are discounted at a rate approximating the initial effective interest rate.
- Phase 3: for loans impaired due to credit risk, the expected credit loss is recognised over their lifetime. The method is similar to phase 2, but the probability of default is assumed to be 100%.

### Forward-looking information

In its models for estimating expected credit losses, the entity relies, among other factors, on forward-looking information. The models for estimating expected credit losses and their inputs may not always reflect market conditions at the date of the financial statements. To correct this misstatement, temporary corrections are made from time to time to adjust the differences, but only if the effect of the differences would be material.

### Write-off

A financial asset is derecognised in part or in full only if there is no reasonable expectation of recovering all or part of the asset. If the amount to be written off exceeds the amount of the accumulated allowance, the amount of the allowance is first increased by the difference and then set off against the gross carrying amount. Subsequent recoveries shall be deducted from the credit loss.

### Simplified method applied to trade receivables

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 Company 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 Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **i) Cash**

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

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

## **j) Financial liabilities**

### Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables. After initial recognition, such financial liabilities are measured at their amortised cost using the effective interest rate method.

### Derecognition of financial liabilities

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

## **k) Provisions**

Provisions are recognised when the Company 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 Company 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.

## **l) 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.

## **m) 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.

## **n) Share-based payments**

Employees (including senior executives) of the Company 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 14.

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 Company'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 considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company'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.

**o) Servicing assets and liabilities**

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

**p) Related parties**

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

**q) Subsequent events**

Subsequent events that provide additional information about the Company'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.