Estateguru

Annual Report 2021

Translation of the Estonian original

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Chairman's letter

Dear investor,

2021 was the most successful year in our history. All operating countries exceeded their business targets and the total funded amount for the year was €203m, 69% up on 2020 (€120m). Assets under management (AUM) amounted to €220.3m at the end of 2021. Additionally, revenue was €7.1m in 2021, an increase of 58% compared to 2020 (€4.5m). The growth we've witnessed during the past year has given all Estateguru employees the ultimate drive to reach even greater heights. We all aim to live up to our vision of making real estate investing and financing attainable for anyone, anywhere in the world.

Our business model has proven to fit into any market and work in any business environment. We've emerged stronger than ever from the COVID crisis and we also see that the current macroeconomic conditions favour our business model because companies and people need protection against inflation, while small and medium-sized enterprises (SMEs) need fast and flexible financing. The strength of our vision and business model is supported by 1400 new equity investors, who joined via Seedrs and our finalised A-round of VC investment of €5,8M led by TMT Investments Plc.

Our industry is also changing rapidly and, in many ways, becoming a mature and established investment option. What was also remarkable about 2021, is that we are finally operating in a regulated environment. We welcomed the introduction of the EU Crowdfunding Regulation and we're hoping to be among the very first companies to obtain the new licence.

Let's build a better world together!

Marek

Marek Pärtel
Co-founder & Chairman

Expansion and Business Development

Mihkel Stamm
COO

2021 was another year of vigorous growth for Estateguru.

Highlights

We again delivered record sales and financed €203m, increasing our overall outstanding loan portfolio from €126m to €212m during the year. Our revenues were €7.1m in 2021, an increase of 58% compared to 2020 (€4.5m).

Success was driven by steady growth in our existing markets with Estonia, Latvia, Lithuania, and Finland posting better volumes than the year before and contributing a total of €134m to the loan portfolio.

The Baltics are still our stronghold. However, new markets are the source of future growth. Already in 2021, we were able to extensively grow our volumes in Germany. As it is still a new market, we continue careful monitoring of the portfolio and are ready to make quick adjustments to our credit rules, if necessary.

Major developments

Preparations in the UK were completed and operations were set up in Manchester to kick off lending in 2022. A business development manager was hired in Spain as we continue seeking new opportunities and creating the bridge to Southern Europe. The launch of the UK office in 2022 will also enable us to create a bridge between the UK and continental Europe. In parallel to these developments, we have been laying the groundwork (legal setup, partner network establishment, etc.) in three additional countries.

We continued to invest in expansion in order to grow our volumes, provide even more diversification to our investors and enable cross-border project financing for our borrowers. Our aim remains to create the largest real estate financing and investing marketplace in Europe.

In order to support growth in lending volumes, a Capital Markets department was established in 2021 to work more closely with institutional investors.

Furthermore, we created a People and Culture department as our team is growing rapidly and we want to continue providing the best employee experience and enhancing our overall employer brand.

At the beginning of 2021, we raised €5,8m in our biggest fundraising round thus far. The funds were successfully used to further accelerate business growth: our monthly lending volumes grew from €11m to €20m during the year.

This required investment in people. The organisation grew from 40 staff members at the beginning of the year to 108 by the year-end.

We continued to invest in IT, expanding our Innovation and Product team in the Tallinn HQ and bolstering our back-end development hub in Armenia. The investments were vital to keep the platform architecture up to date and able to handle 10-20 times larger volumes. Technology is also critical to automating our processes and enabling us to scale faster. We have automated the investor part of our business. Now we are doing the same with the borrower part to be able to manage larger business flows, offer higher quality and build a wider ecosystem that can be used for more than just financing and investing.

All this should pave the way for growth in 2022 when we want to raise our monthly lending volumes from around €20m to around €30-40m.

Risk Management

Andres Luts
Chief Risk Officer

Highlights of the year

Estateguru continuously invests in new technology, people and processes to ensure strong portfolio performance for our investors and rapid growth in loan volumes across the markets where we operate.

In 2021, the company's Risk department saw significant changes: the team was expanded and processes were developed to meet regulatory and institutional investor requirements.

The AML team, the operational risk team, as well as the local risk teams in Germany and the UK, have been bolstered with top banking and finance professionals.

A number of banking protocols have been embedded in the risk procedures which are improved and supported by technological developments that safeguard high standards and efficiency.

All those investments assure our investors that we can meet the highest regulatory standards, both now and in the future.

Major developments

As a technology company, we have a clear strategy and road map for how technology will help us expand by ensuring that the portfolio quality and risk processes are kept at the highest possible level.

Estateguru has a dedicated data team, employing a top-to-bottom, data-based approach to all risk areas (AML/KYC, reporting, borrower data, property and valuation data). Storing and handling data efficiently and appropriately is the key to success in today's financial world.

We are keeping the development of all our business critical functions in-house, with our dedicated technology team, while outsourcing supporting functions via APIs and automated systems to our partners that are top market data & software providers.

In risk data and process management we rely on the following market-leading partners:

- payments and AML/KYC: Lemonway, Veriff and Onfido;
- credit rating and reporting: Moody's and LoanClear;
- borrower and financial data: Creditsafe, Suomen Asiakasteito and Creditinfo;
- property data and automatic valuations: Skenariolabs, Idealista and Tinsa.

ESG

ESG (environmental, social, and governance) compliance program is of utmost importance in the financial world and Estateguru takes relevant initiatives very seriously – we plan to be ESG compliant by the end of 2022, in order to meet the expectations of different regulators and institutional investors. Estateguru's ESG initiatives include Estateguru Green Loan product(s) and ESG ratings for all loan projects.

Capital Markets

Judith Tan
Head of Capital Markets

The past year has been immensely productive, with the team securing the mandate from EIF regarding its commitment to the Estateguru Senior Secured Credit Fund.

In addition to working with placement agents, the team has been working with advisors and institutional investors to secure forward funding lines for Estateguru's loan origination. Due to the complexity of securing a line that encompasses all jurisdictions, the team is focusing on securing funding lines in individual jurisdictions, with a focus on German origination given the market's investor demand and volumes.

For all other jurisdictions, individually managed accounts are in the process of being procured.

Loan Origination

Daniil Aal
Head of Lending

2021 was an exceptional year for Estateguru's loan origination and lending business. Our lending volumes surpassed €200m for the first time ever with €203m of new loans issued during a single year. This was a 69% increase compared to the €120m originated in 2020.

In 2021, we surpassed a lending volume of €20m in a single month on three separate occasions (March, September and November).

Highlights

The performance of the Baltic markets has been steadily improving and even with our footprint strongly in place in Estonia, Latvia and Lithuania, our new sales in those countries increased compared to 2020. We originated loans of over €109m in the Baltics in 2021, compared to €92m in 2020. However, the biggest lending volume in 2021 was delivered by our brand-new market in Germany, where we managed to lend a whopping €68m during a single year. This proves our strong value proposition also in more mature markets such as Germany. Given the amazing results, we feel even more confident to carry on with our expansion plans across Europe, especially in the UK and Spain in 2022.

Major developments

We continue to invest in the automation of our sales processes, and almost 95% of our sales origination, risk assessment and underwriting processes are already fully automated. We are also on the verge of fully automating our lead origination channels in new countries so that all of our regional sales departments feel confident working with the system. 2021 was also a year when we started to look into a future in which we will be serving even more countries, and thus redeveloping a lot of our internal systems, to ensure we can handle multiple times more clients and projects going forward.

The loan origination team has grown to over 30 employees across our offices in Tallinn, Riga, Vilnius, Helsinki, Berlin, Madrid, and Manchester. The outstanding talents work towards delivering strong projects in our operating markets so that our investors might enjoy an even wider range of high-quality investment opportunities.

Retail Investors

David Musu
Head of Retail Investors

In 2021, Estateguru onboarded over 41.5k investors, which is a growth of 136% from 2020.

The top three countries from where new investors originated from in 2021 accounted for over a third of the yearly total. These were Estonia with 8% - reflecting continuing growth in a market where Estateguru is well established, Germany with 16% - reflecting a strong reception in a newly opened market, and Spain with 10% - reflecting strong support for a planned expansion in this region.

85% of all new investments originated from retail investors, 12% from premium investors, and 3% from institutional investors.

Highlights

Looking back at the previous year, we can see that 80% of investors who made their first investment in 2020 remained active in 2020. However, more impressively, investments from those investors grew by 30%. This indicates that our platform creates loyalty and that investors' trust in the product is growing.

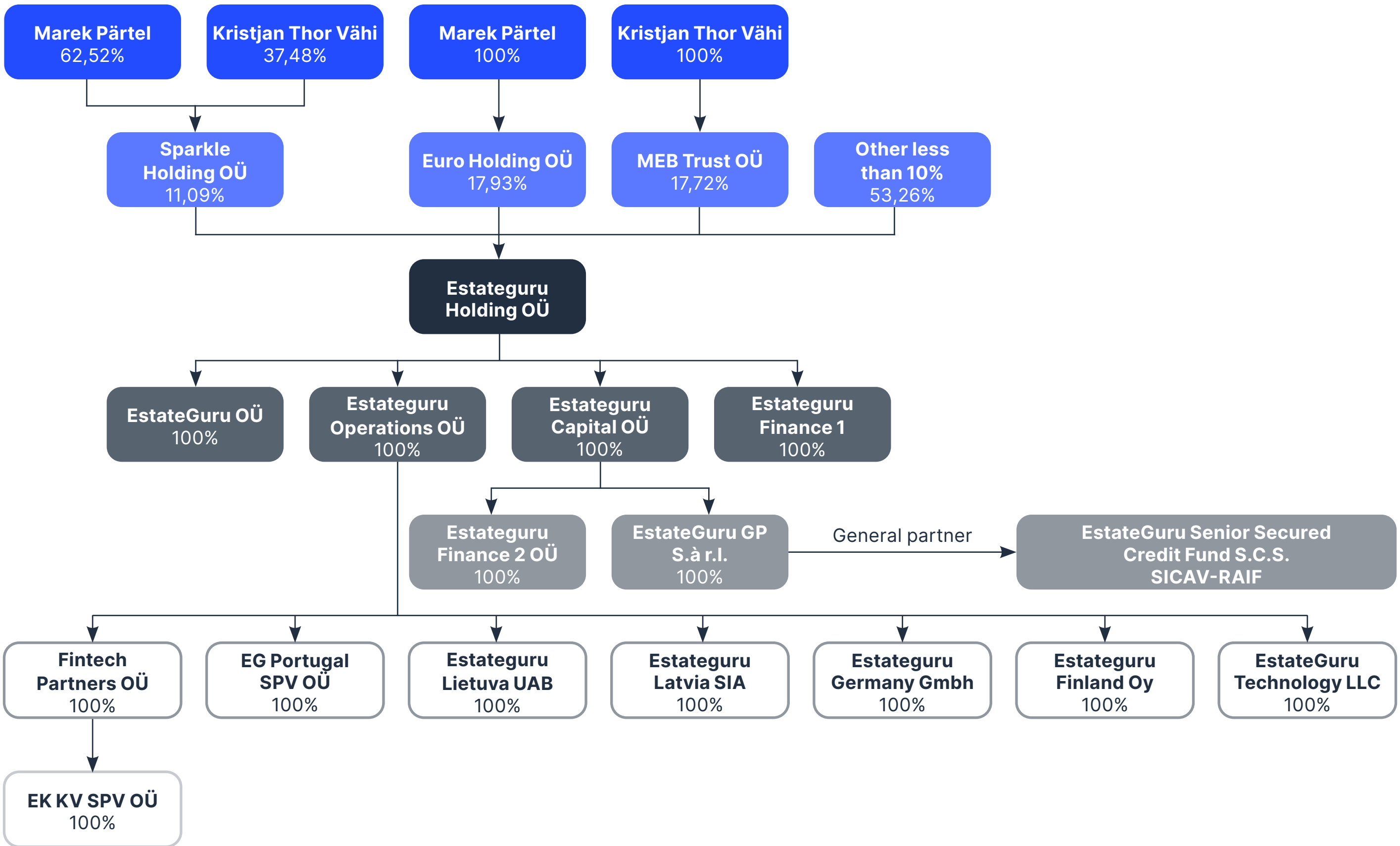
Major developments

The biggest development in 2021 was the launch of Investment Strategies at the end of the year. The redesigned Auto Invest product enables investors to build their portfolio in a conservative. balanced or custom manner with the convenience of automatic diversification, eliminating the hassle of having to research every project.

Group Annual Report

Beginning of financial year:	1 January 2021
End of financial year:	31 December 2021
Business name:	Estateguru Holding OÜ
Registry number:	12621285
Street name:	Pääsukese tn
Building number:	2
City:	Tallinn
County:	Harju maakond
Postcode:	10145
Email:	marko@estateguru.co

Management report



Estateguru is a provider of leading European online marketplace that offers short-term property-backed loans to small and medium-sized enterprises and carefully selected investment opportunities to the international investor community. Founded in 2013, Estateguru currently operates in seven markets and has financed loans in nine countries.

For Estateguru, 2021 was another year of vigorous business growth. Despite the challenges of the COVID-19 pandemic, which emerged in 2020 and continued through 2021, we succeeded in increasing the amount of loan financing provided and the number of people employed (the year-end headcount exceeded 100) as well as our revenue streams. Rapid growth was supported by high activity in the real estate market and strong economic growth.

The average monthly amount of loan financing provided in 2021 was €16.9 million but in March and November the figure spiked above €20 million. Alternative financing is surging across Europe and so are our business volumes. In 2021, Estateguru financed loans of €202.8 million, up 97% on a year earlier (€102.7 million). The Estateguru platform attracted 42,075 new investors during the year, raising the year-end number of users above 100,000.

All in all, 2021 created a solid foundation for strong performance in 2022.

Estateguru has a highly ambitious development plan for moving forward to becoming the largest real estate financing marketplace in Europe by 2025. The plan was shared with the public during the successful capital raising campaign conducted on the Seedrs platform last spring. Together with European venture capital funds, we raised nearly €5.8 million, which we are using to accelerate the company's development and expand our operations. We have been delivering on our promises: we have successfully launched operations in Finland and Germany, vigorously developed our technological solutions, integrated our platform with that of the international payment institution Lemonway and set up a Capital Markets department responsible for developing relevant operations and building relations with institutional investors to increase the share of institutional investments on our platform.

Financial ratios	2021	2020
Debt to equity ratio (total debt / equity):	1.51	4.25
Current ratio (current assets / current liabilities):	1.22	4.99
Return on equity (ROE) (profit or loss for the period / equity):	-0.39	-0.11
Net margin (profit or loss for the period / revenue):	-0.31	-0.05

Consolidated annual financial statements

Consolidated balance sheet (In euros)

As at 31 December	2021	2020	Note
Assets			
Current assets			
Cash and cash equivalents	9,632,216	3,128,352	2
Investments in financial assets	59,764	0	
Receivables and prepayments	275,940	66,772	5
Total current assets	**9,967,920**	**3,195,124**	
Non-current assets			
Investments in financial assets	2,535,038	5,554,772	4
Receivables and prepayments	189,685	90,081	
Property, plant and equipment	451,799	69,154	6
Intangible assets	959,421	548,891	7
Total non-current assets	**4,135,943**	**6,262,898**	
Total assets	**14,103,863**	**9,458,022**	
Liabilities and equity			
Liabilities			
Current liabilities			
Borrowings	6,926,344	47,135	9
Payables and advances received	1,110,003	588,181	10
Provisions	111,970	4,480	
Total current liabilities	**8,148,317**	**639,796**	
Non-current liabilities			
Borrowings	339,947	6,874,036	9
Payables and advances received	0	142,794	
Total non-current liabilities	**339,947**	**7,016,830**	
Total liabilities	**8,488,264**	**7,656,626**	
Equity			
Equity attributable to owners of the parent			
Share capital at par value	15 205	12 790	11
Share premium	8,401,419	2,576,099	
Own (treasury) shares	-1,430	-681	
Other reserves	372,377	199,748	11
Accumulated losses (prior periods)	-986,560	-779,411	
Loss for the period	-2,187,912	-207,149	
Total equity attributable to owners of the parent	**5,615,599**	**1,801,396**	
Total equity	**5,615,599**	**1,801,396**	
Total liabilities and equity	**14,103,863**	**9,458,022**	

Consolidated income statement (In euros)

	2021	2020	Note
Revenue	7,129,970	4,511,849	12
Other income	7,787	65,436	
Goods, materials, consumables and services used	-2,574,205	-885,037	13
Other operating expenses	-3,434,070	-2,394,956	14
Staff costs	-2,932,705	-1,236,004	15
Depreciation, amortisation and impairment losses	-302,250	-178,496	6, 7
Other expenses	-189,557	-291,869	
Operating loss	**-2,295,030**	**-409,077**	
Interest income	371,370	643,187	16
Interest expense	-323,048	-524,952	17
Other finance income and costs	61,357	84,017	
Loss before income tax	**-2,185,351**	**-206,825**	
Income tax	-2,561	-324	
Loss for the period	**-2,187,912**	**-207,149**	
Of which attributable to owners of the parent	-2,187,912	-207,149	

Consolidated statement of cash flows (In euros)

	2021	**2020**
Cash flows from operating activities		
Cash receipts for sale of goods and provision of services	7,129,970	4,154,231
Other cash receipts from operating activities	7,787	65,436
Payments to suppliers for goods and services	-6,008,275	-2,922,374
Payments to employees	-2,932,705	-1,236,004
Other cash flows from operating activities	105,902	221,824
Net cash used in / from operating activities	**-1,697,321**	**283,113**
Cash flows from investing activities		
Paid for acquisition of property, plant and equipment and intangible assets	-691,995	-1,226,386
Other receipts from investing activities	3,065,394	1,838,000
Net cash from investing activities	**2,373,399**	**611,614**
Cash flows from financing activities		
Other receipts from financing activities	5,827,786	1,711,909
Net cash from financing activities	**5,827,786**	**1,711,909**
Net cash flow	**6,503,864**	**2,606,636**
Cash and cash equivalents at beginning of period	3,128,352	521,716
Increase in cash and cash equivalents	**6,503,864**	**2,606,636**
Cash and cash equivalents at end of period	9,632,216	3,128,352

Consolidated statement of changes in equity (In euros)

	Equity attributable to owners of the parent					
	Share capital at par value	Share premium	Own (treasury) shares	Other reserves	Retained earnings/ accumu-lated losses	**Total**
At 31 December 2020	12,790	2,576,099	-681	199,748	-986,560	**1,801,396**
Adjusted balance at 31 December 2020	12,790	2,576,099	-681	199,748	-986,560	**1,801,396**
Loss for the period					-2,187,912	**-2,187,912**
Issue of share capital	2,415	5,825,320				**5,827,735**
Changes in reserves				172,629		**172,629**
Other changes in equity			-749		2,500	**1,751**
At 31 December 2021	15,205	8,401,419	-1,430	372,377	-3,171,972	**5,615,599**

Other reserves comprise the share option reserve. Further information is provided in note 11.

Notes to the consolidated financial statements

Note 1 Accounting policies

GENERAL INFORMATION

The consolidated financial statements of Estateguru group for 2021 have been prepared in accordance with the Estonian Financial Reporting Standard. The main requirements of the Estonian Financial Reporting Standard are set out in the Estonian Accounting Act and more specific guidance is provided in the guidelines issued by the Estonian Accounting Standards Board.

The financial statements have been prepared on the historical cost basis of accounting unless described otherwise in these accounting policies.

The financial statements are presented in euros (€).

Income statement format 1 has been used.

CORRECTION OF ERRORS

During the reporting year, the share option reserve was adjusted due to calculation errors.

Line item	31 December 2020	Change	31 December 2020
Share option reserve	107,000	92,748	199,748
Accumulated losses (prior periods)	-686,663	-92,748	-779,411

CONSOLIDATION

In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries are combined line by line so that the financial statements present information about the group as that of a single entity.

The consolidated financial statements comprise the consolidated balance sheet, income statement, statement of cash flows, statement of changes in equity and notes, which also include the parent company's separate primary financial statements: balance sheet, income statement, statement of cash flows and statement of changes in equity.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from the equity of the owners of the parent, and in the consolidated income statement, separately from the profit or loss of the owners of the parent.

Subsidiaries are consolidated from the date the group gains control to the date the group loses control of them.

A subsidiary is an entity that is controlled by the parent. Control is presumed to exist, when the parent owns, directly or indirectly, more than half of the voting power of an entity or has power to govern the financial and operating policies of an entity by some other means.

The functional currency of each group entity is the currency of the primary economic environment in which it operates. The group's presentation currency is the euro (€). All figures in the primary financial statements and the notes are presented in euros.

In the consolidation of foreign subsidiaries and other foreign operations, their financial statements are translated from their functional currency to the group's presentation currency. When the functional currency of a foreign group entity differs from the group's presentation currency, the financial statements prepared in a different (foreign) currency are translated using the following exchange rates:

(a) all assets and liabilities are translated at the closing exchange rate of the European Central Bank quoted at the reporting date;

(b) income and expenses, other changes in equity and cash flows are translated using the period's average exchange rate.

All resulting exchange differences are recognised in other comprehensive income or expense in the statement of comprehensive income.

FINANCIAL ASSETS

Financial assets comprise cash and cash equivalents, short-term investments in financial assets, trade receivables and other current and non-current receivables.

When a financial asset is recognised initially, it is measured at its cost, which is the fair value of the consideration given for it. The initial measurement includes all transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets (excluding current and non-current investments in shares, other equity instruments and listed debt securities and derivative financial instruments with a positive fair value) are subsequently measured at their amortised cost. Current and non-current investments in shares, other equity instruments and listed debt securities and derivative financial instruments with a positive fair value are subsequently measured at fair value through profit or loss.

At each reporting date the group assesses whether there is any indication that a financial asset or group of financial assets measured at amortised cost or cost may be impaired. If such indication exists, a financial asset measured at amortised cost is written down to the present value of its expected future cash flows (discounted at the asset's original effective interest rate) and a financial asset measured at cost is written down to the amount that could reasonably be expected to be obtained if the asset were sold at the reporting date. The write-down (impairment loss) is recognised as an expense in profit or loss.

Purchases and sales of financial assets are consistently recognised at the settlement date, i.e. at the date the assets are transferred to or by the group.

A financial asset is derecognised when the group's rights to the cash flows from the financial asset expire or the group transfers the rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership of the financial asset.

Derivative financial instruments

Derivative financial instruments (e.g. futures and forward, swap and option contracts) are measured at fair value through profit or loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position consist of money in a bank account and short-term deposits with a maximum length of three months and for which there is no risk of a change in value.

Estateguru also holds customers' and investors' money that has been credited to the account but has not yet been invested or returned to investors. Customers' and Investors' money is recorded off-balance sheet because the company cannot use the money of customers and investors to finance its operations and therefore does not bear the potential risks and rewards of these amounts.

FOREIGN CURRENCY TRANSACTIONS AND FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Transactions are recognized using the exchange rates of the European Central Bank (ECB) at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the balance sheet date considering ECB exchange rate . Gains and losses on translation are recognized in the income statement as income and expenses for the period.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

In the parent's balance sheet, investments in subsidiaries and associates are measured using the cost method, whereby an investment is initially recognised at its cost, which is the fair value of the consideration given for it at acquisition, and thereafter its cost is adjusted to reflect any impairment losses. An investment is tested for impairment whenever events or changes in circumstances indicate that its recoverable amount may have fallen below its carrying amount. In that case the asset's recoverable amount is estimated and if the asset's estimated recoverable amount is less than its carrying amount, the asset is written down to its recoverable amount (the higher of fair value less costs to sell and value in use). The impairment loss is recognised as a finance cost in profit or loss for the period.

RECEIVABLES AND PREPAYMENTS

At each reporting date the group assesses whether there is any indication that a financial asset of this class may be impaired. If such indication exists, a financial asset measured at amortised cost is written down to the present value of its expected future cash flows. The write-down (impairment loss) is recognised as an expense in profit or loss.

TRADE RECEIVABLES

Trade receivables are recognised initially at cost and measured thereafter at amortised cost.

Trade receivables are measured at amounts that are expected to be collectable. The collectability of receivables is assessed separately for each customer, taking into account the information available on the debtor's solvency. Doubtful receivables are recognised as an expense either in part or in full, depending on the reason for their doubtful nature. Trade receivables that are more than 180 days past due are recognised as an expense in full. Uncollectable receivables are written off the balance sheet.

OTHER RECEIVABLES

All other receivables (accrued income, loan receivables and other current and non-current receivables) excluding receivables acquired for resale are measured at amortised cost. As a rule, the amortised cost of a current receivable is equal to its nominal value (less any impairment losses). Therefore, current receivables are carried in the balance sheet in the amount that is expected to be collectable. Non-current receivables are initially recognised at the fair value of the consideration receivable and subsequently measured at their amortised cost using the effective interest method.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment are assets with a cost of more than 1,000 euros and a useful life of more than one year. Assets that have a useful life more than 1 year, but the acquisition cost of which is less than 1000 euros, is recorded as low-value asset and are recognized as an expense.

Depreciation is calculated using the straight-line method. The depreciation rate is determined for each item of property, plant and equipment separately depending on its useful life.

Improvements made for property, plant and equipment that increase its ability to contribute to future economic benefits, then these costs are added to the cost of the item of property, plant and equipment. Other expenditures that tend to maintain the ability of fixed assets to generate economic benefits are recognized as an expense in the period in which they are incurred.

The group recognises expenditures on platform development services purchased from third parties as intangible assets. Expenditure on a development project is recognised as an intangible asset if the group can demonstrate:

- the feasibility of completing the development so that it will be available for use or sale;
- its intention to complete the development and use or sell it;
- how the asset will generate future economic benefits;
- the availability of resources to complete the development;
- its ability to measure reliably the expenditure attributable to the development activity.

When the development expenditure has been recognised as an intangible asset, it will be amortised and written down to reflect any impairment. Amortisation begins when the development activity has been completed and the development is available for use.

An intangible assets is amortised on a straight-line basis over its estimated useful life, which is five years. Depreciation is recognised in other operating expenses. If the expected useful life of an intangible asset changes, the amortisation rate is changed accordingly.

THRESHOLD FOR RECOGNISING ASSETS AS ITEMS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

€1,000

LEASES

Lease contracts

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for an agreed period of time in exchange for consideration.

Lessees have to recognise an asset and a liability for all leases with a term exceeding 12 months unless the leased asset is of low value. The group recognises for a lease under which it is a lessee a lease liability and a right-of-use-asset (an asset that represents the group's right to use an underlying asset for the lease term).

Right-of-use assets

The group recognises a right-of-use asset at the commencement date, which is the date on which the underlying asset is available for use by the group. The asset is measured at cost less any depreciation and any impairment losses and adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made before the commencement date, less any lease incentives received, and any initial direct costs incurred.

Right-of-use assets are depreciated using the straight-line method over the following periods:

- Items of plant and equipment: 3 to 5 years
- Vehicles and other equipment, fixtures and fittings 3 to 5 years

If the lease transfers ownership of the underlying asset to the group by the end of the lease term or if the cost of the right-of use asset reflects that the group will exercise the purchase option, the group will depreciate the asset from the commencement date to the end of the useful life of the asset.

The group assesses right-of-use assets for impairment and accounts for any impairment loss identified.

Lease liabilities

At the commencement date, the group measures the lease liability at the present value of the lease payments that are not paid at that date.

FINANCIAL LIABILITIES

All financial liabilities (trade payables, borrowings, accrued expenses and other current and non-current payables) are recognised initially at cost, which includes all directly attributable transaction charges. After initial recognition, financial liabilities are measured at their amortised cost.

The amortised cost of current financial liabilities is generally equal to their nominal value. Therefore, current financial liabilities are measured in the balance sheet at the amount payable. Non-current financial liabilities are measured at their amortised cost using the effective interest method.

A financial liability is classified as current when it is due to be settled within 12 months after the reporting date or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Loan liabilities are classified as current when they are due to be settled within 12 months after the reporting date even if an agreement to refinance or reschedule payments on a long-term basis is completed after the reporting date but before the financial statements are authorised for issue.

REVENUE

Interest income is recognised using the asset's effective interest rate.

TAXATION

Under the Estonian Income Tax Act, corporate earnings are not subject to income tax. Instead, income tax is levied on profit distributions (dividends). Until 31 December 2018, the income tax rate was 20%. In accordance with the amendments to the Income Tax Act, effective from 1 January 2018, regular dividend distributions are taxable at a more favourable, 14% rate. The lower 14% tax rate can be applied to the portion of a dividend distribution which amounts to one third of the past three years' average dividend distribution and the rest of the dividend distribution is taxable at 20%.

As income tax is levied on profit distributions (dividends), not earnings (profit earned), there are no temporary differences between the tax bases and carrying amounts of assets and liabilities that could give rise to deferred tax assets or liabilities. The contingent income tax liability reflecting the amount of tax that would have to be paid if all of the unrestricted equity were distributed as dividends is not recognised in the balance sheet. The income tax payable on the distribution of dividends is recognised as income tax expense at the date the dividend is declared.

RELATED PARTIES

The group considers parties to be related when one has control of, or significant influence over the operating decisions of, the other. For the purposes of these financial statements, related parties include:

- the members of the company's management and supervisory boards and individuals with a significant shareholding in the company, excluding persons who do not have significant influence over the company's operating decisions. Related parties also include close family members of and companies related to the above persons.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

At initial recognition of an instrument, the group assesses whether the instrument is a financial liability or an equity instrument. A financial liability is a contractual obligation to deliver cash or another financial asset to another party. An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (an interest in the net assets). An equity instrument is recognised initially at cost and it is not subsequently remeasured.

OTHER RESERVES

Other reserves comprise short-term convertible instruments, which can be converted into equity interests and share premium.

SHARE PREMIUM

Equity instruments are recognised at the fair value of consideration received or receivable less any issue costs of the instruments. If the fair value of the consideration receivable differs from the nominal value of the equity instruments issued, a positive difference is recognised as share premium and a negative difference is recognised as a reduction of share premium if the share premium account has a positive balance or, if the share premium account does not have a positive balance, in retained earnings.

SHARE-BASED PAYMENTS

The group's employees (including the top management) receive remuneration in the form of share-based payments: the employees provide services in exchange for equity instruments (equity-settled share-based payment transactions).

The cost of equity-settled share-based payment transactions is measured by reference to the fair value of the equity instruments granted at the grant date using a suitable pricing model. The group measures the fair value of share options using the Black-Scholes model. Further information is provided in note 11.

The group recognises the cost of services received within employee benefits expenses and a corresponding increase in equity (share-based payments reserve) over the period in which the services are provided and the performance conditions (if applicable) are satisfied (the vesting period). The cumulative expense, which is recognised for equity-settled share-based payment 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 are expected to vest. The expense or income recognised in profit or loss for the period is the difference in the cumulative expense at the beginning and end of the period.

Events after the reporting period

The consolidated annual financial statements reflect all significant events which affect the valuation of assets and liabilities that occurred between the reporting date and the date on which the financial statements were authorised for issue but are related to transactions of the reporting or prior periods. Subsequent events that are indicative of conditions that arose after the reporting date but which will have a significant effect on the results of the next financial year are disclosed in the notes to the consolidated annual financial statements.

Note 2 Cash and cash equivalents (In euros)

	31.12.2021	31.12.2020
Bank account	9 632 216	3 128 352
Total cash and cash equivalents Current ratio (current assets / current liabilities):	**9 632 216**	**3 128 352**

The client account of the EstateGuru investment platform is an off-balance sheet account that reflects the money transferred to the client platform that is awaiting investment.

Note 3 Investments in subsidiaries (In euros)

Investments in subsidiaries, general information

Subsidiary's registry number	Name of subsidiary	Domicile	Core business	Ownership interest (%)	
				31 Dec 2020	31 Dec 2021
12558919	Estateguru OÜ	Estonia	Other financial service activities, except insurance and pension funding, not elsewhere classified	100	100
14574041	Estateguru Operations OÜ	Estonia	Other financial service activities, except insurance and pension funding, not elsewhere classified	100	100
12621307	Estateguru Finance 1 OÜ	Estonia	Other financial service activities, except insurance and pension funding, not elsewhere classified	100	100
16125910	Estateguru Capital OÜ	Estonia	Other financial service activities, except insurance and pension funding, not elsewhere classified	100	100

Note 4 Long-term financial investments (In euros)

	Other	Total
31.12.2020	**5,554,772**	**5,554,772**

	Other	Total
31.12.2020	5,554,772	5,554,772
Other	-3,019,734	-3,019,734
31.12.2021	**2,535,038**	**2,535,038**

The Group’s long-term financial investments consist of mediated loans on the Estateguru.co portal.

As of 31.12.2021, 20 loans have been recognized as financial investments, all of which are in euros.
Amounts: EUR 16 000 - 250 000
1 loan expired in 2020, 2 loans in 2021. 13 loans will mature in 2022 and 4 loans in 2023.
Interest rates: 7.5% - 12%

As of 31.12.2020, 44 loans have been recognized as financial investments, all of which are in euros.
Amounts: EUR 16 000 - 250 000
2 loans expired in 2020. 36 loans will mature in 2021 and 6 loans in 2022.
Interest rates: 8% - 12%

As the Company’s loans are secured by real estate that is at least 25% higher than the acquisition cost of the loan, therefore there will be no adjustment for the acquisition cost of these loans depending on the likelihood of receipt of these loans.

Note 5 Loan receivables (In euros)

	31 Dec 2021	Breakdown by remaining maturity		Interest rate	Base currency	Maturity date
		12 months	1 - 5 years			
Loan 1	27,840	0	27,840	10%	EUR	2 Jan 2023
Loan 2	92,464	0	92,464	10%	EUR	1 Oct 2025
Loan receivables	**120,304**	**0**	**120,304**			

	31 Dec 2020	Breakdown by remaining maturity		Interest rate	Base currency	Maturity date
		12 months	1 - 5 years			
Loan 1	27,840	0	27,840	10%	EUR	2 Jan 2023
Loan 2	41,964	0	41,964	10%	EUR	1 Oct 2025
Loan receivables	**69,804**	**0**	**69,804**			

Note 6 Property, plant and equipment (In euros)

	Computers and computer systems	Other items of property, plant and equipment	Total
At 31 December 2020			
Cost	0	145,991	145,991
Accumulated depreciation	0	-76,838	-76,838
Carrying amount	0	69,153	69,153
Additions	14,915	430,007	444,922
Depreciation of the period	-724	-61,552	-62,276
At 31 December 2021			
Cost	14,915	575,998	590,913
Accumulated depreciation	-724	-138,390	-139,114
Carrying amount	14,191	437,608	451,799

Note 7 Intangible assets (In euros)

	Development expenditures	Total
At 31 December 2020		
Cost	858,802	858,802
Accumulated depreciation	-309,912	-309,912
Carrying amount	548,890	548,890
Additions	618,762	618,762
Depreciation of the period	-208,231	-208,231
At 31 December 2021		
Cost	1,477,564	1,477,564
Accumulated depreciation	-518,143	-518,143
Carrying amount	959,421	959,421

Note 8 Finance leases (In euros)

Reporting entity as a lessee

	31 Dec 2021	Breakdown by remaining maturity		Interest rate	Base currency	Maturity date
		12 months	1 - 5 years			
Finance lease contract	416,291	76,344	339,947	2.63%	EUR	2026
Total finance lease liabilities	416,291	76,344	339,947			

	31 Dec 2020	Breakdown by remaining maturity		Interest rate	Base currency	Maturity date
		12 months	1 - 5 years			
Finance lease contract	71,171	47,135	24,036	2.63%	EUR	2026
Total finance lease liabilities	71,171	47,135	24,036			

Note 9 Borrowings (In euros)

	31 Dec 2021	Breakdown by remaining maturity		Interest rate	Base currency	Maturity date	Note
		12 months	1 - 5 years				
Short-term loans							
Loan related to credit line agreement	6,850,000	6,850,000	0	7.4%	EUR	31 Dec 2022	
Total short-term loans	6,850,000	6,850,000	0				
Total finance lease liabilities	416,291	76,344	339,947				6
Total borrowings	**7,266,291**	**6,926,344**	**339,947**				

	31 Dec 2020	Breakdown by remaining maturity		Interest rate	Base currency	Maturity date	Note
		12 months	1 - 5 years				
Short-term loans							
Loan related to credit line agreement	6,850,000	6,850,000	0	7.4%	EUR	31 Dec 2022	
Total short-term loans	6,850,000	6,850,000	0				
Total finance lease liabilities	71,171	47,135	24,036				6
Total borrowings	**6,921,171**	**47,135**	**6,874,036**				

The loan liability of €6.85 million is related to a credit line agreement signed for investment purposes.

Note 10 Payables and prepayments (In euros)

	31.12.2021	Allocation by remaining maturity	
		Within 12 months	1 - 5 years
Trade payables	530 692	530 692	0
Employee payables	221 506	221 506	0
Tax payables	219 557	219 557	0
Total payables and prepayments	**1 110 003**	**1 110 003**	**0**

	31.12.2020	Allocation by remaining maturity	
		Within 12 months	1 - 5 years
Trade payables	362 442	362 442	0
Employee payables	127 575	127 575	0
Tax payables	98 164	98 164	0
Other payables	142 794	0	142 794
Interest payables	142 794	0	142 794
Total payables and prepayments	**730 975**	**588 181**	**142 794**

Note 11 Share capital (In euros)

	31.12.2021	31.12.2020
Share capita	15 205	12 790
Number of shares (pcs)	15 205	12 790

In the accounting year, 5 827 735 EUR was received for the contribution of share capital, of which 2,415 shares were registered as an increase of the share capital and the remaining contribution of 5,825,320 EUR was registered as a share premium.

The group's key personnel are granted share options that give the key personnel the right to subscribe to the parent's shares. The option agreements are signed on usual terms and conditions according to which there is generally a vesting period, i.e. in order to exercise a share option, an option holder is required to complete a specified period of service, and when the terms and conditions of the option agreement have been satisfied, an option holder is entitled to acquire a share of a pre-agreed nominal value in Estateguru Holding OÜ.

Besides regulating the grant and exercise of options, the option agreements contain specific terms and conditions which regulate matters relating to early termination of the option agreement. The share options are settled with equity instruments and they cannot be settled in cash. The group has not settled any share options in cash in earlier periods either. At 31 December 2021, the number of outstanding share options was 1,194 (2020: 835) and the average exercise price of an option was €9 (2020: €7).

The weighted average fair value of options granted in the year ended 31 December 2021 was €3,607 (2020: €2,333). At 31 December 2021, the average exercise price of all outstanding options was €561 (2020: €528). The fair value of the options was measured using the Black-Scholes model. The inputs used to estimate fair value included the market price of the underlying share at the reporting date, the exercise price of the option, expected volatility, the life (term to maturity) of the option agreement and other factors. The group tested the sensitivity of fair value to changes in expected volatility and risk-free interest rates.

The life of an option was based on the actual term to maturity of the option agreement. Expected volatility was based on the assumption that the historical volatility of shares in the same industry indicates future trends but it may not be representative of actual results. The weighted average fair value of the share was based on the actual value of the share in capital raisings carried out closest to the grant date of the options. Fair value was estimated by reference to the share price paid in capital raising transactions conducted with independent counterparties.

Share-based payment expenses recognised in profit or loss in the year ended 31 December 2021 totalled €172,629 (2020: €122,223).

Share option reserve at 31 December 2019	77,525
Expenses from equity-settled share-based payment transactions	122,223
Share option reserve at 31 December 2020	199,748
Expenses from equity-settled share-based payment transactions	172,629
Share option reserve at 31 December 2021	372,377

Note 12 Revenue (In euros)

	2021	2020
Revenue by geographical area		
Sales to countries of the European Union		
Estonia	2,254,820	2,691,082
Latvia	706,777	423,040
Lithuania	1,149,055	684,658
Finland	739,244	429,074
Germany	2,280,074	131,800
Ireland	0	9,020
Sweden	0	143,175
Total sales to countries of the European Union	**7,129,970**	**4,511,849**
Total revenue	**7,129,970**	**4,511,849**
Revenue by activity		
Commission fees	6,494,162	3,611,233
Management fees	357,537	557,920
Other revenue	278,271	342,696
Total	**7,129,970**	**4,511,8491**

Note 13 Goods, raw materials and services (In euros)

	2021	2020
Direct cost of sales	329 234	197 995
Broker fees	201 242	55 484
Other costs related to loans and portal	1 012 616	69 348
Insurance of loan object	7 618	7 650
Marketing and advertising costs	1 023 495	554 560
Total goods, raw materials and services	**2 574 205**	**885 037**

Note 14 Miscellaneous operating expenses (In euros)

	2021	2020
Leases	71 321	26 838
Travel expense	111 168	29 586
State and local taxes	253 367	42 006
IT costs	480 427	337 793
Purchased services	2 293 134	1 896 143
Administrative costs	131 485	57 384
Other	93 168	5 206
Total miscellaneous operating expenses	**3 434 070**	**2 394 956**

Note 15 Staff costs (In euros)

	2021	2020
Salary expenses	-2,382,801	-998,194
Social security charges	549,904	-237,810
Total staff costs	**-2,932,705**	**-1,236,004**
Average number of employees converted to full-time equivalent	85	40

Note 16 Interest income (In euros)

	2021	2020
Interest income on loans	371,370	643,187
Total interest income	**371,370**	**643,187**

Note 17 Interest expense (In euros)

	2021	2020
Interest expense on loans	-323,048	-524,952
Total interest expense	**-323,048**	**-524,952**

Note 18 Related parties (In euros)

BALANCES WITH RELATED PARTIES

NON-CURRENT ITEMS at 31 December	2021	2020
Receivables and prepayments		
Executive and higher management, individuals with a significant shareholding and companies under their control or significant influence	120,304	69,804
Total receivables and prepayments	**120,304**	**69,804**

LOANS PROVIDED	31 December 2020	Loans provided	31 December 2021
Executive and higher management, individuals with a significant shareholding and companies under their control or significant influence	69,804	50,500	120,304
Total receivables and prepayments	**69,804**	**50,500**	**120,304**

Note 19 Events after the reporting period (In euros)

Military conflict between Russia and Ukraine which began on 24 February 2022

The situation is uncertain and rapidly evolving. Therefore, management is currently unable to provide a reliable quantitative estimate of how the conflict will affect the group.

Note 20 Parent company's balance sheet (In euros)

At 31 December	2021	2020
Assets		
Current assets		
Cash and cash equivalents	3,804,648	458,233
Total current assets	**3,804,648**	**458,233**
Non-current assets		
Investments in subsidiaries and associates	4,024,486	946,448
Receivables and prepayments	661,478	1,100,773
Total non-current assets	**4,685,964**	**2,047,221**
Total assets	**8,490,612**	**2,505,454**
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	2,500	0
Payables and advances received	12,889	3,178
Total current liabilities	**15,389**	**3,178**
Total liabilities	**15,389**	**3,178**
Equity		
Share capital at par value	15,205	12,790
Share premium	8,401,419	2,576,099
Own (treasury) shares	-1,430	-681
Other reserves	372,377	199,748
Accumulated losses (prior periods)	-285,680	-247,672
Loss for the period	-26,668	-38,008
Total equity	**8,475,223**	**2,502,276**
Total liabilities and equity	**8,490,612**	**2,505,454**

Note 21 Parent company's income statement (In euros)

	2021	2020
Other income	32	0
Other operating expenses	-59,786	-23,234
Staff costs	-52,312	0
Other expenses	-65,100	-67,851
Operating loss	**-177,166**	**-91,085**
Interest income	156,769	56,456
Interest expense	-5,909	-2,884
Other finance income and costs	-362	-495
Loss before income tax	**-26,668**	**-38,008**
Loss for the period	**-26,668**	**-38,008**

Note 22 Parent company's statement of cash flows (In euros)

	2021	2020
Cash flows from operating activities		
Payments to suppliers for goods and services	-106,150	-96,264
Interest received	442	25
Other cash flows from operating activities	-6,855	19,111
Net cash used in operating activities	**-112,563**	**-77,128**
Cash flows from investing activities		
Paid for acquisition of subsidiaries	0	-2,500
Loans provided	-2,217,300	-900,075
Repayments of loans provided	0	287,300
Net cash used in investing activities	**-2,217,300**	**-615,275**
Cash flows from financing activities		
Repayments of loans received	-144,799	0
Interest paid	-5,909	0
Proceeds from issue of shares	5,826,986	1,114,855
Net cash from financing activities	**5,676,278**	**1,114,855**
Net cash flow	**3,346,415**	**422,452**
Cash and cash equivalents at beginning of period	458,233	35,781
Increase in cash and cash equivalents	**3,346,415**	**422,452**
Cash and cash equivalents at end of period	3,804,648	458,233

Note 23 Parent company's statement of cash flows (In euros)

	Equity attributable to owners of the parent					
	Share capital at par value	Share premium	Own (treasury) shares	Other reserves	Retained earnings/ accumu-lated losses	**Total**
Adjusted unconsolidated equity at 31 December 2020	**12,790**	**2,576,099**	**-681**	**199,748**	**-285,680**	**2,502,276**
Adjusted balance at 31 December 2020	12,790	2,576,099	-681	199,748	-285,680	**2,502,276**
Loss for the period					-26,668	-26,668
Issue of share capital	2,415	5,825,320				5,827,735
Changes from other contributions from owners			-749			-749
Changes in reserves				172,629		172,629
At 31 December 2021	15,205	8,401,419	-1,430	372,377	-312,348	8,475,223
Adjusted unconsolidated equity at 31 December 2021	**15,205**	**8,401,419**	**-1,430**	**372,377**	**-312,348**	**8,475,223**

Signatures of the management board to the annual report

Management has approved the 2021 annual report on 30.06.2022.

/digitally signed/ **Marko Arro**

/digitally signed/ **Mihkel Stamm**

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Independent Auditors' Report

(Translation of the Estonian original)

To the Shareholders of Estateguru Holding OÜ

Opinion

We have audited the consolidated financial statements of Estateguru Holding OÜ (the Group), which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements presented on pages 12 to 33, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Estonian financial reporting standard.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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. The other information comprises the management report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

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 and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Estonian financial reporting standard, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

KPMG Baltics OÜ
Licence No 17

/digitally signed/

Helen Veetamm

Certified Public Accountant, Licence No 606

Tallinn, 30 June 2022