



CONSOLIDATED ANNUAL REPORT

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end of the financial year: 31.12.2019

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Management report

Introduction

Crowdestate, founded in January 2014, continued to be amongst one of the top European real estate crowdfunding marketplaces in 2019. In the brand new world of crowdfunding, turning 6 makes us also one of the oldest real estate crowdfunding marketplaces around.

Crowdestate's mission is to revolutionize real estate investing and make professional-grade real estate investments accessible to everyone. Our long-term goal is supported by our local teams and by our globally scalable technology, which unites the investments of our tens of thousands of investors into single, large and valuable investment power.

Crowdestate continues creating financial and emotional relationships between our investors and professional real estate companies, providing the investors with exciting, high-quality, pre-vetted and geographically diversified investment opportunities.

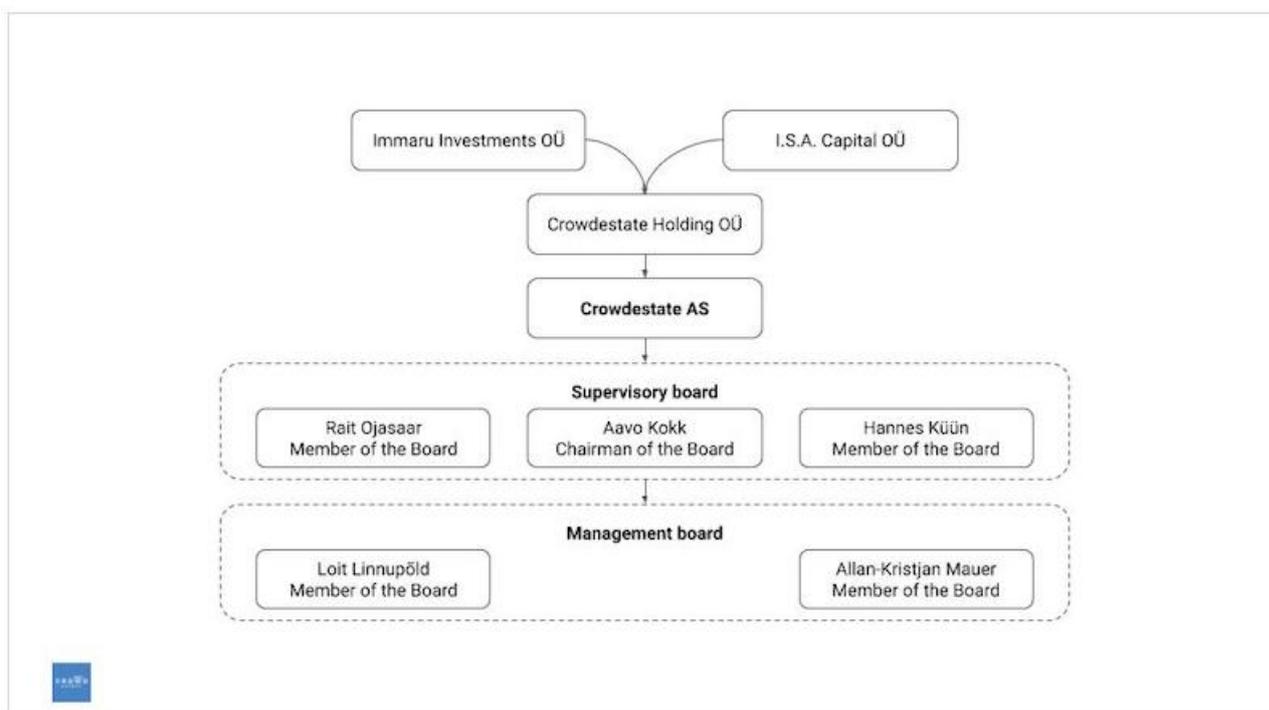
The real estate companies are benefiting from Crowdestate's swift and competitive capability to provide them with different types of capital when needed.

We have highlighted the important facts that affected our business in 2019 or could be affecting it in the future.

Changes in the corporate structure

Since its establishment in 2014, Crowdestate has been operating as a private limited company. To ensure the sustainability of the company and prepare the business for upcoming regulation, shareholders decided to restructure Crowdestate's corporate structure and continue the business as a joint-stock company, Crowdestate AS. As a part of the transformation process, Crowdestate OÜ was renamed to Crowdestate Holding OÜ and became a passive holding company. Crowdestate Holding OÜ established a fully owned subsidiary, Crowdestate AS and transferred all its business activities to Crowdestate AS from December 1, 2019.

The new corporate governance structure includes a supervisory board, consisting of 3 independent directors.



The members of the management board of Crowdestate Holding OÜ continue to serve as the members of the management board of Crowdestate AS.

The paid-in share capital of Crowdestate AS is EUR 125,000 and it will increase to EUR 250,000 by the end of the auditing process.

2019 annual report will be Crowdestate's last unaudited annual report. According to the Estonian Commercial Code, all joint-stock companies are required to have their financial statements audited by licensed external auditors. Grant Thornton Baltic has been appointed as Crowdestate's auditor.

Self-regulation in Estonia

While there have been discussions about establishing the local crowdfunding regulation, Estonian regulators have been favouring the establishment of common European crowdfunding regulation and therefore, Estonian crowdfunding scene is still an officially unregulated area.

In order to ensure transparency, and protect the interests of investors investing on Estonian crowdfunding platforms, major Estonian crowdfunding platforms, Estonian Ministry of Finance, Estonian Financial Supervisory Authority and Deloitte Legal joined their forces in 2015 to establish a self-regulatory regime under the auspices of FinanceEstonia.eu, an independent public-private cluster initiative with more than 120 professional members having an interest in developing Estonian financial ecosystem.

The annual disclosure and certification process ensures that the platforms applying for a best practice award comply with the requirements of the self-regulatory regime.

Crowdestate is the only crowdfunding platform having been awarded the FinanceEstonia best practices award each year since the establishment of the award in 2016.

More information of the Estonian crowdfunding self-regulatory regime and the certified members can be found at http://www.financeestonia.eu/priority_niche/crowdfunding/.

Upcoming European regulation

The draft of the future European crowdfunding regulation has been harmonized between the EU member states and as far as we know, the legal texts are currently in the final translation phase. With high probability, the pan-European crowdfunding regulation could already be approved later this year to become in force in the second half of 2021.

Crowdestate welcomes the establishment of European crowdfunding regulation as it will replace the currently fragmented crowdfunding market with a large single marketplace, allowing the local players to scale up and creating an industry with clear and common rules supervised by local Financial Supervisory Authorities.

Crowdfunding service providers would be required to have a crowdfunding license, and in some cases, an additional payment institution license. While payment institution services could be outsourced to external licensed payment institutions, Crowdestate has decided to keep the payment services in-house and become a licensed payment institution. We have implemented all necessary technology and procedures expected from the regulated payment institution and all materials needed for license application have been compiled. We will submit the payment institution application after the end of the current lockdown when the economic life takes a bit clearer direction.

The collapse of fraud platforms

The last quarter of 2019 witnessed the collapse of two Latvian crowdfunding platforms - Envestio and Kuetzal, followed by another Latvian crowdfunding platform Monethera at the beginning of 2020. All three Latvian teams used Estonian-registered companies to conduct their business, and the defaults of their platforms have cast a bad light on the whole crowdfunding industry.

COVID-19 and resulting economic downturn

The exploding COVID-19 pandemic forced the governments to impose strict restrictions on the free movement of people and goods at the end of Q1 2020. Investors' investment appetite was lost overnight and they started dumping their securities portfolios, causing the drastic fall of global securities markets. The panic affected alternative funding markets as well, where a large number of investors focused mainly on liquidating their portfolios. Majority of crowdfunding marketplaces, including Crowdestate, saw a significant decline in their monthly funding volumes during the lockdown period.

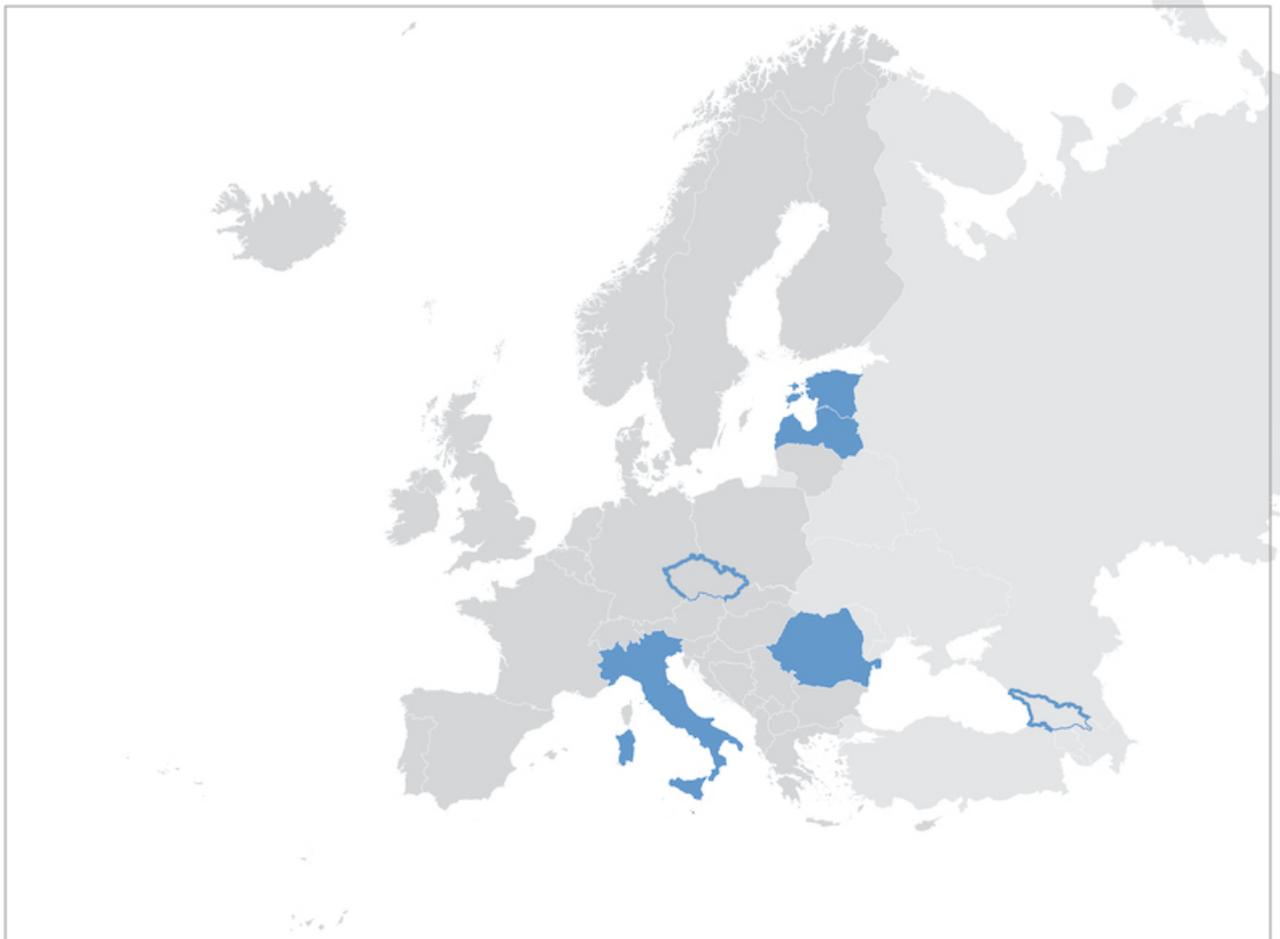
While the investors' investment appetite has been returning since May, the economic shock will probably have a longer-lasting impact on the alternative finance business volumes. A significant number of real estate developers have announced that they will freeze their new investment

decisions until late 2020 or until the economic climate will take a more clear direction. For Crowdstate, it could mean fewer projects to be funded, at least temporarily.

Geographic expansion

Physical presence is an essential part of Crowdstate's business model - we are committed to having a local team in every location we operate. All investment opportunities in any specific country are sourced, analyzed, prepared and monitored by our local teams and according to our global standards. This approach ensures all published investment opportunities to meet the same qualitative standards across different countries.

As of 31.12.2019, Crowdstate had local teams in Estonia, Latvia, Italy and Romania.



The preparations for opening Crowdstate's Romanian branch were started in spring 2019, and the branch was officially registered in September 2019. More than 2 million EUR of senior construction and real estate loans were issued there in the next few months.

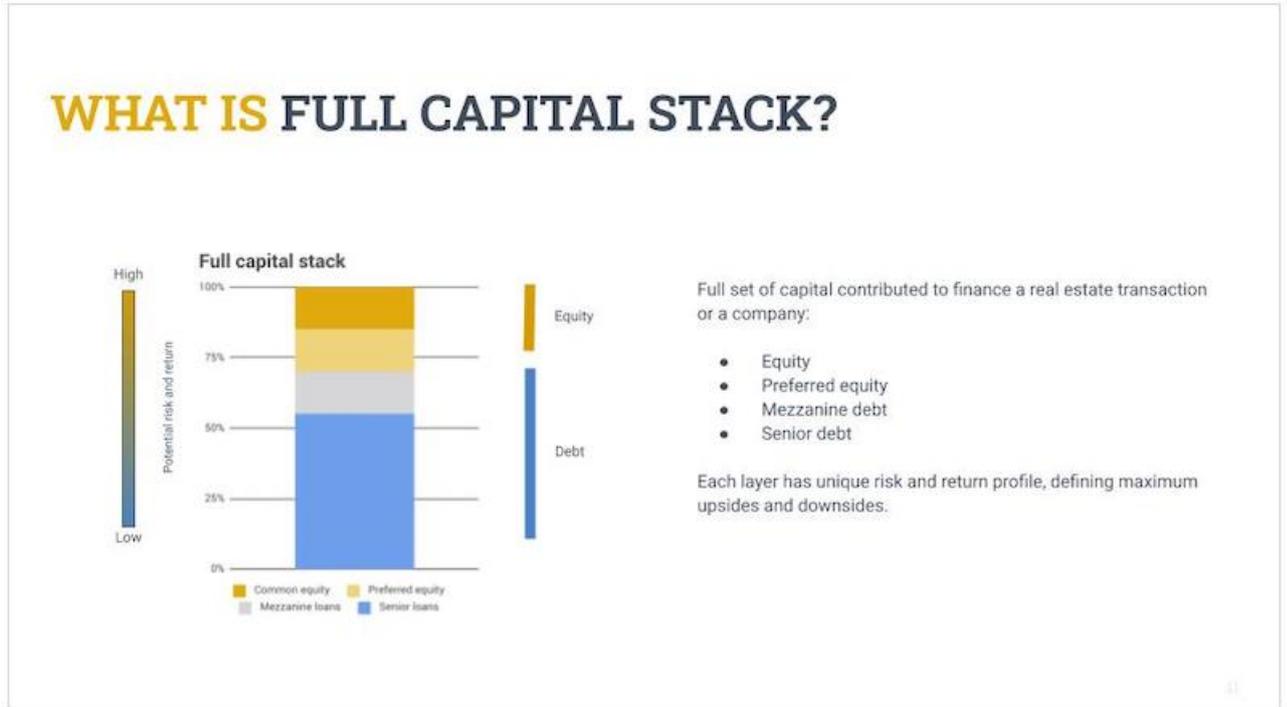
We spent significant time and efforts to investigate business opportunities in Georgia and the Czech Republic in 2019. Georgia, whilst a relatively undeveloped market, looks quite promising due to the overall weakness of the traditional financing sector, and the developers' current practice of raising capital from alternative sources. The Czech real estate funding market is completely different - the availability of cheap senior capital is overwhelming and we see business opportunities only in the mezzanine and equity layers of the capital stack, but as the German and Austrian investors are very happy to provide unsecured medium-term mezzanine loans to Czech real estate developers with interest rate at around 6-7% per annum, we would not be able to source any reasonable-quality real estate investments on this market to satisfy the greed of our current retail investors expecting mid-double-digit returns from their more junior or mezzanine investments.

In light of the COVID-19 outbreak and the resulting economic downturn, we have temporarily frozen our business development activities in those countries. We have also frozen our ongoing recruitment processes of country managers in several other EU countries.

We will review our further expansion and recruitment plans as the European lockdown period is over and proceed when having more clarity on the depth of the upcoming economic crisis. Our internal commitment is to launch operations in additional 1-2 new EU countries by the end of 2020.

Full capital stack

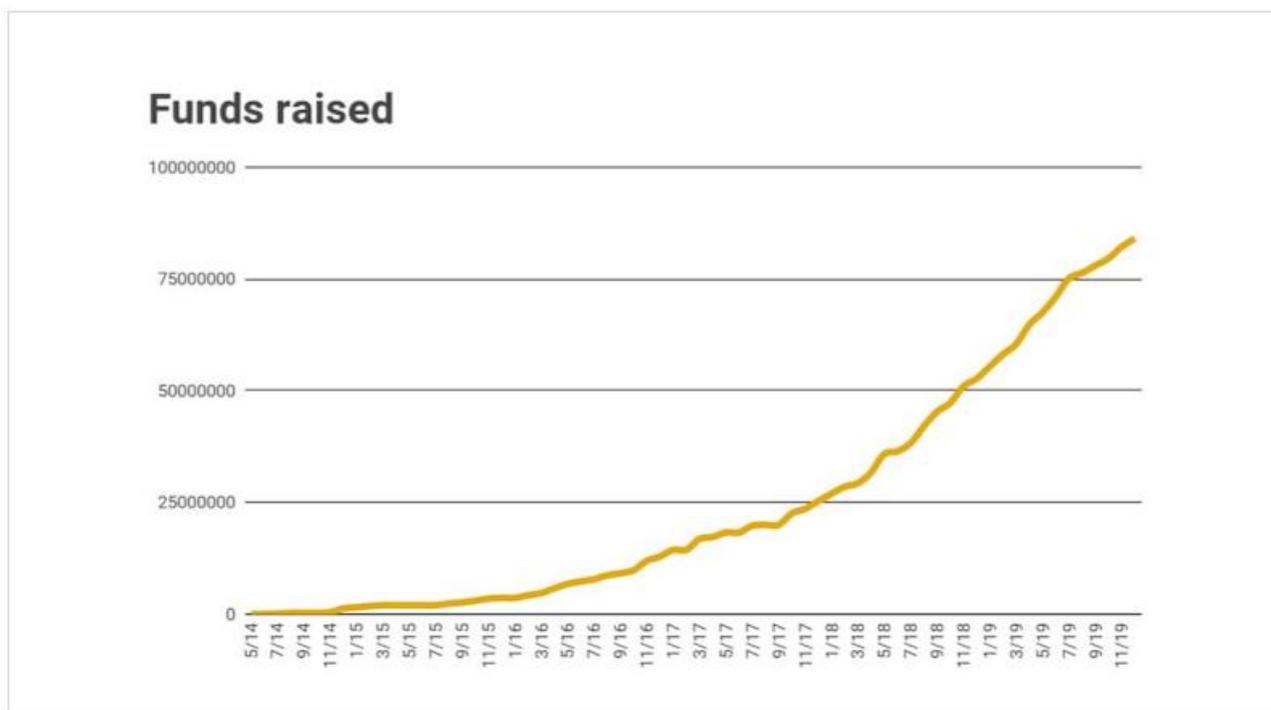
Crowdestate started its business by raising equity capital for real estate development projects. Over the years, we have become a full capital stack provider, crowdfunding traditional real estate equity, hybrid mezzanine as well as senior bridge and construction loans.



The access to different layers of the capital stack allows the entrepreneurs to optimize their financial leverage and return on equity. Investors are enjoying our different investment opportunities as they allow us to pick the investments that are properly aligned with their investment goals and risk appetite.

New investments

There were 86 new investment opportunities worth EUR 33,033,650 funded on Crowdestate's platform in 2019. The average size of an investment opportunity in 2019 was EUR 384,122 and its median size was EUR 265,000. The value of the largest single investment opportunity published in 2019 was EUR 1,950,000, and the value of the smallest one was EUR 70,000.00.



As of the end of 2019, Crowdestate has successfully funded a total of 206 investment opportunities worth a total of EUR 83,797,051.

All (except for one) investment opportunities published in 2019 were successfully funded. Via F. Confalonieri 21, an investment opportunity related to funding the acquisition of business premises to be converted into a restaurant in the Isola Garibaldi district of Milano, failed to achieve its funding goal. The developer of Tuleorni Development in Tallinn successfully raised the necessary capital, but later decided not to withdraw the raised funds.

Crowdestate discontinued its corporate financing activities by the end of 2019 as the risk-return relationship of the previous investment opportunities has been unsatisfactory. Traditional business finance, especially in the form of less or unsecured junior loans, tends to be much more open to several risks that both the Sponsor as well as our investors are able to acknowledge and bear.

Successful exits

62 different investment opportunities made successful exits in 2019 and the total number of successful exits reached 105 as of the end of 2019.

Exited investments made payouts in the total amount of EUR 18,901,300 in 2019. EUR 16,460,900 was paid out as principal repayments and EUR 2,440,340 was paid out as interest.

The total amount of funds returned to Crowdestate's investors reached EUR 43,449,567.79 by the end of 2019. The total amount of returned principal reached 36,324,106.85 EUR and the paid out interest reached 7,125,460.94 EUR.

The average return of all exited investment opportunities over the lifetime of Crowdestate is 17,02% per annum.

Restructurings and defaults

As the business volumes have been growing, more and more of our time and money has been spent on handling late and defaulted investment opportunities. While most of the repayment delays are temporary and short term, there are a handful of projects that have not been repaying their investments and that are worth mentioning here.

Some of the investments have been adversely affected by the market and environmental changes.

Baltic Forest is a sawmill in Pärnu, Estonia, whose business was severely disrupted by the ipis epidemic in Central and Eastern Europe. As the majority of the company's funding was short term, the company was unable to properly service its debt and went through the restructuring process. The new debt repayment schedules were approved by the court, and the company has resumed repaying its debt as of April 30, 2020.

Viru Halud is a small firewood production company in Rakvere, Estonia, whose business was severely affected by the warm winter and global changes in the timber markets. Both changes have resulted in both the drastic reduction in the demand for heating timber as well as the need for cutting services. The company is currently in the restructuring process.

Few other investments have turned out to be straight-forward fraud.

Q Haus Baltic, owned and managed by Mr **Reino Soots**, was a successful prefabricated house production company in Estonia, that raised EUR 700,000 for their working capital needs, citing the need for bridge financing until their Norwegian clients paid their bills. According to the report compiled by the bankruptcy trustee, in just a few weeks from raising the capital, Mr Reino Soots started turning the company and himself personally assetless, and transferred the business to his other company, while providing our investors with false progress reports. To hide the upcoming bankruptcy from public attention, Q Haus Baltic was renamed to Pessaraag OÜ and handed over to professional liquidators. The liquidation process has been halted by bankruptcy proceedings and the Estonian Prosecutor's Office has initiated criminal investigations regarding Mr Reino Soots' deliberate actions causing the bankruptcy of Q Haus Baltic.

Metsa tee 31/33/35 and **Lepa tee 1** were both financially and product-wise sound residential development projects until the beneficial owner and the manager of both development projects, Mr **Kristjan Sild**, transferred a large part of companies' assets to his other companies, thus causing the bankruptcy of both developments.

Metsa tee 31/33/35 residential development was successfully completed and ca 70% of the investment principal has been repaid to Crowdestate's investors. According to the report compiled by the bankruptcy trustee, Mr **Kristjan Sild**, member of the management board of the development company, transferred a large part of completed apartments as well as several properties belonging to the development company to himself and sold them immediately off, pocketing the sales proceeds. As a result of that, the development company was unable to repay a part of raised capital as well as contractual interest and was declared bankrupt. Mr Kristjan Sild's activities are being investigated by Estonian Prosecutor's Office as large scale theft resulting in the bankruptcy of the development company.

Lepa tee 1 was a large residential development project, where Mr **Kristjan Sild**, the member of the management board, transferred the majority of the project's assets to his other company and then sold them off, pocketing the sales proceeds. The remaining part of the assets was also sold off without any of the sales proceeds being returned to Crowdestate's investors. The development company is currently in the early stage of the bankruptcy proceedings.

Process upgrades

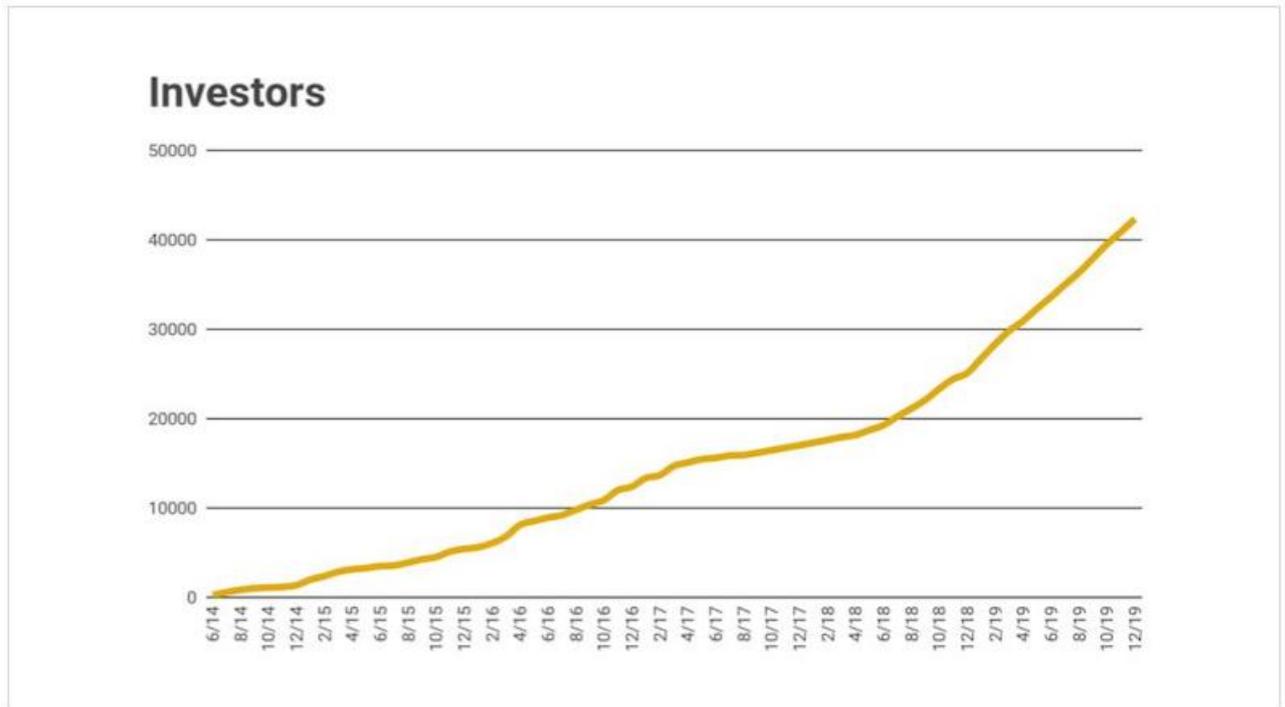
We have made several adjustments to our due diligence process, forcing us to reject more investment projects and therefore minimizing the probability of later fraud. We have also upgraded our debt management processes and while our aim is to find an extrajudicial best solution to recover the debt, our tolerance is much more restricted.

At the same time, both Crowdestate, as well as its investors, have to acknowledge that the nor all of the business risks or the threat of fraud can not be eliminated in full. Diversification of investments has been and will be the only efficient tool against the realization of economic and human risks.

We have not changed our core due diligence principles, that still focuses on the analysis of the economics of the project, Sponsor's background and track record and product-market fit.

Investor highlights

The number of Crowdestate's investors increased from 25,089 at the end of 2018 to 42,327 at the end of 2019, up by 68,7%.



Crowdstate's investors are truly global, coming from close to 100 countries. Majority of the investors are coming from Crowdstates main markets in Estonia, Italy and Romania, proving both the country-bias as well as the hyperlocality of real estate investments.

Investors concluded 82,335 investment contracts in 2019, the average size of investment contract was EUR 401,21.

Financial highlights

2019 was another financially successful year for Crowdstate.

In spite of reduced income from success fees and wrapping up our corporate funding activities, Crowdstate's revenues increased to EUR 1,58 million EUR in 2019, up by 15,3%.

Crowdstate's consolidated 2019 EBITDA was 689,507 EUR and net profit for 2019 was EUR 462,729. Crowdstate's profitability decreased slightly, affected by increased payroll, legal and depreciation expenses.

Cost increases were related to Crowdstate's business expansion activities (market research on new markets, opening a branch office in Romania) and legal costs related to preparation for the application of payment institution license as well as to legal actions taken regarding the late and defaulted investment opportunities.

Our balance sheet continues to be robust and we are well-capitalized for sustaining the potential economic downturn and the further growth afterwards.

Crowdstate's consolidated equity, including retained earnings, amounted to EUR 1,435,255 as of December 31, 2019, up by 47,6% from the end of 2018.

Technological upgrades

Crowdstate continued its investments into its information technology, improving their capacity, performance, and security, adding new functionality and updating the user interfaces.

We upgraded our visual language and design solutions to improve our investors' user experience. A new "About Us" section of our website provides our investors with a good and transparent overview of Crowdstate, including our business timeline. We have also updated the section about Estonian self-regulatory regime and disclosed more information about our Best Practice awards, issued by FinanceEstonia.

Amongst hundreds of smaller improvements and upgrades, we improved sorting functionality on both our primary and secondary markets, updated our Statistics page, loan book and data on overdue investment opportunities.

The investors' portfolio views include updated visualisation of all important aspects of their portfolio, including net investments, revenue, principal amounts, interests as well as forward-looking estimations of income, principal prepayments and interest income.

We have added the new income report to the previous interest and balance reports, allowing the investors to grasp a better understanding of their earnings and cash flow, including interests, late payment interests, secondary market capital gains and losses, total (net) income, and payments to and from the investment account.

We have also improved the visualisation of overdue payments in investors' portfolios.

Crowdestate continues to be the only Estonian as well as one of the very few European crowdfunding marketplaces providing its Sponsors with income tax withholding services, allowing the Sponsors to perform their income tax withholding obligations properly and thus, ensuring their compliance with local tax regulations.

Risks and uncertainties

Like all companies, Crowdestate faces risks and uncertainties related to the nature of our business. Among these are managing growth, credit and investment risk, third-party partner activity, regulation, infrastructure and system interruptions as well as overall economic uncertainty.

We have taken reasonable steps to protect our business against such risks and uncertainties.

We are committed to good governance and control in order to run our business effectively and manage risk appropriately. We aim to run a business that is innovative and successful without exposing it and our investors to unacceptable risk. We believe we continue to be well-positioned to continue to provide great value and service to our investors.

2020 outlook

In 2020, we will continue growing both our investor demand and the real estate investment supply, across our current business locations. Although COVID-19 health crisis and the following economic downturn have caused us to temporarily freeze our expansion activities, we will resume our recruitment processes to open up 1-2 new countries by the end of 2020.

As soon as the economic environment stabilizes, Crowdestate will also continue with its payment institution application process.

Management board

There were 2 members serving on the management board of Crowdestate in 2019. Their remuneration was EUR 52,000 in 2019.

The annual accounts

Consolidated statement of financial position

(In Euros)

	31.12.2019	31.12.2018	Note
Assets			
Current assets			
Cash and cash equivalents	604 042	537 595	2
Receivables and prepayments	595 936	201 542	3
Total current assets	1 199 978	739 137	
Non-current assets			
Receivables and prepayments	2 760	5 585	3
Property, plant and equipment	24 570	34 199	4
Intangible assets	342 556	329 521	5
Total non-current assets	369 886	369 305	
Total assets	1 569 864	1 108 442	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	5 525	5 389	
Payables and prepayments	103 396	101 405	
Total current liabilities	108 921	106 794	
Non-current liabilities			
Loan liabilities	24 310	29 122	
Total non-current liabilities	24 310	29 122	
Total liabilities	133 231	135 916	
Equity			
Equity held by shareholders and partners in parent company			
Issued capital	125 000	125 000	
Retained earnings (loss)	847 526	354 334	
Annual period profit (loss)	464 107	493 192	
Total equity held by shareholders and partners in parent company	1 436 633	972 526	
Total equity	1 436 633	972 526	
Total liabilities and equity	1 569 864	1 108 442	

Consolidated income statement

(In Euros)

	2019	2018	Note
Revenue	1 580 236	1 370 525	
Other income	2 040	0	
Other operating expense	-623 331	-524 862	
Employee expense	-275 054	-168 087	7
Depreciation and impairment loss (reversal)	-222 850	-181 859	
Other expense	-15 103	0	
Operating profit (loss)	445 938	495 717	
Interest income	1 940	50	
Interest expenses	-1 941	-5 950	
Other financial income and expense	22 098	3 375	
Profit (loss) before tax	468 035	493 192	
Income tax expense	-3 928	0	
Annual period profit (loss)	464 107	493 192	
Profit (loss) from shareholders and partners in parent company	464 107	493 192	

Consolidated statement of cash flows

(In Euros)

	2019	2018
Cash flows from operating activities		
Operating profit (loss)	445 938	495 717
Adjustments		
Depreciation and impairment loss (reversal)	222 850	181 859
Total adjustments	222 850	181 859
Changes in receivables and prepayments related to operating activities	-391 569	-137 407
Changes in payables and prepayments related to operating activities	-2 685	11 670
Interest received	1 940	50
Other cash flows from operating activities	22 098	3 375
Total cash flows from operating activities	298 572	555 264
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-226 255	-228 601
Total cash flows from investing activities	-226 255	-228 601
Cash flows from financing activities		
Interest paid	-1 942	-5 950
Proceeds from issuing shares	0	72 000
Income tax refund (paid)	-3 928	0
Total cash flows from financing activities	-5 870	66 050
Total cash flows	66 447	392 713
Cash and cash equivalents at beginning of period	537 595	144 882
Change in cash and cash equivalents	66 447	392 713
Cash and cash equivalents at end of period	604 042	537 595

Consolidated statement of changes in equity

(In Euros)

	Equity held by shareholders and partners in parent company		Total
	Issued capital	Retained earnings (loss)	
	31.12.2017	53 000	
Annual period profit (loss)	0	493 192	493 192
Changes through other contributions of owners	72 000	0	72 000
31.12.2018	125 000	847 526	972 526
Annual period profit (loss)	0	464 107	464 107
Changes through other contributions of owners	0	0	0
31.12.2019	125 000	1 311 633	1 436 633

Notes

Note 1 Accounting policies

General information

Crowdestate Holding OÜ 2019. aasta raamatupidamise aastaaruanne on koostatud kooskõlas Eesti finantsaruandluse standardiga.

Raamatupidamise aastaaruande koostamisel on lähtutud soetusmaksumuse printsiibist, välja arvatud juhtudel, mida on kirjeldatud alljärgnevates arvestuspõhimõtetes.

Crowdestate Holding OÜ omab tütarettevõtet Eestis Crowdestate AS. Sellest tulenevalt on 2019. aasta majandusaasta aruanne konsolideeritud.

Raamatupidamise aastaaruanne on koostatud eurodes.

Cash and cash equivalents

Raha ja selle ekvivalentidena kajastatakse pangakontodel olevat raha.

Foreign currency transactions and assets and liabilities denominated in a foreign currency

Välisvaluutatehingutest saadud kasumid ja kahjumid kajastatakse kasumiaruandes perioodi tulu ja kuluna.

Receivables and prepayments

Nõuetena ostjate vastu kajastatakse ettevõtte tavapärase äritegevuse käigus tekkinud lühiajalisi nõudeid. Nõudeid ostjate vastu kajastatakse korrigeeritud soetusmaksumuses (s.o. nominaalväärtus miinus vajadusel tehtavad allahindlused).

Nõuete laekumise tõenäosust hinnatakse iga ostja kohta eraldi. Varem alla hinnatud ebatõenäoliste nõuete laekumist kajastatakse muudes ärituludes.

Kõiki muid nõudeid (viitlaekumised, muud lühiajalised nõuded) kajastatakse korrigeeritud soetusmaksumuses. Lühiajaliste nõuete korrigeeritud soetusmaksumus on üldjuhul võrdne nende nominaalväärtusega (miinus võimalikud allahindlused), mistõttu lühiajalisi nõudeid kajastatakse bilansis tõenäoliselt laekuvas summas.

Plant, property and equipment and intangible assets

Materiaalset ja immateriaalset põhivara kajastatakse bilansis soetusmaksumuses, millest on maha arvatud akumulieeritud kulum ja võimalikud väärtuse langusest tulenevad allahindlused. Amortisatsiooni arvestamisel kasutatakse lineaarset meetodit.

Minimal acquisition cost 640

Useful life by assets group (years)

Assets group name	Useful life
Masinad ja seadmed	5 aastat
Arvutustehnika	3-5 aastat
Muu materiaalne põhivara	3-5 aastat
Tarkvara	2-3 aastat

Revenue recognition

Tulu kajastatakse saadud või saadaoleva tasu õiglases väärtuses, võttes arvesse kõiki tehtud allahindlusi ja soodustusi. Tulu teenuse müügist kajastatakse teenuse osutamise järel, või juhul kui teenus osutatakse pikema ajaperioodi jooksul, siis lähtudes valmiduse astmest.

Expense recognition

Kulude liigitamine toimub vastavalt valitud kasumiaruande skeemi nr 1 kirjetele. Kulusid kajastatakse samas perioodis kui kajastatakse nendega seotud tulusid. Kulud, mis tehakse äritegevuse käigus, on kas perioodikulud või ettemakstud kulud.

Related parties

Osapooli loetakse seotuks juhul, kui üks osapool omab kas kontrolli teise osapoole üle või olulist mõju teise osapoole äriliste otsuste. Seotud osapoolteks on tegev- ja kõrgem juhtkond ning olulise osalusega eraisikust omanikud ning nende valitseva või olulise mõju all olevad ettevõtjad.

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2019	31.12.2018
Bank accounts	604 042	537 595
Total cash and cash equivalents	604 042	537 595

Note 3 Receivables and prepayments

(In Euros)

	31.12.2019	Allocation by remaining maturity		
		Within 12 months	1 - 5 years	Over 5 years
Accounts receivable	583 177	583 177	0	0
Accounts receivables	583 177	583 177	0	0
Tax prepayments and receivables	6 561	6 561	0	0
Other receivables	1 310	50	1 260	0
Loan receivables	1 310	50	1 260	0
Prepayments	6 270	4 770	1 500	0
Other paid prepayments	6 270	4 770	1 500	0
Muud nõuded	1 378	1 378	0	0
Total receivables and prepayments	598 696	595 936	2 760	0
	31.12.2018	Allocation by remaining maturity		
		Within 12 months	1 - 5 years	Over 5 years
Accounts receivable	188 746	188 746	0	0
Accounts receivables	188 746	188 746	0	0
Tax prepayments and receivables	28	28	0	0
Other receivables	14 160	10 075	4 085	0
Loan receivables	14 160	10 075	4 085	0
Prepayments	4 193	2 693	1 500	0
Other paid prepayments	4 193	2 693	1 500	0
Muud nõuded	0	0	0	0
Total receivables and prepayments	207 127	201 542	5 585	0

Note 4 Property, plant and equipment

(In Euros)

				Total
	Transportation	Computers and computer systems	Machinery and equipment	
31.12.2017				
Carried at cost	56 999	0	56 999	56 999
Accumulated depreciation	-11 400	0	-11 400	-11 400
Residual cost	45 599	0	45 599	45 599
Acquisitions and additions	0	0	0	0
Other acquisitions and additions	0	0	0	0
Depreciation	-11 400	0	-11 400	-11 400
31.12.2018				
Carried at cost	56 999	0	56 999	56 999
Accumulated depreciation	-22 800	0	-22 800	-22 800
Residual cost	34 199	0	34 199	34 199
Acquisitions and additions	0	1 818	1 818	1 818
Other acquisitions and additions	0	1 818	1 818	1 818
Depreciation	-11 399	-48	-11 447	-11 447
31.12.2019				
Carried at cost	56 999	1 818	58 817	58 817
Accumulated depreciation	-34 199	-48	-34 247	-34 247
Residual cost	22 800	1 770	24 570	24 570

Note 5 Intangible assets

(In Euros)

		Total
	Computer software	
31.12.2017		
Carried at cost	394 297	394 297
Accumulated depreciation	-122 917	-122 917
Residual cost	271 380	271 380
Acquisitions and additions	228 601	228 601
Depreciation	-170 460	-170 460
31.12.2018		
Carried at cost	622 898	622 898
Accumulated depreciation	-293 377	-293 377
Residual cost	329 521	329 521
Acquisitions and additions	224 437	224 437
Depreciation	-211 402	-211 402
31.12.2019		
Carried at cost	847 335	847 335
Accumulated depreciation	-504 779	-504 779
Residual cost	342 556	342 556

Note 6 Significant arrangements that are not included in the balance sheet

Crowdestate Holding OÜ has opened a segregated bank account (client account) for safekeeping its investors' assets and receiving and executing its investors' payments. The segregated account is kept strictly separate from Crowdestate Holding OÜ's own assets and its daily economic activities.

As of 31.12.2019, the balance of the client account with LHV Bank AS was EUR 5,028,267.52.

The assets on the client account were divided between the following sub-accounts:

- Cash balances on the clients' investment accounts: EUR 4,059,962.60
- Payments received with incomplete data: EUR 10,160.00
- Raised, but not paid-out capital for investment opportunities: EUR 941,137.31
- Withheld income tax: EUR 15,156.85
- Unallocated assets belonging to investment opportunities: EUR 472.94
- Assets owned by Crowdestate Holding OÜ: EUR 1,377.82

The liabilities of the client account were divided between the following sub-accounts:

- Short-term liabilities to the investors: EUR 4,059,962.60
- Unprocessed incoming payments: EUR 10,160.00
- Payment obligations to Sponsors who have raised capital: EUR 941,137.31
- Withheld income tax liabilities to Sponsors: EUR 15,156.85
- Liabilities to investment opportunities: EUR 472.94
- Short-term liability to Crowdestate Holding OÜ: EUR 1,377.82

Note 7 Labor expense

(In Euros)

	2019	2018
Wage and salary expense	-204 971	-120 401
Social security taxes	-69 252	-40 300
Vacation reserve correction	-830	-7 386
Total labor expense	-275 053	-168 087
Average number of employees in full time equivalent units	5	5
Average number of employees by types of employment:		
Person employed under employment contract	4	4
Member of management or controlling body of legal person	1	1

Note 8 Related parties

(In Euros)

Related party balances according to groups

	31.12.2019		31.12.2018	
	Receivables	Liabilities	Receivables	Liabilities
Subsidiary	0	7 424	0	0
Other entities belonging into same consolidation group	25 000	0	0	0
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	1 310	0	10 075	764

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2019	2018
Remuneration	52 000	48 000

Note 9 Non consolidated statement of financial position

(In Euros)

	31.12.2019	31.12.2018
Assets		
Current assets		
Cash and cash equivalents	387 641	537 595
Receivables and prepayments	488 153	201 543
Total current assets	875 794	739 138
Non-current assets		
Investments in subsidiaries and associates	125 000	0
Receivables and prepayments	2 760	5 585
Property, plant and equipment	22 800	34 199
Intangible assets	342 557	329 521
Total non-current assets	493 117	369 305
Total assets	1 368 911	1 108 443
Liabilities and equity		
Liabilities		
Current liabilities		
Loan liabilities	5 525	5 389
Payables and prepayments	63 259	101 405
Total current liabilities	68 784	106 794
Non-current liabilities		
Loan liabilities	24 310	29 122
Total non-current liabilities	24 310	29 122
Total liabilities	93 094	135 916
Equity		
Issued capital	125 000	125 000
Retained earnings (loss)	847 527	354 335
Annual period profit (loss)	303 290	493 192
Total equity	1 275 817	972 527
Total liabilities and equity	1 368 911	1 108 443

Note 10 Non consolidated income statement

(In Euros)

	2019	2018
Revenue	1 350 476	1 370 525
Other income	2 040	0
Other operating expense	-585 139	-524 862
Employee expense	-248 775	-168 087
Depreciation and impairment loss (reversal)	-222 801	-181 859
Other expense	-14 957	0
Total operating profit (loss)	280 844	495 717
Interest income	1 924	50
Interest expenses	-1 940	-5 950
Other financial income and expense	22 462	3 375
Profit (loss) before tax	303 290	493 192
Annual period profit (loss)	303 290	493 192

Note 11 Non consolidated statement of cash flows

(In Euros)

	2019	2018
Cash flows from operating activities		
Operating profit (loss)	280 844	495 717
Adjustments		
Depreciation and impairment loss (reversal)	222 801	181 859
Total adjustments	222 801	181 859
Changes in receivables and prepayments related to operating activities	-283 786	-137 407
Changes in payables and prepayments related to operating activities	-42 822	11 670
Interest received	1 924	50
Other cash flows from operating activities	22 462	3 375
Total cash flows from operating activities	201 423	555 264
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-224 437	-228 601
Other cash payments to acquire subsidiaries	-125 000	0
Total cash flows from investing activities	-349 437	-228 601
Cash flows from financing activities		
Interest paid	-1 940	-5 950
Proceeds from issuing shares	0	72 000
Total cash flows from financing activities	-1 940	66 050
Total cash flows	-149 954	392 713
Cash and cash equivalents at beginning of period	537 595	144 882
Change in cash and cash equivalents	-149 954	392 713
Cash and cash equivalents at end of period	387 641	537 595

Note 12 Non consolidated statement of changes in equity

(In Euros)

			Total
	Issued capital	Retained earnings (loss)	
31.12.2017	53 000	354 335	407 335
Annual period profit (loss)	0	493 192	493 192
Changes through other contributions of owners	72 000	0	72 000
31.12.2018	125 000	847 527	972 527
Annual period profit (loss)	0	303 290	303 290
31.12.2019	125 000	1 150 817	1 275 817