

# CONSOLIDATED ANNUAL REPORT

**Beginning of financial year:** 1 January 2021

**End of financial year:** 31 December 2021

**Business name:** ELMO Rent AS

**Registry code:** 12994939

**Name of street/farm:** Kivi tn 12

**Building and flat number:**

**City/town:** Paldiski

**Municipality:** Lääne-Harju Municipality

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# Management Report

## Management Report

ELMO Rent AS (hereinafter referred to as ELMO) is a privately owned company, established by the Estonian state in 2013 and actively growing since 2017, which provides environmentally friendly vehicle leasing services and the development, commercialisation and scaling of related environmentally friendly and innovative technologies such as fleet IT-operating systems, car controllers and remote-controlled vehicles.

ELMO's vision is a zero-emission, people-centred and resource-sharing green living environment. Our mission is to provide the most environmentally friendly way for people to use their vehicles, to be a pioneer in the development of car sharing services, by offering, deploying and scaling solutions that enable ten times more efficient use of resources.

### Initial public offering of the company's shares

In June 2021, the company carried out an initial public offering of shares (hereinafter referred to as IPO), followed by the admission of the company's shares to trading on the multilateral trading facility First North operated by Nasdaq Tallinn AS. The IPO was successful, with a total of 1,313 investors participating and was oversubscribed 3.2 times. 200,000 new shares of the company were issued as a result of the IPO and additional capital of €1,000,000 was raised.

### Activities and financial results in 2021

In 2021, ELMO increased its investments in various technologies – fleet management software, car controllers and remote-controlled car development – thanks to a successful IPO. A local eco-friendly car-sharing app was also developed in 2021 and a unique rental car reservation service was launched in the second half of the year. During the service, the customer can pre-order a vehicle (initially within Harju County) to a location of their choice and it will be delivered to them by a fleet operator. This service also validates the demand for the introduction of a remote-controlled car. Sharing Premium cars and electric two-wheelers was also launched as a new service.

The first remote-controlled car prototype already passed the first part of the Transport Administration's placement test at the end of 2021 and is ready to go on the road after the second phase to gain additional test kilometres. In order to accelerate the development of the technology, cooperation with Telia also began in November 2021, with the aim of using the 5G network for communication between the remote control and the remote-controlled car. Enterprise Estonia (EAS) also supported ELMO with €374,094 in December 2021 for the development of the remote control technology.

However, the company's growth and development were not limited to software and technology. In 2021, ELMO's fleet increased to 131 units.

The company's fixed assets increased by 90% compared to the end of 2020 to €2,311,162. The increase in fixed assets was mainly financed by the proceeds from the IPO and leveraged by loans and leases, which increased the company's debt to €2,268,924 at the end of the period.

The additional financial liabilities also led to an increase in interest expenses. Interest expenses for 2021 amounted to €77,014, while the interest expenses for 2020 were €100,950.

ELMO's sales revenue in 2021 was €1,109,311, up 147% on 2020. It is important to note that the projected sales revenue for 2021 was €934,651, which was raised to €1,075,768 in December 2021 according to the results for October in the same year.

We believe that growth would have been significantly faster if we had not been affected by the supply delays of the factories electric cars and two-wheelers. The new vehicles arrived in smaller quantities and later than the company had planned.

The reporting period ended with a loss of €308,528. The loss was mainly due to the rapid expansion of the business, including a large increase in the number of employees, and the preparatory costs necessary for further development.

The higher amount raised following the successful IPO was used to recruit more staff than planned (mainly technology development, fleet operations) and this increased the salary costs. Staff costs in 2021 amounted to €289,682, whilst in 2020 they totalled €39,134. The company's team consists of 22 employees, one member of the Management Board and three members of the Supervisory Board.

Overall, ELMO's EBITDA for 2021 was €109,777, while EBITDA for 2020 was €197,618.

The management and Supervisory Board of ELMO both find that the preparatory work done in 2021 (investments, asset growth, team expansion and loss absorption) will provide the necessary preconditions for the realisation of the plans for 2022 and beyond.

#### Key financial ratios for the consolidated report.

Key financial ratios for the financial year and calculation methods.

	2021	2020
Turnover growth (%)	147.1	61.6
Net profit margin (%)	-27.8	0.5
Current ratio (in times)	0.8	0.8
ROA (%)	-10.2	0.2
ROE (%)	-41.6	-85.3

Formulas used to calculate the ratios:

Increase in turnover (%) = (sales revenue in the financial year – sales revenue in the year preceding the financial year) / sales revenue in the year preceding the financial year \* 100  
 Net profit margin (%) = net profit / sales revenue \* 100

Current ratio (in times) = current assets / current liabilities

ROA (%) = net profit / total assets \* 100

ROE (%) = net profit / total equity \* 100

#### Events after the reporting period

In the period of December 2021 – January 2022, the company conducted a second public offering of shares (hereinafter referred to as SPO) with the aim of raising funds for the launch of a remote-controlled car for the road, the expansion of the fleet of electric vehicles, the acquisition of a taxi company and the launch of a taxi service, preparatory work for entering foreign markets and the further development of IT software.

The SPO was also successful, with a total of 1,535 investors participating and the minimal offering was oversubscribed 1.8 times. 256,363 new shares of the company were issued after the reporting date and additional capital of €1.4 million was raised.

## Financial statements

### Consolidated balance sheet

(euros)

	31.12.2021	31.12.2020	Note No
Assets			
Current assets			
Cash	28,467	42,306	2
Receivables and prepayments	667,042	220,235	3
Inventories	3,958	0	
<b>Total current assets</b>	<b>699,467</b>	<b>262,541</b>	
Fixed assets			
Property, plant and equipment	2,311,162	1,217,035	6
<b>Total fixed assets</b>	<b>2,311,162</b>	<b>1,217,035</b>	
<b>Total assets</b>	<b>3,010,629</b>	<b>1,479,576</b>	
Liabilities and equity			
Liabilities			
Current liabilities			
Loans payable	651,853	254,226	7
Receivables and prepayments	264,685	91,246	8
<b>Total current liabilities</b>	<b>916,538</b>	<b>345,472</b>	
Long-term liabilities			
Loans payable	1,352,386	1,136,813	7
<b>Total long-term liabilities</b>	<b>1,352,386</b>	<b>1,136,813</b>	
<b>Total liabilities</b>	<b>2,268,924</b>	<b>1,482,285</b>	
Equity			
Equity held by shareholders of parent company			
Share capital at nominal value	220,000	2,500	10
Share premium	918,913	0	
Other reserves	10,000	10,000	
Retained earnings (loss)	-98,680	-17,923	
Profit (loss) for financial year	-308,528	2,310	
<b>Total equity held by shareholders of parent company</b>	<b>741,705</b>	<b>-3,113</b>	
Minority shareholding	0	404	
<b>Total equity</b>	<b>741,705</b>	<b>-2,709</b>	
<b>Total liabilities and equity</b>	<b>3,010,629</b>	<b>1,479,576</b>	

## Consolidated income statement

(euros)

	2021	2020	Note No
Sales revenue	1,109,311	449,006	11
Other operating revenue	581,397	152,585	12
Goods, raw material and services	-974,125	-238,998	
Miscellaneous operating expenses	-250,899	-111,186	
Staff costs	-289,682	-39,134	13
Depreciation and impairment of fixed assets	-317,367	-117,891	
Other operating costs	-66,225	-14,655	
<b>Operating profit (loss)</b>	<b>-207,590</b>	<b>79,727</b>	
Interest expenses	-100,950	-77,014	
Other financial income and expenses	12	-299	
<b>Profit (loss) before income tax</b>	<b>-308,528</b>	<b>2,414</b>	
<b>Profit (loss) for financial year</b>	<b>-308,528</b>	<b>2,414</b>	
Share of profit (loss) attributable to shareholder of parent company	-308,528	2,310	
Share of profit (loss) attributable to minority holding	0	104	

## Consolidated statement of cash flows

(euros)

	2021	2020
Cash flow from operating activities		
Operating profit (loss)	-207,590	79,727
Adjustments		
Depreciation and impairment of fixed assets	317,369	117,891
Profit (loss) on sales of non-current assets	-44,401	30,414
Other adjustments	-8,440	0
<b>Total adjustments</b>	<b>264,528</b>	<b>148,305</b>
Change in receivables and prepayments related to operating activities	-446,809	-128,823
Change in inventories	-3,958	25,789
Change in liabilities and advances relating to operating activities	173,439	54,070
<b>Total cash flow from operating activities</b>	<b>-220,390</b>	<b>179,068</b>
Cash flow from investing activities		
Paid upon acquisition of tangible and intangible assets	-768,878	-108,680
Proceeds from sale of property, plant and equipment and intangible assets	416,369	208,250
Cash inflow from sale of subsidiaries	0	2,500
Loans granted	-89,464	-39,803
Repayments of loans granted	35,820	0
<b>Total cash flow from investing activities</b>	<b>-406,153</b>	<b>62,267</b>
Cash flow from financing activities		
Borrowings	414,270	543,266
Repayments of borrowings	-197,762	-583,522
Financial lease principal repayment	-475,634	-108,306
Interest paid	-100,938	-77,015
Received from issue of shares	972,768	0
<b>Total cash flow from financing activities</b>	<b>612,704</b>	<b>-225,577</b>
<b>Total cash flow</b>	<b>-13,839</b>	<b>15,758</b>
Cash and equivalents of cash at beginning of period	42,306	26,548
<b>Net change in cash and cash equivalents</b>	<b>-13,839</b>	<b>15,758</b>
Cash and cash equivalents at end of period	28,467	42,306

## Consolidated statement of changes in equity

(euros)

	Equity held by shareholders of parent company					Total
	Share capital at nominal value	Share premium	Other reserves	Retained earnings (loss)	Minority shareholding	
<b>31.12.2019</b>	2,500		90,250	-17,923		74,827
<b>Adjusted balance 31.12.2019</b>	2,500		90,250	-17,923		74,827
Profit for financial year (loss)	0		0	2,310	0	2,310
Changes in reserves	0		-80,250		0	-80,250
Other changes in equity			0		404	404
<b>31.12.2020</b>	2,500		10,000	-15,613	404	-2,709
<b>Adjusted balance 31.12.2020</b>	2,500		10,000	-15,613	404	-2,709
Profit for financial year (loss)				-308,528		-308,528
Share capital issued	217,500	918,913				1,136,413
Other changes in equity				-83,067	-404	-83,471
<b>31.12.2021</b>	220,000	918,913	10,000	-407,208	0	741,705

Other changes in equity in equity are related to the retained loss of the subsidiary.

Elmo Rent Eesti OÜ was acquired in 2021.



## Notes to financial statements

### Note 1 Accounting policies

#### General information

The financial statements of ELMO Rent AS for 2021 have been prepared in compliance with the Estonian financial reporting standard. The accounting principles generally accepted in Estonia are based on internationally acknowledged principles of accounting and reporting, the primary requirements of which are provided for in the Accounting Act, which are supplemented by guidelines issued by the Accounting Standards Board of the Republic of Estonia.

The consolidated financial statements for 2021 are presented in euros. Reporting is done in accordance with the small enterprise regulation. Reporting consists of the balance sheet, income statement, cash flow statement, statement of changes in equity and notes.

The main accounting policies used in the preparation of the consolidated financial statements are set out below.

#### Preparation of consolidated financial statements

##### PRINCIPLES OF CONSOLIDATION

The financial indicators of the parent company and its subsidiary recognised in the consolidated statements have been added up as though they were a single company.

The consolidated semi-annual accounts for 2021 recognise the financial performance of ELMO Rent Autojagamine OÜ and ELMO Rent Eesti OÜ.

In the consolidated statements, the financial indicators of the Parent Company and subsidiaries are added up on a line-by-line basis, eliminating entirely all mutual claims, obligations and transactions, and the unrealised gains and losses arising thereby. The investments in subsidiaries recognised in the balance sheet of the parent company are eliminated against the holding of the parent company in the equity of the subsidiaries. In subsidiaries where the holding of the parent company is below 100%, the minority share is separated from the net assets and profit/loss for the financial year of the relevant subsidiary.

The separate unconsolidated main statements of the parent company are disclosed in the notes to the consolidated financial statements.

The principal statements of the parent company were prepared according to the same accounting principles that are applied to the preparation of the consolidated financial statements, except for investments in subsidiaries, which have been recognised in the unconsolidated statements at acquisition cost.

According to the acquisition cost method, an investment is initially recognised at the acquisition cost, i.e. at the fair value of the contribution paid upon acquisition.

The acquisition cost is later adjusted with the write-downs arising from the impairment of the investment as and when necessary.

#### Financial assets

Financial assets are assets

that are: (a) cash;

(b) contractual right to receive cash or other financial assets (e.g. trade receivables) from another party;

Financial assets are initially recognised at their acquisition cost, which is the fair value of the consideration payable or receivable for particular financial assets.

The initial acquisition cost includes all transaction costs directly attributable to the acquisition of the financial assets.

A regular purchase or sale of financial assets is recognised using trade date accounting. Subsequent accounting of financial assets takes place depending on their type either pursuant to the fair value, acquisition cost or adjusted acquisition cost method.

Financial assets or groups of financial assets recognised using the acquisition cost or adjusted acquisition cost method are checked for signs of impairment on every balance sheet date. If these signs are present, the financial asset is written down. The write-downs arising from the impairment are recognised as expenses in the income statement.

Financial assets are derecognised when the Company loses the right to the cash flow generated by the financial asset or transfers the cash flow generated by the financial asset and most of the risks and benefits attributable to the financial asset to a third party.

#### Cash

Bank account balances and cash in hand are recognised under cash in the balance sheet.

Cash flow from operating activities is recognised using the indirect method. Cash flow from investing and financing activities is recognised using the direct method, i.e. presented as the gross earnings and payments in the reporting period.

#### Shares of subsidiaries and affiliates

Subsidiaries are companies controlled by the parent company. A subsidiary is deemed to be under the control of the parent company if the parent company holds either directly or indirectly more than 50% of the voting shares of the subsidiary or is otherwise able to control the operating and financial policies of the subsidiary. The operations of subsidiaries are recognised in the financial statements from the moment control is gained until it is lost. The financial indicators of the Parent Company and subsidiaries are consolidated on a line-by-line basis in the annual accounts of the Group. In preparing the consolidated financial statements, intra-group transactions, balances and unrealised profits

arising from transactions between the Group companies have been eliminated. Investments in subsidiaries are recognised at the acquisition cost in the unconsolidated accounts of the parent company. An associate is a company over which the Group has significant influence, but which is not controlled by the Group. The existence of dominant influence is generally assumed if the group holds 20 to 50% of all voting shares in the company. Investments in affiliates are recognised in the balance sheet at acquisition cost.

### Receivables and prepayments

Trade receivables are recognised at adjusted acquisition cost, i.e. at their present value less any amounts the collection of which is doubtful. The adjusted acquisition cost of short-term receivables is generally equal to their nominal value (less any possible write-downs) and therefore short-term receivables are recognised on the balance sheet in the amounts that are likely to be collected.

If the collection of accounts receivable is deemed doubtful, the write-down is recognised in the income statement on the 'Other operating expenses' account. Trade receivables the collection of which has become impossible or impractical are considered irrecoverable and written off the balance sheet.

If an earlier estimate about the sum of uncollectible receivables changes, it is recognised as in the income statement for the period in which the estimate changed. The receipt of a doubtful or uncollectible receivable is indicated as a decrease in costs in the period when the receipt took place.

### Inventories

Inventories are initially registered at their acquisition cost which comprises costs of purchase, production costs and other costs incurred in bringing the inventories to their present location and condition. The purchase costs of inventories contain, in addition to the purchase price, customs duties related to the purchase, other non-refundable taxes and transportation costs directly attributable to the acquisition of the inventories, which are debited with discounts and subsidies.

If individual inventory objects can be clearly distinguished from one another, the costs made to purchase each object shall be proceeded from upon writing off their acquisition cost (individual cost method).

### Property, plant and equipment, and intangible assets

Plant, property and equipment mean assets with a useful life of more than one year whose cost starts from €650 and that are used in economic activities.

Property, plant and equipment are initially registered at their acquisition cost which consists of the purchase price and costs directly attributable to acquisition. In the balance sheet, property, plant and equipment are recognised at their acquisition cost less accumulated depreciation and write-downs resulting from any decrease in value. Depreciation is calculated using the straight-line method. Property, plant and equipment are written off the balance sheet if their further use or sale is not likely to result in economic gain. Any gains/losses arising from sale or write-off means the difference between the value received and the residual value of the main value.

The straight-line method is used to calculate depreciation. Depreciation rates are established separately for each item of non-current assets on the basis of their useful lives. The following ranges of useful lives have been established for groups of tangible assets:

#### Machinery and equipment

Means of production 6 years

Means of transport 6 years

#### Other plant, property and equipment

Fixtures and fittings 3–5 years

Furniture 3–5 years

Office equipment 3–5 years

Land is not depreciated.

Changes are made in the depreciation of assets on a prospective basis if there are signs that the life or residual value of an item of assets has changed significantly.

Upon determining the recoverable amount of the investment, the principles described in the section on impairment of non-financial assets are followed.

#### Intangible assets

Intangible fixed assets are initially registered at their acquisition cost which consists of the purchase price and costs directly attributable to acquisition. Intangible assets are recognised in the balance sheet at their acquisition cost, less accumulated depreciation and possible write-downs resulting from impairment.

The straight-line method is used to calculate depreciation. Depreciation rates are established separately for each item of intangible assets on the basis of its useful life. If the useful life of tangible assets cannot be reliably assessed, it is presumed to be 10 years.

Periods of useful life for the groups of intangible assets are the following:

Goodwill 5 years

Computer software 5 years

Trademarks 5 years

Changes are made in the depreciation of assets on a prospective basis if there are signs that the life or residual value of an item of assets has changed significantly.

Upon determining the recoverable amount of intangible assets, the principles described in the section on impairment are followed.

#### Development expenses

Development costs are costs incurred in the application of research results to develop, design or test new products, services, processes or systems. Development expenses are capitalised if there are technical and financial resources and a positive intention to implement the project, the Group is able to use or sell the assets created, and the amount of development expenditure and the future economic benefit from intangible assets can be reliably measured. Development expenses are recognised as an expense during the period when they are accrued.

The presence of circumstances indicating the possible impairment of assets is assessed on every balance sheet date in the case of tangible and intangible fixed assets, investment properties recognised by the acquisition cost method, biological assets recognised by the acquisition cost method and investments made in subsidiaries. The recoverable amount of the assets is assessed if such circumstances emerge and it is compared to the book value.

An impairment loss is recognised in the amount by which the carrying amount of the asset item exceeds its recoverable amount. The recoverable amount of an asset item is its fair value less the higher of the costs to sell or the asset's value in use. To assess the extent of impairment, the recoverable amount is assessed either for an individual asset or for assets grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Write-downs of assets are recognised as expenses of the reporting period.

Once an asset item has been written down, it is assessed on every subsequent balance sheet date whether it may be likely that the recoverable amount of the asset item has increased in the meantime (excluding goodwill whose write-downs are not reversed). If the impairment test shows that the recoverable amount of an asset item or a group of assets (cash-generating unit) exceeds its carrying amount, the earlier write-down is reversed and the carrying amount of the asset is increased to the amount that would have emerged, considering normal depreciation during the years in-between. The cancellation of the write-down is recognised in the income statement of the financial year as a reduction of the loss from the write-down of fixed assets.

#### Leases

Finance leases are indicated in the balance sheet under assets and liabilities in the amount of the fair value of leased assets or at the present value of the minimum amount of lease payments, if the latter is lower. Lease payments are divided between financial expenses (interest expenses) and reduction of the outstanding liability. Financial expenses are allocated over the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability at all times. Assets acquired under capital lease are depreciated similarly to purchased fixed assets. If it is not certain enough whether the lessee shall obtain the ownership of the property by the end of the lease period, the presumable useful life of the assets or the period of the lease relationship shall be the depreciation period, depending on whichever is shorter.

#### Provisions and contingent liabilities

Tax authorities are entitled to inspect the public limited company's accounting for taxation purposes within five (5) years as of the date for filing a tax return and, upon ascertaining errors, determine an additional amount of tax, interest and penalty. The public limited company's management is of the opinion that there are no circumstances that could result in tax authorities imposing any significant additional tax amounts on the company.

#### Targeted financing

Targeted financing is recognised as revenue after targeted financing falls due and potential conditions related to targeted financing are fulfilled. Received targeted financing whereby the conditions for recognition as income have not been met is recognised on the balance sheet as a liability. Targeted financing is registered at the fair value of the assets received or to be received. Revenue from targeted financing is recognised in the income statement under other operating revenue.

#### Revenue

Revenue from the sale of services is recognised in the period in which the service is provided if the revenue gained from providing the service can be reliably measured, the proceeds arising from the transaction are likely to be collected, and the expenses related to the transaction can be reliably assessed.

#### Expenses

Expenses are recognised in the same period as the revenue associated with them. Expenses that are likely to participate in generating economic benefits in future periods are recognised in the balance sheet as assets at the moment of their emergence and as expenses in the period(s) when the expenses associated with them emerge.

Expenses of services and goods purchased directly for the purpose of the principal activity are recognised in the income statement under goods, raw materials and services. Other operating expenses comprise expenses that are not regarded directly as costs of provision of services. Other operating revenue comprises irregular expenses not related to the principal activity. Interest expenses are recognised as financial expenses of the reporting period on the accrual basis.

#### Taxation

Pursuant to the Income Tax Act in force in Estonia, the profit of a company earned in a financial year is not taxed in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, reception costs and disbursements not attributable to business. The tax rate applied to profit distributed as dividends is 20/80 of the net amount to be disbursed. The corporate income tax associated with the distribution of dividends is recognised as a liability and an income tax expense in profit or loss at the time the dividends are declared, regardless of the period for which the dividends are declared or the time of their actual payment. The contingent income tax liability which would arise on the distribution of retained earnings as dividends is not recognised in the balance sheet.

#### Related parties

The following were deemed related parties when the consolidated financial statements of ELMO Rent AS were prepared:

- (a) companies who have control or significant influence over the company;
- (b) the company's subsidiaries and associates;
- (c) management of the company or of its parent company and private owners of the company who have control or significant influence over the company, close family members of the foregoing persons and companies under the control or significant influence of all the foregoing persons; (d) other related parties.

## Note 2 Cash

(euros)

	31.12.2021	31.12.2020
Cash at bank	20,602	34,137
Cash in hand	7,865	8,169
<b>Total cash</b>	<b>28,467</b>	<b>42,306</b>

## Note 3 Receivables and prepayments

(euros)

	31.12.2021	Due within 12 months
Trade receivables	223,540	223,540
Accounts receivable	223,540	223,540
Prepaid and deferred taxes	13,392	13,392
Loan receivables	53,644	53,644
Receivables from reporting entities	1,417	1,417
Other receivables	955	955
Receivable from Enterprise Estonia	374,094	374,094
<b>Total receivables and prepayments</b>	<b>667,042</b>	<b>667,042</b>
	31.12.2020	Due within 12 months
Trade receivables	77,302	77,302
Accounts receivable	77,302	77,302
Receivables from related parties	81,710	81,710
Prepaid and deferred taxes	5,419	5,419
Loan receivables	39,803	39,803
Other receivables	8,036	8,036
Accrued income	8,036	8,036
Prepayments	7,965	7,965
Deferred expenses	7,965	7,965
<b>Total receivables and prepayments</b>	<b>220,235</b>	<b>220,235</b>

## Note 4 Shares of subsidiaries

(euros)

Shares of subsidiaries, general information					
Registry code of subsidiary	Name of subsidiary	Country of location	Principal area of activity	Holding (%)	
				31.12.2020	31.12.2021
14847929	ELMO Rent Autojagamine OÜ	Estonia	79299	100	100
14980864	ELMO Rent Eesti OÜ	Estonia	79299	0	100
Shares of subsidiaries, detailed information					
Name of subsidiary	31.12.2020	Acquisition	31.12.2021		
ELMO Rent Eesti OÜ	0	2,500	2,500		
<b>Total shares in subsidiaries, at end of previous period</b>	<b>0</b>	<b>2,500</b>	<b>2,500</b>		

## Note 5 Loan receivables

(euros)

	31.12.2021	Due within 12 months	Interest rate	Underlying currency
Companies of related party	53,644	53,644	2-15%	EUR
<b>Loan receivables</b>	<b>53,644</b>	<b>53,644</b>	<b>2-15%</b>	<b>EUR</b>
	31.12.2020	Due within 12 months	Interest rate	Underlying currency
Companies of related party	39,803	39,803	2-15%	EUR
<b>Loan receivables</b>	<b>39,803</b>	<b>39,803</b>	<b>2-15%</b>	<b>EUR</b>

## Note 6 Property, plant and equipment

(euros)

						Total
	Means of transport	Computers and computer systems	Other machinery and equipment	Machinery and equipment	Other property, plant and equipment	
<b>31.12.2019</b>						
Acquisition cost	248,750	48,669	11,250	308,669	9,952	318,621
Accumulated depreciation	-77,059	-5,044	-2,625	-84,728	-2,317	-87,045
<b>Residual value</b>	<b>171,691</b>	<b>43,625</b>	<b>8,625</b>	<b>223,941</b>	<b>7,635</b>	<b>231,576</b>
Purchases and improvements	1,017,784	24,416	0	1,042,200	2,500	1,044,700
Depreciation expenses	-50,602	-5,984	-1,125	-57,711	-1,530	-59,241
<b>31.12.2020</b>						
Acquisition cost	1,266,534	73,085	11,250	1,350,869	12,453	1,363,322
Accumulated depreciation	-127,661	-11,028	-3,750	-142,439	-3,848	-146,287
<b>Residual value</b>	<b>1,138,873</b>	<b>62,057</b>	<b>7,500</b>	<b>1,208,430</b>	<b>8,605</b>	<b>1,217,035</b>
Purchases and improvements	1,000,366	286,095	2,646	1,289,107	12,701	1,301,808
Depreciation expenses	-178,896	-22,483	-2,949	-204,328	-3,353	-207,681
<b>31.12.2021</b>						
Acquisition cost	2,266,900	359,180	13,896	2,639,976	25,154	2,665,130
Accumulated depreciation	-306,557	-33,511	-6,699	-346,767	-7,201	-353,968
<b>Residual value</b>	<b>1,960,343</b>	<b>325,669</b>	<b>7,197</b>	<b>2,293,209</b>	<b>17,953</b>	<b>2,311,162</b>

## Note 7 Loans payable

(euros)

	31.12.2021	Division by remaining maturity			Interest rate	Underlying currency
		Due within 12 months	Within 1–5 years	Due in more than 5 years		
Short-term loans						
Short-term loans	651,853	651,853			0.59-16%	EUR
<b>Total short-term loans</b>	651,853	651,853				
Long-term loans						
Long-term loans	1,352,386		1,352,386		10-15%	EUR
<b>Total long-term loans</b>	1,352,386		1,352,386			
<b>Total loans payable</b>	<b>2,004,239</b>	<b>651,853</b>	<b>1,352,386</b>			

  

	31.12.2020	Division by remaining maturity			Interest rate	Underlying currency
		Due within 12 months	Within 1–5 years	Due in more than 5 years		
Short-term loans						
Short-term loans 2020	254,226	254,226				EUR
<b>Total short-term loans</b>	254,226	254,226				
Long-term bonds						
Long-term loans 2020	1,136,813	0	1,136,813			EUR
<b>Total long-term bonds</b>	1,136,813	0	1,136,813			
<b>Total loans payable</b>	<b>1,391,039</b>	<b>254,226</b>	<b>1,136,813</b>			

The loan collateral is leasing property in the amount of €2,311,162.



## Note 8 Payables and prepayments

(euros)

	31.12.2021	Due within 12 months
Trade creditors	183,326	183,326
Payables to contractors	32,287	32,287
Taxes payable	21,228	21,228
Other payables	21,911	21,911
Other accrued expenses	21,911	21,911
Prepayments received	5,729	5,729
Deferred income	2,000	2,000
Other prepayments received	3,729	3,729
Debt to accountable persons	110	110
Other liabilities	94	94
<b>Total payables and prepayments</b>	<b>264,685</b>	<b>264,685</b>
	31.12.2020	Due within 12 months
Trade creditors	49,254	49,254
Payables to contractors	3,871	3,871
Taxes payable	35,836	35,836
Other payables	2,285	2,285
Other accrued expenses	2,285	2,285
<b>Total payables and prepayments</b>	<b>91,246</b>	<b>91,246</b>

## Note 9 Targeted financing

(euros)

	<b>31.12.2021</b>
	<b>Receivables</b>
Targeted financing for operating expenses	
Product Development Grant of Enterprise Estonia	374,094
<b>Total targeted financing for operating expenses</b>	<b>374,094</b>
<b>Total targeted financing</b>	<b>374,094</b>

ELMO Rent AS is committed to invest an additional €374,094 from 2021–2022 in remote-controlled vehicle technology as part of the Enterprise Estonia product development grant. As a result of the grant, the remote-controlled car hardware developed by ELMO Rent AS, together with the accompanying front-end app and back-end operating solution, has been produced, which will help optimise the supply of demand and remote driver schedules. The total budget of the project is at least €830,000.

## Note 10 Share capital

(euros)

	<b>31.12.2021</b>	<b>31.12.2020</b>
Share capital	220,000	2,500
Number of shares	120,000	0

In 2020, the company had shares and its share capital was €2,500

## Note 11 Sales revenue

(euros)

	2021	2020
Sales revenue by geographical regions		
Sales to EU countries		
Estonia	1,109,311	449,006
<b>Total sales to EU countries</b>	<b>1,109,311</b>	<b>449,006</b>
<b>Total sales revenue</b>	<b>1,109,311</b>	<b>449,006</b>
Sales revenue by areas of activity		
Short-term car rental	626,165	449,006
Other sales	483,146	0
<b>Total sales revenue</b>	<b>1,109,311</b>	<b>449,006</b>

Sales revenue consists of short term rental service, car sales, resale of insurance and comprehensive insurance, invoice management service for public contract partner, rental of premises

## Note 12 Other operating revenue

(euros)

	2021	2020	Note No
Revenue from government grants	374,094	0	9
Fines, default interest and compensation	12,049	2,089	
Grants	155,454	0	
Other	39,800	150,496	
<b>Total other operating expenses</b>	<b>581,397</b>	<b>152,585</b>	

The proceeds from targeted financing are the product development grant from Enterprise Estonia. ELMO Rent AS is committed to invest an additional €374,094 from 2021–2022 in remote-controlled vehicle technology as part of the Enterprise Estonia product development grant. As a result of the grant, the remote-controlled car hardware developed by ELMO Rent AS, together with the accompanying front-end app and back-end operating solution, has been produced, which will help optimise the supply of demand and remote driver schedules. The total budget of the project is at least €830,000.

## Note 13 Staff costs

(euros)

	2021	2020
Wages and salaries	-215,864	29,499
Social tax	-73,817	9,636
<b>Total staff costs</b>	<b>-289,681</b>	<b>39,135</b>
Average number of employees in full-time equivalents	22	5
Average number of employees by type of work:		
Person working under employment contract	15	4
Person providing service on the basis of contract under the law of obligations, excluding self-employed persons	7	1

## Note 14 Related parties

(euros)

Name of the accounting entity's parent company	ELMO Rent AS
Country where the parent company of the accounting entity is registered	Estonia

### Balances with related parties by groups

CURRENT	31.12.2021	31.12.2020
<b>Receivables and prepayments</b>		
Subsidiaries	21,233	0
Owners with majority holding who are legal entities and undertakings under their dominant or significant influence	2,094	39,803
<b>Total receivables and prepayments</b>	<b>23,327</b>	<b>39,803</b>
<b>Loans payable</b>		
Subsidiaries	62,861	57,045
Owners with majority holding who are legal entities and undertakings under their dominant or significant influence	199,708	175,984
<b>Total loans payable</b>	<b>262,569</b>	<b>233,029</b>
LONG-TERM	31.12.2021	31.12.2020
Receivables and prepayments		
Owners with majority holding who are legal entities and undertakings under their dominant or significant influence	304,609	0
<b>Total receivables and prepayments</b>	<b>304,609</b>	<b>0</b>

<b>LOANS GRANTED</b>	<b>31.12.2020</b>	
Subsidiaries		39,803
<b>Total loans granted</b>		<b>39,803</b>
<b>LOANS GRANTED 31.12.2021</b>		
Owners with majority holding who are legal entities and undertakings under their dominant or significant influence		53,644
<b>Total loans granted</b>		<b>53,644</b>
<b>SOLD</b>	<b>2021</b>	<b>2020</b>
	<b>Services</b>	<b>Services</b>
Subsidiaries	51,276	0
Owners with majority holding who are legal entities and undertakings under their dominant or significant influence	59,699	53,363
<b>Total sold</b>	<b>110,975</b>	<b>53,363</b>
<b>PURCHASED</b>	<b>2021</b>	<b>2020</b>
	<b>Services</b>	<b>Services</b>
Subsidiaries	51,276	35,871
Owners with majority holding who are legal entities and undertakings under their dominant or significant influence	836,698	295,103
<b>Total purchased</b>	<b>887,974</b>	<b>330,974</b>

## Note 15 Events after reporting date

In the period of December 2021 – January 2022, the company organised a second public offering of shares with the aim of raising funds for the launch of a remote-controlled car for the road, the expansion of the fleet of electric vehicles, the acquisition of a taxi company and the launch of a taxi service, preparatory work for entering foreign markets and the further development of IT software. A total of 1,535 investors participated in the offering and it was oversubscribed 1.8 times. 256,363 new shares distributed to the investors and additional capital of €1.4 million was raised.

In January 2022, the company decided to establish a 100% subsidiary of ELMO Rent in France, named ELMO Technologies France SARL.

The aim of the establishment is to sell remote-controlled technology to French car rental, logistics and military-sector customers, to establish cooperation with the Renault Group, and also to buy new electric cars, including the Premium class, and sell them to a larger market when the fleet changes.

Buying from a larger Central European market would alleviate today's long delivery times for new cars, which directly affects the growth of the company's sales revenue.

The establishment of a subsidiary in France is also supported by the potential to offer advanced remote-controlled car technology to local car manufacturers (Renault, which accounts for 31% of the current fleet of ELMO Rent AS) and transport companies.

Macro-economically, the negative impact of the COVID-19 pandemic on the global economy has extended the delivery delays for cars. In 2022, the Russian military action in Ukraine may affect the purchasing confidence of customers, which in turn may extend the deadlines for meeting the company's sales targets and may reduce the activity of investors in new funding rounds organised by ELMO Rent AS.

## Note 16 Unconsolidated balance sheet

(euros)

	31.12.2021	31.12.2020
Assets		
Current assets		
Cash	23,303	42,304
Receivables and prepayments	680,976	212,944
Inventories	3,958	0
<b>Total current assets</b>	<b>708,237</b>	<b>255,248</b>
Fixed assets		
Investments in subsidiaries and affiliates	5,000	2,200
Property, plant and equipment	2,311,162	1,217,035
<b>Total fixed assets</b>	<b>2,316,162</b>	<b>1,219,235</b>
<b>Total assets</b>	<b>3,024,399</b>	<b>1,474,483</b>
Liabilities and equity		
Liabilities		
Current liabilities		
Loans payable	697,164	309,791
Receivables and prepayments	191,738	87,577
<b>Total current liabilities</b>	<b>888,902</b>	<b>397,368</b>
Long-term liabilities		
Loans payable	1,346,898	1,136,814
<b>Total long-term liabilities</b>	<b>1,346,898</b>	<b>1,136,814</b>
<b>Total liabilities</b>	<b>2,235,800</b>	<b>1,534,182</b>
Equity		
Share capital at nominal value	220,000	2,500
Share premium	918,913	0
Other reserves	10,000	10,000
Retained earnings (loss)	-72,198	-32,631
Profit (loss) for financial year	-288,116	-39,568
<b>Total equity</b>	<b>788,599</b>	<b>-59,699</b>
<b>Total liabilities and equity</b>	<b>3,024,399</b>	<b>1,474,483</b>

## Note 17 Unconsolidated income statement

(euros)

	2021	2020
Sales revenue	1,105,806	413,112
Other operating revenue	580,748	149,585
Goods, raw material and services	-937,512	-268,891
Miscellaneous operating expenses	-250,544	-85,888
Staff costs	-289,682	-39,135
Depreciation and impairment of fixed assets	-317,367	-117,891
Other operating costs	-62,008	-13,147
<b>Total operating profit (loss)</b>	<b>-170,559</b>	<b>37,745</b>
Profit (loss) from affiliates	0	-299
Interest expenses	-117,569	-77,014
Other financial income and expenses	12	0
<b>Profit (loss) before income tax</b>	<b>-288,116</b>	<b>-39,568</b>
<b>Profit (loss) for financial year</b>	<b>-288,116</b>	<b>-39,568</b>



## Note 18 Unconsolidated cash flow statement

(euros)

	2021	2020
Cash flow from operating activities		
Operating profit (loss)	-170,559	37,745
Adjustments		
Depreciation and impairment of fixed assets	317,369	117,891
Profit (loss) on sales of non-current assets	-44,401	30,415
Other adjustments	-1,102	0
<b>Total adjustments</b>	<b>271,866</b>	<b>148,306</b>
Change in receivables and prepayments related to operating activities	-463,036	-128,823
Change in inventories	-3,958	25,789
Change in liabilities and advances relating to operating activities	104,161	54,070
<b>Total cash flow from operating activities</b>	<b>-261,526</b>	<b>137,087</b>
Cash flow from investing activities		
Paid upon acquisition of tangible and intangible assets	-768,878	-108,680
Proceeds from sale of property, plant and equipment and intangible assets	416,369	208,250
Paid on acquisition of subsidiaries	-7,800	0
Cash inflow from sale of subsidiaries	0	2,500
Loans granted	-89,464	0
Repayments of loans granted	35,820	0
Interest received	11	0
<b>Total cash flow from investing activities</b>	<b>-413,942</b>	<b>102,070</b>
Cash flow from financing activities		
Borrowings	477,164	555,444
Repayments of borrowings	-197,762	-593,524
Financial lease principal repayment	-475,634	-108,306
Interest paid	-117,569	-77,015
Received from issue of shares	972,768	0
Paid upon redemption of treasury shares	-2,500	0
<b>Total cash flow from financing activities</b>	<b>656,467</b>	<b>-223,401</b>
<b>Total cash flow</b>	<b>-19,001</b>	<b>15,756</b>
Cash and equivalents of cash at beginning of period	42,304	26,548
<b>Net change in cash and cash equivalents</b>	<b>-19,001</b>	<b>15,756</b>
Cash and cash equivalents at end of period	23,303	42,304

## Note 19 Unconsolidated statement of changes in equity

(euros)

					Total
	Share capital at nominal value	Share premium	Other reserves	Retained earnings (loss)	
<b>31.12.2019</b>	2,500		90,250	-17,923	74,827
Profit for financial year (loss)				-39,567	-39,567
Changes in reserves			-80,250		-80,250
Other changes in equity				-14,709	-14,709
<b>31.12.2020</b>	2,500		10,000	-72,199	-59,699
<b>Adjusted balance 31.12.2020</b>	2,500		10,000	-72,199	-59,699
Profit for financial year (loss)				-288,116	-288,116
Share capital issued	217,500	918,913			1,136,413
Other changes in equity				1	1
<b>31.12.2021</b>	220,000	918,913	10,000	-360,314	788,599
Book value of shareholdings under control and significant influence					5,000
Value of holdings under control and significant influence calculated by the equity method					-10,782
<b>Adjusted unconsolidated equity 31.12.2021</b>					<b>782,817</b>

## **Signatures to Report**

## INDEPENDENT CERTIFIED AUDITOR'S REPORT

To the shareholders of ELMO Rent AS

### Opinion

We have audited the consolidated financial statements of ELMO Rent AS and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated income statement, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements 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 flow for the year then ended in accordance with the Estonian financial reporting standard.

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (Estonia) (ISAs (EE)). Our responsibilities under those standards are further described in the *Certified 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 Matter

The audit of the financial statements as at 31 December 2021 was a first audit (the financial statements as at 31 December 2020 for the comparative period are unaudited). Pointing this out is not a modification of our opinion.

### Other information

Management is responsible for the other information. The other information comprises the information included in the management report, but does not include the consolidated financial statements and our certified auditor's 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 financial consolidated statements and in accordance with the applicable legal and regulatory requirements.

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

The 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 the 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, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless the 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.

### Certified Auditor's 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 a certified auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (EE) 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 ISAs (EE), 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 the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the 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 certified auditor's 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 certified auditor's report. Future events or conditions may still harm the group's ability to continue as a going concern;
- we assess the overall manner of presentation, structure and contents of the consolidated financial statements, including the disclosed information and whether the consolidated financial statements reflect the underlying transactions and events in a manner that attains a fair manner of 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.

/digitally signed/

Sergei Tšistjakov

Certified Auditor Number: 481

Assertum Audit OÜ

Audit Firm's Licence Number: 62

Lõõtsa tn 6, 11415 Tallinn, Harju County

26.05.2022