

INTERIM REPORT FOR THE II HALF OF 2021

Reporting period start: 01.07.2021
Reporting period end: 31.12.2021

Entity name: ELMO Rent AS
Registration number: 12994939

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Management report

Thanks to a successful IPO, ELMO Rent AS (further referred to as ELMO Rent) has increased investments in operational software, car controllers, remotely controlled car and has launched a unique service – rental car delivery to a client's door. A new delivery service works as follows: the client can order a rental car to be delivered to any address within Harjumaa county and the car will then be brought to the client by the operator of the vehicle fleet. The remotely controlled car prototype has passed the first test conducted by the Estonian Transport Administration at the end of 2021. Once the second test is also passed, the testing will continue already on the streets. For the faster implementation of technology, we have in November 2021 partnered up with Telia, which has extensive knowledge of the 5G network and will help us to establish faster communication between the car and control elements. Furthermore, in December 2021, Estonian Business and Innovation Agency (EAS) has provided ELMO Rent 374 094 euros dedicated to the final development of the remote-controlled vehicle. The additional public offering of ELMO Rent shares was initiated also in December 2021 and completed in the beginning of 2022, with the aim to gather funds for opening a taxi service, equipping 20 cars with remote control technology, preparing for expansion in the foreign markets, improving our IT systems, and expanding our vehicle fleet.

The revenue of ELMO Rent increased in the second half of 2021 compared to the second half of 2020 from 315,006 euros to 871,089 euros, i.e., by 177%. The consolidated loss of ELMO Rent at the end of 2021 was 375,885 euros.

As at 31.12.2021, ELMO Rent had 21 employees, 1 member of the Management Board and 3 members of the Supervisory Board. Labor costs increased 9 times in the second half of 2021 compared to the second half of 2020 – from 26 612 euros to 245 945 euros.

Indebtedness (short and long-term liabilities) has increased by 707 919 euros in the second half of 2021 in comparison with the second half of 2020 (as at 31.12.2020 the indebtedness was 1 482 285 euros and as at 31.12.2021, it was 2 190 204 euros).

The fixed assets increased by 1,217,035 euros (the amount of fixed assets as at 31.12.2020) to 2,305,800 euros in 2021. In the second half of 2021, a total of 30 new vehicles were added to ELMO Rent car fleet, including six Tesla Model 3's, which together with the existing ones contributed to ELMO Rent reducing a total of 164,383 kg of Co2 from polluting the air in Tallinn, Tartu and Pärnu in 2021 (59,806 kg Co2 in the second half of 2020), which is 174% more than in the previous year.

2 644 new customers of ELMO Rent have registered in the second half of 2021 (722 customers were added in the period between July to December 2020), which is 266% more compared to the same period last year. By 31.12.2021 ELMO Rent had 11 791 customers.

2022

In 2022 we plan to start delivering the car remotely to the customer, drastically decreasing our labor expenses and time needed to deliver a car to a customer, which improves overall efficiency. In partnership with private companies, Estonian Transport Administration, Ministry of Economic Affairs and Communications of the Republic of Estonia and Police and Boarder Guard Board of the Republic of Estonia, ELMO Rent actively participates in developing a legal structure for self-driving and remotely controlled vehicles with an aim to develop new regulations for self-driving and remotely controlled vehicles. A planned launch of taxi service will not only improve the availability and the quality of the overall service but will also raise the turnover and bring in new customers. In addition to the extended service portfolio, driven by high demand, we also want to offer a larger number of premium vehicles.

Annual Accounts

Consolidated Balance Sheet

(in euros)

	2021: II half of the year	2020: II half of the year
Assets		
Current assets		
Cash	23 344	42 306
Receivables and prepayments	298 468	220 235
Inventories	7164	0
Total current assets	328976	262 541
Fixed assets		
Investments in subsidiaries and associates	5 000	
Receivables and advances		
Tangible fixed assets	2 300 800	1 217 035
Intangible fixed assets		
Total fixed assets	2 305 800	1 217 035
Total assets	2 634 776	1 479 576
Liabilities and equity		
Liabilities		
Current liabilities	579 773	254 226
Debts and prepayments	286 122	91 246
Total current liabilities	865 895	345 472
Long-term liabilities	1 324 309	1 136 813
Total long-term liabilities	1 324 309	1 136 813
Total liabilities	2 190 204	1 482 285
Equity		
Share capital at nominal value		2500
Equity capital at nominal value	220,000	
Spread	892 504	0
Other reserves	10 000	10 000
Retained profit (loss) of past periods	-302 047	-17923
Profit (loss) for the reporting period	-375 885	2310
Total equity of the shareholders or stake holders of the parent undertaking	444 572	-3113
Minority interest		404
Total equity	444 572	-2709
Total liabilities and equity	2 634 776	1 479 576

Consolidated Income Statement

(in euros)

	2021 II	2020 II
	part of the year	part of the year
Sales revenue	871 089	315 006
Other business earnings	183 651	149 076
Change in stocks of finished goods and work in progress	0	0
Goods, raw materials, materials and services	-751 383	-84 623
Miscellaneous operating expenses	-146 443	-27 531
Labor costs	-245 945	-26 612
Depreciation and impairment of fixed assets	-196 500	-99 291
Significant current assets write-downs	0	0
Other operating expenses	-32 770	-14 180
Business profit (loss)	-318 301	211 845
Interest expenses	-57 592	-55 171
Other financial income and expenses	8	0
Profit (loss) before income tax	-375 885	156 375
Profit (loss) for the reporting period	-375 885	156 375

Cash flow statement

(in euros)

	2021	2020
	II part of the year	II part of the year
Cash generated from operations		
Business profit (loss)	-318 301	211 845
Adjustments		
Depreciation and impairment of fixed assets	196 500	99 291
Gain (loss) on sale of fixed assets	32	30414
Other adjustments	0	0
Total adjustments	196 532	129 705
Change in business related receivables and advances	20 671	-99956
Change in inventories	-7164	0
Change in business related payables and advances	-13 154	24122
Total cash flows from operating activities	-121 416	265 716
Cash flows from investing activities		
Paid for acquisition of tangible and intangible fixed assets	-328 142	-92524
Proceeds from the sale of tangible and intangible fixed assets	205 735	208250
Paid upon acquisition of subsidiaries	-5000	0
Proceeds from the sale of subsidiaries	0	2500
Loans granted	0	-39803
Total cash flows from investing activities	-127 407	78423
Cash flows from financing activities		
Loans received	54 563	298660
Repayments of loans received	-53 996	-500785
Repayments of the finance lease principal part	-427 956	-65886
Interests paid	-57 592	-55 172
Received from the issue of shares or stakes	0	0
Other revenues from financing activities	0	0
Total cash flows from financing activities	-484 981	-323183
Total cash flows	-733 804	20956
Cash and cash equivalents at the beginning of the period	757 148	21350
Change in cash and cash equivalents	-733 804	20956
Cash and cash equivalents at the end of the period	23 344	42306

Consolidated Statement of Changes in Equity

(in euros)

	Share capital nominal value	Exchange rate	Other reserves	Retained profit (loss)	Minority interest	Total
31.12.2019			90 250	-17923		72 327
Profit (loss) for the reporting period			0	2310		2310
Change in reserves			-80250			-80250
Other changes in Equity	2500				404	2904
30.06.2020	2500		10 000	-171884		-159384
Profit (loss) for the reporting period						
Change in reserves						
31.12.2020	2500		10 000	-15613	404	-2709
Profit (loss) for the reporting period				-185842		-185842
Issued share capital	217 500	934 333				
Announced dividends						
Change in reserves				105	-404	-299
30.06.2021	220 000	934 333	10 000	-201350	0	962 983
Profit (loss) for the reporting period						
Issued share capital						
Announced dividends						
Change in reserves						
Change in reserves		14,489				
31.12.2021	220 000	892 504	10,000	-677,932	0	444,572

Notes to the Annual accounts

Note 1 Accounting Policies

General information

The financial statements of AS ELMO Rent have been prepared in accordance with the Estonian Financial Reporting Standard, which is based on internationally recognized accounting and reporting standards, the basic requirements of which are established by the Accounting Act and which are supplemented by the instructions of the Accounting Standards Board.

The consolidated financial statements for 2021 are presented in euros. Reporting is presented in accordance with the regulation of small businesses. The financial statements comprise the balance sheet, the income statement, the cash flow statement, the statement of changes in equity and the notes. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Composition of a consolidated report

CONSOLIDATION PRINCIPLES

The consolidated financial statements of the parent company and its subsidiaries are presented as if they were one company. The financial statements of ELMO Rent Autojagamine OÜ and Elmo Rent Eesti OÜ are reflected in the consolidated half-year financial statements for 2021.

In the consolidated financial statements, the financial indicators of the parent company and subsidiaries are aggregated line by line, eliminating all mutual claims and liabilities.

and transactions and the resulting unrealized gains and losses. Investments recognized in the parent company's balance sheet in subsidiaries are eliminated against the parent's holdings in the equity of the subsidiary. In subsidiaries in which the parent has a share less than 100%, the minority's share of the net assets of the subsidiary and the profit / loss for the period are allocated.

In the notes to the consolidated financial statements, parent company's separate unconsolidated main financial statements are published.

The main financial statements of the parent company have been prepared in accordance with the same accounting policies as in the consolidated financial statements, except for investments in subsidiaries, which are stated as an expense in the unconsolidated financial statements.

Financial assets

Financial assets are assets such as:

- (a) money;
- (b) a contractual right to receive cash or another financial asset from another party (eg trade receivables).

Financial assets are initially recognized at acquiring cost, which is the fair value of the paid or received fee. Initial acquisition cost includes all transaction costs directly attributable to the acquisition of a financial asset.

Purchases and sales of financial assets under normal market conditions are recognized on the trade date. Further accounting for financial assets is underway depending on their type, using either the fair value model, the cost model or the adjusted cost method.

An assessment is made at each balance sheet date to determine whether there is any indication that a financial asset or financial asset carried at cost have reduced in value. If any such indication exists, the financial asset is discounted. Impairment losses discounts are recognized as an expense in the income statement.

Financial assets are derecognized when the Company loses the right to receive cash flows from the financial asset or the cash flows arising from the financial asset are transferred to a third party with most of the risks and rewards associated with the financial asset.

Cash

The balance sheet item "Cash" reflects the balances of current accounts and cash.

Cash flows from operating activities have been prepared using the indirect method. Cash flows from investing and financing activities are accounted for using the direct method, ie presented as gross receipts and payments for the reporting period.

Shares in subsidiaries and associates

A subsidiary is a company over which the parent company has control. A subsidiary is considered to be controlled by the parent if the parent owns, directly or indirectly, more than 50% of the voting power of the subsidiary or otherwise has the power to govern the financial and operating policies of the subsidiary. The activities of subsidiaries are reflected in the financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are recognized in the balance sheet using the equity method.

Pursuant to § 29 of the Accounting Act, when recognizing investments using the equity method, the financial statements of the parent company are not consolidated.

An associate is an entity over which the Group has significant influence but not control. Significant influence is generally assumed when the Group owns between 20% and 50% of the voting power of an entity. Investments in associates are recognized in the balance sheet using the equity method.

Receivables and prepayments

Trade receivables are carried at amortized cost, being their present value less any unlikely collectible amounts. The adjusted acquisition cost of short-term receivables is generally equal to their nominal value (less any write-downs), therefore short-term receivables are recognized in the balance sheet at the amount likely to be received. If it is considered unlikely that receivables from customers will be received, the impairment loss is recognized in the income statement line "Miscellaneous operating expenses". Invoices not received from buyers, for the collection of which it is not possible or economically advantageous to take measures, are assessed as „bad“ and are written off the balance sheet. If there is a subsequent change in the estimate of the amount of doubtful receivables, the change in estimate is recognized in the income statement for the period. Receivables from doubtful or bad debts are shown as a reduction of an expense in the period in which the receivables are received.

Inventory

Inventories are initially recorded at their acquisition cost, which consists of purchase costs, production costs and other costs necessary to condition and bring the inventories to their present location.

Purchase costs of inventories include, in addition to the purchase price customs duties, other non-refundable taxes and transport costs directly linked to the purchase of inventory, less discounts and subsidies. If the individual items of inventory are clearly distinguishable from each other, their acquisition cost is based on the costs incurred to acquire each item (individual cost method).

Tangible and intangible fixed assets

Tangible fixed assets are assets used in economic activities with a useful life of more than one year and a cost of 650 euros or more. Tangible fixed assets are initially recorded at their acquisition cost, which consists of the purchase price and expenses directly related to the acquisition.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method. Tangible fixed assets are removed from the balance sheet if their further use or sale is not likely to generate economic benefits. The gain/loss on sale or write-off is the difference between the amount received and the residual amount.

Rent

Finance leases are recognized in the balance sheet as assets at the fair value of the leased asset or at the present value of the minimum lease payments if that has a lower value.

Lease payments are apportioned between the financial expenses (interest expense) and the reduction of the carrying amount of the liability.

The financial expenses are allocated to the lease term so as to achieve a constant periodic rate of interest in relation to the remaining balance of the liability. Assets leased under finance leases are depreciated over the acquired fixed assets. If it is not certain that the lessee will acquire the item by the end of the lease term, the amortization period is the estimated useful life of the asset or the lease term, whichever is shorter.

Income

Revenue from the sale of a service is recognized in the period in which the revenue from the provision of the service can be measured reliably, the receipt of payment for the transaction is probable and the costs associated with the transaction can be measured reliably.

Expenses

Expenses are recognized in the same period as the related revenue. Expenses that are likely to contribute to economic benefits in future periods are recognized as an asset in the balance sheet when incurred and are expensed in the same period as the related revenue occur. In the income statement, the cost of services and goods purchased directly for operating purposes are recognized in the item "Goods, raw materials, supplies and services". Miscellaneous operating expenses include expenses that are not directly attributable to the provision of the service. Other operating income includes irregular non-operating expenses. Interest expense is recognized on an accrual basis as a financial expense in the reported period.

Taxes

Pursuant to the current Income Tax Act, a company registered in Estonia does not pay income tax on the earned profit, nor is the profit distributed by way of a bonus issue. An enterprise pays income tax on profits distributed as dividends or other distributions of profits, including distributions from equity that exceed cash and non-cash contributions to the company's equity, when they are paid out in cash or in kind. Pursuant to the Income Tax Act, profits distributed as dividends and other forms will be taxed as of 1 January 2015 at the income tax rate of 20/80 of the payout (previously at the income tax rate of 21/79 of the payout). Corporate income tax associated with the payment of dividends or other distributions that reduce equity is recognized as a liability and an expense when the dividends or other distributions that reduce equity are declared. Income tax on dividends is recognized in the income statement in the period in which the dividends are declared, regardless of period for which they are declared or when they are actually paid.

Related parties

In preparing the consolidated financial statements of AS Elmo Rent, the following parties have been considered related parties:

- * owners;
- * other companies belonging to the same consolidation group (subsidiaries);
- * executive and senior management;
- * close relatives and related companies of the persons listed above.

Note 2 Receivables and prepayments
(in euros)

	31.12.2021	31.12.2020
Receivables	143 456	77 302
Uncollected payments from customers	143 456	77 302
Receivables from related parties	81 710	81 710
Tax prepayments and receivables	15 990	5 419
Other receivables	56 239	47 839
Prepayments	1 073	7965
Total receivables and prepayments	298 468	220 235

Note 3 Debts and prepayments
(in euros)

	31.12.2021	31.12.2020
Depts to suppliers	204 620	49 254
Depts to employees	29 432	3 871
Tax dept	28 475	35 836
Other depts	23 595	2 285
Total depts and prepayments	286 122	91 246

Note 4 Net sales
(in euros)

	01.07.2021- 31.12.2021	01.07.2020- 31.12.2020
Net sales by geographical location		
Net sales in European Union		
Estonia	871 089	315 006
Total net sales in European Union		
Total net sales	871 089	315 006
Net sales by operating activities		
Car sharing	675 002	315 006
Fixed assets sold	196 087	0
Total net sales	871 089	315 006

Note 5 Labor costs
(in euros)

	01.07.2021-31.12.2021	01.07.2020- 31.12.2020
Wage and salary expense	183 509	20 349
Social security taxes	62 436	6263
Total labor expense	245 945	26612
Average number of employees in full time equivalent units	21	5

Note 6 Related parties
(in euros)

	31.12.2021		31.12.2020	
	Receivables	Liabilities	Receivables	Liabilities
Subsidiaries				
Subsidiaries, owners (legal entities) with a significant share and subsidiaries under their control or significant influence	81 710	131 157	39 803	175 984

Note 7 Unconsolidated Balance Sheet
(in euros)**Unconsolidated balance sheet**

	2021 II half of the year	2020 II half of the year
Assets		
Current assets		
Cash	23 180	42 304
Receivables and advances	313 885	212 944
Total current assets	337 065	255 248
Fixed assets		
Investments in subsidiaries and associates	10 000	2200
Tangible fixed assets	2 300 800	1 217 035
Total fixed assets	2 310 800	1 219 235
Total assets	2 647 865	1 474 483
Liabilities and equity		
Liabilities		
Current liabilities		
Liabilities	643 190	309 790
Debts and advances	216 531	85 578
Total current liabilities	859 721	397 368
Long-term liabilities		
Current liabilities	1 324 309	1 136 813
Total long-term liabilities	1 324 309	1 136 813
Total liabilities	2 184 030	1 534 181
Equity		
Equity capital at nominal value	220 000	2500
Spread	892 504	0
Other reserves	10 000	10 000
Retained profit (loss) of past periods	-72 198	-32 630
Profit (loss) for the reporting period	-586 471	-39 568
Total equity	463 835	-59 698
Total liabilities and equity	2 647 865	1 474 483

Note 8 Unconsolidated Income Statement
(in euros)

	2021	2020
	II half of the year	II half of the year
Sales revenue	871 389	279 112
Other business earnings	183 549	146 076
Goods, raw materials, materials and services	-751 883	-114 515
Miscellaneous operating expenses	-146 442	-2 233
Labor costs	-249 945	-26 613
Depreciation and impairment of fixed assets	-196 500	-99 291
Other operating expenses	-32 771	-12 672
Business profit (loss)	-318 603	169 864
Profit (loss) from subsidiaries	0	-300
Interest expenses	-57 592	-55 171
Other financial income and expenses	8	0
Profit (loss) before income tax	-376 187	114 393
Profit (loss) for the reporting period	-376 187	114 393

Note 9 Unconsolidated Cashflow Statement
(in euros)

	2021	2020
	II part of the year	II part of the year
Cash generated from operations		
Business profit (loss)	-318 102	169 864
Adjustments		
Depreciation and impairment of fixed assets	196 500	99 291
Gain (loss) on sale of fixed assets	32	30 414
Other adjustments	0	0
Total adjustments	196 532	129 705
Change in business related receivables and advances	113 882	-99 956
Change in inventories	-13 154	0
Change in business related payables and advances	-105 397	24 122
Total cash flows from operating activities	-126 239	223 735
Cash flows from investing activities		
Paid for acquisition of tangible and intangible fixed assets	-328 142	-92 524
Proceeds from the sale of tangible and intangible fixed assets	205 735	208 250
Paid upon acquisition of subsidiaries	0	0
Proceeds from the sale of subsidiaries	0	2500
Loans granted	0	0
Total cash flows from investing activities	-122 407	118 226
Cash flows from financing activities		
Loans received	54 563	310 838
Repayments of loans received	-53 996	-510 787
Repayments of the finance lease principal part	-427 956	-65 886
Interests paid	-57 592	-55 172
Received from the issue of shares or stakes	0	0
Other revenues from financing activities	0	0
Total cash flows from financing activities	-484 981	-321 007
Total cash flows	-733 968	20 954
Cash and cash equivalents at the beginning of the period	757 148	21 350
Change in cash and cash equivalents	-733 968	20 954
Cash and cash equivalents at the end of the period	23 180	42 304

Note 10 Unconsolidated Statement of Changes in Equity
(in euros)

	Share capital nominal value	Exchange rate	Other reserves	Retained profit (loss)	Minority interest	Total
Issued share capital	2500					2500
Change in reserves			-80 250	-39 567		-119 817
Other change in reserves				-14 708		-14 708
Change in reserves						
31.12.2020	2500		10 000	-72 199	0	-59 699
Profit (loss) for the reporting period				-586 471		-586 471
Issued share capital						
31.12.2021	220 000	892 504	10 000	-72 198	0	463 835

Digital signatures to the report

ELMO Rent AS (registry code: 12994939) The accuracy of the data of the interim report for the financial year 01.07.2021 - 31.12.2021 has been electronically confirmed by:

/digitally signed/

Allan Leppikson
Board member