

CONSOLIDATED ANNUAL REPORT

beginning of financial year: 01.01.2023

end of the financial year: 31.12.2023

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Management report

ELMO Rent AS (hereinafter referred to as "the Company") was founded by the Estonian government in 2013 and has been actively growing under private ownership since 2017. The company specializes in the rental of environmentally friendly vehicles and the development of remote control technology. In 2023, the Company focused on increasing the profitability of its rental business and expanding its remote control technology internationally. The Company has taken significant steps to restructure its business lines and ensure sustainability, but also had to apply for court protection for reorganization. The report reflects the financial results and key activities of 2023, with a focus on the development and sale of rental and remote control technology.

Business activities

The Company operates in two main business areas:

- Short- and long-term rental: the Company rents electric and hybrid vehicles, offering customers a convenient and environmentally friendly transportation option. Rental cars can be ordered directly to the customer's door, making the service particularly convenient.
- Remote control technology: the Company is one of the first in the world to bring remote control vehicle technology to legal street use. This allows certified remote drivers to navigate cars via a 4G network to the customer's door, providing a unique and innovative solution in the car-sharing market.

In accordance with the decision of the Supervisory Board in 2022, the Company began separating the rental and remote-control technology business lines into subsidiaries in 2023 to ensure clarity and efficiency. The rental business line is actively seeking a partner or buyer.

The growth of the rental business has been challenging due to difficulties in raising additional financial resources amidst a tough macroeconomic and financial landscape. This has led to increased losses for the Company. The Company has sought a strategic partner or buyer for the rental business line. Until a partner is found, short-term rentals were suspended in the fall to reduce operating costs, focusing on long-term rental clients. Additionally, the vehicle fleet was reduced to cut costs and optimize operations.

The intellectual property and sales of the technology development have been separated into a subsidiary, Elmo Remote OÜ, where investments and sales of the technology continue to be pursued in international markets.

In 2023, the Company conducted two rounds of capital raising to support the growth of the rental business and the development and international expansion of remote-control technology. The first successful round ended in March 2023, raising 2,6 million euros for both business lines. The second round, aimed at raising up to 3 million euros for the technology business line, began in May 2023.

Due to the reorganization of the rental business line and the delay in the second capital raising round, ELMO Rent AS had to file for reorganization proceedings with the Harju County Court on 18.11.2023. The court initiated the reorganization process on 06.12.2023. The aim of the reorganization process is to overcome temporary payment difficulties and ensure the Company's sustainability. The reorganization plan was approved by creditors on 20.02.2024 and by the court on 18.06.2024.

ELMO Rent AS actively collaborates with various industry companies and authorities, including the Transport Administration, the Ministry of Climate, and the Ministry of Economic Affairs and Communications, to develop legislation for remote control technology and self-driving vehicles. The goal is to establish new requirements and obtain special permits in target countries and cities.

Financial results

The consolidated assets of ELMO Rent AS at the end of 2023 amounted to 3,553,118 euros, a 2% decrease from the previous year (2022: 3,625,569 euros). Current assets accounted for 356,773 euros, a 52,3% decrease compared to 747,216 euros in 2022. Fixed assets amounted to 3,196,345 euros, an 11% increase from 2,878,353 euros the previous year.

Liabilities increased by 42,4% to 4,341,049 euros (2022: 3,047,577 euros). Equity fell significantly to -787,931 euros from a positive 577,992 euros in 2022, reflecting the Company's financial difficulties and need for additional capital.

Sales revenue decreased by 61,5% to 608,558 euros (2022: 1,580,343 euros). Short-term rental revenue was 509,327 euros, with the remaining 99,231 euros coming from other sales revenues (including technology business sales revenue). The suspension of short-term rental services and focus on long-term rentals led to a significant reduction in short-term rental revenue. Offering long-term rentals allows better management of vehicle usage and operating costs, providing customers with more stable and affordable services. Additionally, sales revenue was greatly impacted by the loss of additional sales income from vehicle resale (since the secondary market for electric cars has significantly declined since the end of 2022).

The total loss for the period was 1,365,923 euros, a 12,3% decrease from the previous year (2022: 1,557,081 euros).

In 2023, the Company took significant steps to optimize labor costs, including a 40% reduction in staff. In the first half of the year, the Company had an average of 35 employees, which decreased to an average of 21 employees in the second half. Despite the reduction in workforce, the Company has maintained the ability to provide quality services and continue developing its technologies.

Key Financial Ratios

The key financial ratios and their calculation methodology for the consolidated report are as follows:

Ratio	2023	2022
Revenue Growth (%)	-159,7	42,5
Net Profit Margin (%)	-224,5	-98,5
Current Ratio (times)	0,2	0,5
ROA (%)	-38,4	-42,9
ROE (%)	173,4	269,4

Formulas used for calculating the ratios:

Revenue Growth (%) = (Revenue in the current year – Revenue in the previous year) / Revenue in the previous year * 100

Net Profit Margin (%) = Net Profit / Revenue * 100

Current Ratio (times) = Current Assets / Current Liabilities

ROA (%) = Net Profit / Total Assets * 100

ROE (%) = Net Profit / Total Equity * 100

Future activities

ELMO Rent AS will continue to improve the efficiency of its environmentally friendly vehicle sharing service and select a new partner to support the business strategy of "door-to-door" service restoration and growth.

The subsidiary will focus on developing remote control technology and maintaining international momentum. Investments and the growth of technology sales in international markets will continue.

ELMO Rent AS actively participates in cooperation with industry companies and authorities to develop legislation and technical requirements for remote-controlled and self-driving vehicles, aiming to validate legislative changes and requirements that will also support future work of the EU Commission.

The annual accounts

Consolidated statement of financial position

(In Euros)

	31.12.2023	31.12.2022	Note
Assets			
Current assets			
Cash and cash equivalents	27 979	31 850	2
Receivables and prepayments	311 282	689 055	3,4
Inventories	17 512	26 311	
Total current assets	356 773	747 216	
Non-current assets			
Property, plant and equipment	1 348 868	2 661 318	6
Intangible assets	1 847 477	217 035	7
Total non-current assets	3 196 345	2 878 353	
Total assets	3 553 118	3 625 569	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	1 185 929	941 237	8
Payables and prepayments	1 177 504	632 646	9
Total current liabilities	2 363 433	1 573 883	
Non-current liabilities			
Loan liabilities	1 977 616	1 473 694	
Total non-current liabilities	1 977 616	1 473 694	
Total liabilities	4 341 049	3 047 577	
Equity			
Equity held by shareholders and partners in parent company			
Issued capital	245 636	245 636	11
Share premium	2 286 645	2 286 645	
Other reserves	10 000	10 000	
Retained earnings (loss)	-1 964 289	-407 208	
Annual period profit (loss)	-1 365 923	-1 557 081	
Total equity held by shareholders and partners in parent company	-787 931	577 992	
Total equity	-787 931	577 992	
Total liabilities and equity	3 553 118	3 625 569	

Consolidated income statement

(In Euros)

	2023	2022	Note
Revenue	608 558	1 580 343	12
Other income	59 794	92 221	13
Work performed by entity and capitalised	1 630 442	0	
Raw materials and consumables used	-815 496	-1 338 328	14
Other operating expense	-818 366	-496 440	15
Employee expense	-877 154	-753 511	16
Depreciation and impairment loss (reversal)	-516 555	-484 257	6
Other expense	-386 822	-34 539	17
Operating profit (loss)	-1 115 599	-1 434 511	
Interest expenses	-249 755	-119 161	18
Other financial income and expense	-423	-815	
Profit (loss) before tax	-1 365 777	-1 554 487	
Income tax expense	-146	-2 594	
Annual period profit (loss)	-1 365 923	-1 557 081	
Profit (loss) from shareholders and partners in parent company	-1 365 923	-1 557 081	

Consolidated statement of cash flows

(In Euros)

	2023	2022
Cash flows from operating activities		
Operating profit (loss)	-1 115 599	-1 434 511
Adjustments		
Depreciation and impairment loss (reversal)	516 555	484 257
Profit (loss) from sale of non-current assets	352 243	16 605
Other adjustments	-1 630 588	-2 594
Total adjustments	-761 790	498 268
Changes in receivables and prepayments related to operating activities	377 773	-22 013
Changes in inventories	8 799	-22 353
Changes in payables and prepayments related to operating activities	544 858	367 961
Total cash flows from operating activities	-945 959	-612 648
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-301 588	-1 262 789
Proceeds from sales of property, plant and equipment and intangible assets	155 387	194 734
Total cash flows from investing activities	-146 201	-1 068 055
Cash flows from financing activities		
Loans received	2 413 611	782 597
Repayments of loans received	-717 968	-274 794
Repayments of finance lease liabilities	-357 176	-97 110
Interest paid	-250 178	-119 975
Proceeds from issuing shares	0	1 393 368
Total cash flows from financing activities	1 088 289	1 684 086
Total cash flows	-3 871	3 383
Cash and cash equivalents at beginning of period	31 850	28 467
Change in cash and cash equivalents	-3 871	3 383
Cash and cash equivalents at end of period	27 979	31 850

Consolidated statement of changes in equity

(In Euros)

	Equity held by shareholders and partners in parent company					Minority interests	Total
	Issued capital	Share premium	Other reserves	Retained earnings (loss)			
31.12.2021	220 000	918 913	10 000	-407 208	0	741 705	
Annual period profit (loss)	0	0	0	-1 557 081	0	-1 557 081	
Issue of equity	25 636	1 367 732	0	0	0	1 393 368	
31.12.2022	245 636	2 286 645	10 000	-1 964 289	0	577 992	
Annual period profit (loss)	0	0	0	-1 365 923	0	-1 365 923	
31.12.2023	245 636	2 286 645	10 000	-3 330 212	0	-787 931	

Notes

Note 1 Accounting policies

General information

The financial statements of ELMO Rent AS for 2023 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 2023 are presented in euros. The report is presented in accordance with the small enterprise regulations. The report 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 statements

PRINCIPLES OF CONSOLIDATION

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

The consolidated financial statements for 2023 recognize the financial performance of ELMO Rent Autojagamine OÜ, ELMO Rent Eesti OÜ and Elmo Technologies France SARL.

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 unrealized gains and losses arising thereby. The investments in subsidiaries recognized in the balance sheet of the parent company are eliminated against the holdings 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 recognized 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 way of purchasing 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 and cash equivalents

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 associates

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 financial statements 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 nonrefundable 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).

Plant, property 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 euros 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

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 recognised in the balance sheet under assets and liabilities at the lower of the amount of the fair value of the leased assets or the present value of the minimum amount of the lease payments. Lease payments are divided between financial expenses (interest expenses) and reduction of the outstanding liability.

Financial expenses are distributed over the lease period with the consideration that the interest rate with respect to the residual value of the liability is the same at any given time.

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.

Government grants

Grants is recognised as revenue after grants falls due and potential conditions related to grants are fulfilled. Received grants whereby the conditions for recognition as income have not been met is recognised on the balance sheet as a liability. Grants is registered at the fair value of the assets received or to be received.

Revenue from grants is recognised in the income statement under other operating revenue.

Revenue recognition

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.

Expense recognition

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) affiliates of the company;
- (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.

Events after reporting date

Recognition of events that occurred after the reporting date, but before the annual report was approved, depends on whether it is an adjusting or non-adjusting event. An adjusting event after the reporting date is an event which corroborates the circumstances that existed on the reporting date. The impact of adjusting events is recognised in the balance sheet and income statement of the reporting period ended. A non-adjusting event after the report date is an event that does not confirm the circumstances that existed on the report date. The impact of nonadjusting events is not recognised in the balance sheet and income statement of the reporting period ended, but they are disclosed in the notes if they are material.

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2023	31.12.2022
Bank account	22 441	26 312
Cash	5 538	5 538
Total cash and cash equivalents	27 979	31 850

Note 3 Receivables and prepayments

(In Euros)

	31.12.2023	Within 12 months
Accounts receivable	157 772	157 772
Accounts receivables	157 772	157 772
Loan receivables	48 645	48 645
Prepayments	19 608	19 608
Total receivables and prepayments	311 282	311 282
	31.12.2022	Within 12 months
Accounts receivable	270 893	270 893
Accounts receivables	270 893	270 893
Tax prepayments and receivables	71 132	71 132
Loan receivables	54 599	54 599
Receivable from EAS	273 413	273 413
Receivables from employees	19 018	19 018
Total receivables and prepayments	689 055	689 055

Note 4 Shares of subsidiaries

(In Euros)

Shares of subsidiaries, general information					
Subsidiary's registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2022	31.12.2023
14847929	ELMO Rent Autojagamine OÜ	Estonia		100	100
14980864	ELMO Rent Eesti OÜ	Estonia		100	100
	Elmo Technologies France SARL	France		100	100
16724616	Elmo Remote OÜ	Estonia		0	100

Shares of subsidiaries, detailed information				
Name of subsidiary	31.12.2022	Acquisition	Other changes	31.12.2023
ELMO Rent Autojagamine OÜ	2 500	0	103 332	105 832
ELMO Rent Eesti OÜ	2 500	0	0	2 500
Elmo Technologies France SARL	5 000	0	0	5 000
Elmo Remote OÜ	0	2 500	0	2 500
Total shares of subsidiaries, at end of previous period	10 000	2 500	103 332	115 832

Note 5 Loan receivables

(In Euros)

	31.12.2023	Within 12 months	Interest rate	Base currencies
Loan receivables	48 645	48 645		
	31.12.2022	Within 12 months	Interest rate	Base currencies
Related parties	54 599	54 599	2-15%	EUR
Loan receivables	54 599	54 599		

Note 6 Property, plant and equipment

(In Euros)

						Total
	Transportation	Computers and computer systems	Other machinery and equipment	Machinery and equipment	Other property, plant and equipment	
31.12.2021						
Carried at 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
Residual cost	1 960 343	325 669	7 197	2 293 209	17 953	2 311 162
Acquisitions and additions	758 863	280 565	0	1 039 428	6 325	1 045 753
Other acquisitions and additions	758 863	280 565	0	1 039 428	6 325	1 045 753
Depreciation	-422 716	-55 353	-1 919	-479 988	-4 269	-484 257
Other changes	-205 136	0	0	-205 136	-6 204	-211 340
31.12.2022						
Carried at cost	2 808 644	639 745	13 896	3 462 285	22 799	3 485 084
Accumulated depreciation	-717 290	-88 864	-8 618	-814 772	-8 994	-823 766
Residual cost	2 091 354	550 881	5 278	2 647 513	13 805	2 661 318
Acquisitions and additions	135 935	21 665	0	157 600	1 750	159 350
Depreciation	282 859	85 998	-11 697	357 160	-150 591	206 569
Reclassifications	0	-652 549	16 831	-635 718	635 718	0
Other reclassifications	0	-652 549	16 831	-635 718	635 718	0
Other changes	-1 675 856	-2 513	0	-1 678 369	0	-1 678 369
31.12.2023						
Carried at cost	1 268 723	6 348	30 727	1 305 798	660 267	1 966 065
Accumulated depreciation	-434 431	-2 866	-20 315	-457 612	-159 585	-617 197
Residual cost	834 292	3 482	10 412	848 186	500 682	1 348 868

Note 7 Intangible assets

(In Euros)

			Total
	Development expenditures	Unfinished projects and prepayments	
31.12.2021			
Carried at cost	0	0	0
Accumulated depreciation	0	0	0
Residual cost	0	0	0
Acquisitions and additions	217 035	0	217 035
31.12.2022			
Carried at cost	217 035	0	217 035
Accumulated depreciation	0	0	0
Residual cost	217 035	0	217 035
Acquisitions and additions	0	1 630 442	1 630 442
31.12.2023			
Carried at cost	217 035	1 630 442	1 847 477
Accumulated depreciation	0	0	
Residual cost	217 035	1 630 442	1 847 477

Note 8 Loan commitments

(In Euros)

	31.12.2023	Allocation by remaining maturity			Interest rate	Base currencies
		Within 12 months	1 - 5 years	Over 5 years		
Current loans						
	714 335	714 335			0,59%-16%	EUR
	471 594	471 594			0,59%-16%	EUR
Current loans total	1 185 929	1 185 929				
Non-current loans						
	1 874 590	0	1 874 590	0	10-15%	EUR
	103 026	0	103 026	0	10-15%	EUR
Non-current loans total	1 977 616	0	1 977 616	0		
Loan commitments total	3 163 545	1 185 929	1 977 616	0		
	31.12.2022	Allocation by remaining maturity			Interest rate	Base currencies
		Within 12 months	1 - 5 years	Over 5 years		
Current loans						
Short term loans	747 049	747 049			0,59-16%	EUR
	194 188	194 188			0,59-16%	EUR
Current loans total	941 237	941 237				
Non-current loans						
Long term loans	1 096 573	0	1 096 573	0	10-15%	EUR
	377 121	0	377 121	0	10-15%	EUR
Non-current loans total	1 473 694	0	1 473 694	0		
Loan commitments total	2 414 931	941 237	1 473 694	0		

Note 9 Payables and prepayments

(In Euros)

	31.12.2023	Within 12 months
Trade payables	898 834	898 834
Employee payables	47 969	47 969
Tax payables	197 363	197 363
Other payables	15 178	15 178
Other accrued expenses	15 178	15 178
Prepayments received	18 160	18 160
Other received prepayments	18 160	18 160
Total payables and prepayments	1 177 504	1 177 504
	31.12.2022	Within 12 months
Trade payables	402 729	402 729
Employee payables	84 275	84 275
Tax payables	95 462	95 462
Other payables	38 931	38 931
Other accrued expenses	38 931	38 931
Prepayments received	8 958	8 958
Other received prepayments	8 958	8 958
Total payables and prepayments	632 646	632 646

Note 10 Grants

(In Euros)

	31.12.2021	Received	31.12.2022
	Receivables		Receivables
Grants for operating expenses			
Grant from EAS	374 094	100 681	273 413
Total grants for operating expenses	374 094	100 681	273 413
Total grants	374 094	100 681	273 413
	31.12.2022	Received	31.12.2023
	Receivables		Receivables
Grants for operating expenses			
Grant from EAS	273 413	188 156	85 257
Total grants for operating expenses	273 413	188 156	85 257
Total grants	273 413	188 156	85 257

ELMO Rent AS is committed to invest an additional 374,094 euros from 2021–2022 in remote-controlled vehicle technology as part of

the Enterprise Estonia product development grant. As a result of the grant, the remotecontrolled car hardware developed by ELMO Rent AS, together with the accompanying front-end app and backend operating solution, has been produced, which will help optimize the supply of demand and remote driver schedules. The total budget of the project is at least 830,000 euros.

Note 11 Share capital

(In Euros)

	31.12.2023	31.12.2022
Share capital	245 636	245 636
Number of shares (pcs)	2 456 363	2 456 363

Note 12 Net sales

(In Euros)

	2023	2022
Net sales by geographical location		
Net sales in European Union		
Estonia	561 128	1 580 343
Other European Union net sales	20 000	0
Total net sales in European Union	581 128	1 580 343
Net sales outside of European Union		
Other net sales outside of European Union	27 430	0
Total net sales outside of European Union	27 430	0
Total net sales	608 558	1 580 343
Net sales by operating activities		
Car rental	509 327	815 356
Others	99 231	764 987
Total net sales	608 558	1 580 343

Note 13 Other operating income

(In Euros)

	2023	2022
Profit from sale of plant, property and equipment	17 460	14 238
Profit from exchange rate differences	0	540
Fines, penalties and compensations	37 545	40 525
Grants	1 040	30 000
Other	3 749	6 918
Total other operating income	59 794	92 221

Note 14 Goods, raw materials and services

(In Euros)

	2023	2022
Goods purchased for resale	191 807	539 831
Energy	149 201	210 002
Electricity	0	165 790
Fuel	149 201	44 212
Transportation expense	2 460	24 216
Vehicle management and repair	327 467	379 370
Vehicle rent	66 331	81 529
Operating expenses	10 292	58 449
IT expenses	56 427	37 077
Other	11 511	7 854
Total goods, raw materials and services	815 496	1 338 328

Note 15 Miscellaneous operating expenses

(In Euros)

	2023	2022
Leases	130 332	69 889
Miscellaneous office expenses	28 833	34 244
Travel expense	32 047	38 413
Training expense	350 945	106 977
Advertising expenses	141 609	165 976
Expenses related to sales activities	0	10 666
Purchased services	28 275	41 009
Repair costs of premises	27 766	0
Other	78 559	29 266
Total miscellaneous operating expenses	818 366	496 440

Note 16 Labor expense

(In Euros)

	2023	2022
Wage and salary expense	652 933	-561 908
Social security taxes	224 221	-191 603
Total labor expense	877 154	-753 511
Average number of employees in full time equivalent units	21	23
Average number of employees by types of employment:		
Person employed under employment contract	14	13
Person providing service under law of obligations, except for self-employed person	5	7
Member of management or controlling body of legal person	2	3

Note 17 Other operating expenses

(In Euros)

	2023	2022
Loss from sale of plant, property and equipment	2 470	0
Loss from sale of intangible asset	0	30 843
Loss from exchange rate differences	89	346
Fines, penalties and compensations	10	1 632
Loss from liquidation of fixed assets	353 652	0
Other	30 601	1 718
Total other operating expenses	386 822	34 539

Note 18 Interest expenses

(In Euros)

	2023	2022
Interest expense from loans	154 187	59 333
Interest expense from finance lease	95 568	59 828
Total interest expense	249 755	119 161

Note 19 Related parties

(In Euros)

Related party balances according to groups

SHORT TERM	31.12.2023	31.12.2022
Receivables and prepayments		

Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	66 394	76 760
Total receivables and prepayments	66 394	76 760
Loan commitments		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	48 417	182 817
Legal person with material ownership interest and material influence of management and higher	422 977	11 371
Total loan commitments	471 394	194 188
Payables and prepayments		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	90 653	37 318
Legal person with material ownership interest and material influence of management and higher	149 098	0
Total payables and prepayments	239 751	37 318

LONG TERM	31.12.2023	31.12.2022
Loan commitments		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	19 339	293 434
Legal person with material ownership interest and material influence of management and higher	83 687	83 687
Total loan commitments	103 026	377 121

SOLD	2023	2022
	Services	Services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	2 863	259 818
Legal person with material ownership interest and material influence of management and higher	14	13 150
Total sold	2 877	272 968

BOUGHT	2023	2022
	Services	Services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	321 592	458 653
Legal person with material ownership interest and material influence of management and higher	147 796	19 498
Total bought	469 388	478 151

Remuneration and other significant benefits calculated for members of management and highest supervisory body	2023	2022
Remuneration	25 157	28 476

Note 20 Events after the reporting date

Reorganization

On 06.02.2024, a reorganization plan was presented to creditors. The reorganization plan was approved by the creditor on 20.02.2024 and by the court on 18.06.2024. According to the plan, creditors were divided into four groups, and their claims were reduced by a total of 727,052.28 euros (including 283,792.41 euros related to claims with subsidiaries). 82.4% of creditors voted in favor of the plan (more details can be found at <https://view.news.eu.nasdaq.com/view?id=b0a4d67d04c873eb2c1521919a3715f14&lang=en>).

The reorganization plan provides for the restructuring of creditor claims, including the reduction of principal and interest claims and a payment holiday until December 2024. Claims will be paid in installments until 2027.

Investment raising

After the reporting date, investment raising continues to support the development of remote-controlled technology and international expansion.

Note 21 Non consolidated statement of financial position

(In Euros)

	31.12.2023	31.12.2022
Assets		
Current assets		
Cash and cash equivalents	27 083	31 562
Receivables and prepayments	2 106 302	749 702
Inventories	16 752	26 311
Total current assets	2 150 137	807 575
Non-current assets		
Investments in subsidiaries and associates	115 832	10 000
Property, plant and equipment	1 160 255	2 661 319
Intangible assets	217 035	217 035
Total non-current assets	1 493 122	2 888 354
Total assets	3 643 259	3 695 929
Liabilities and equity		
Liabilities		
Current liabilities		
Loan liabilities	1 267 347	981 058
Payables and prepayments	1 201 368	622 863
Total current liabilities	2 468 715	1 603 921
Non-current liabilities		
Loan liabilities	1 799 342	1 473 694
Total non-current liabilities	1 799 342	1 473 694
Total liabilities	4 268 057	3 077 615
Equity		
Issued capital	245 636	245 636
Share premium	2 286 645	2 286 645
Other reserves	10 000	10 000
Retained earnings (loss)	-1 923 967	-360 314
Annual period profit (loss)	-1 243 112	-1 563 653
Total equity	-624 798	618 314
Total liabilities and equity	3 643 259	3 695 929

Note 22 Non consolidated income statement

(In Euros)

	2023	2022
Revenue	494 583	1 400 735
Other income	54 879	92 218
Work performed by entity and capitalised	1 630 442	0
Raw materials and consumables used	-671 944	-1 168 268
Other operating expense	-806 176	-496 439
Employee expense	-827 361	-753 511
Depreciation and impairment loss (reversal)	-496 252	-484 257
Other expense	-386 815	-34 538
Total operating profit (loss)	-1 008 644	-1 444 060
Interest expenses	-234 534	-119 161
Other financial income and expense	66	-432
Profit (loss) before tax	-1 243 112	-1 563 653
Annual period profit (loss)	-1 243 112	-1 563 653

Note 23 Non consolidated statement of cash flows

(In Euros)

	2023	2022
Cash flows from operating activities		
Operating profit (loss)	-1 008 644	-1 444 060
Adjustments		
Depreciation and impairment loss (reversal)	496 252	484 257
Profit (loss) from sale of non-current assets	337 915	16 605
Other adjustments	-1 736 274	0
Total adjustments	-902 107	500 862
Changes in receivables and prepayments related to operating activities	273 842	-68 726
Changes in inventories	9 559	-22 353
Changes in payables and prepayments related to operating activities	578 505	431 124
Total cash flows from operating activities	-1 048 845	-603 153
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-92 673	-1 262 788
Proceeds from sales of property, plant and equipment and intangible assets	155 387	194 734
Other cash payments to acquire subsidiaries	0	-5 000
Total cash flows from investing activities	62 714	-1 073 054
Cash flows from financing activities		
Loans received	2 291 452	782 596
Repayments of loans received	-718 156	-274 794
Repayments of finance lease liabilities	-357 176	-97 110
Interest paid	-234 468	-119 594
Proceeds from issuing shares	0	1 393 368
Total cash flows from financing activities	981 652	1 684 466
Total cash flows	-4 479	8 259
Cash and cash equivalents at beginning of period	31 562	23 303
Change in cash and cash equivalents	-4 479	8 259
Cash and cash equivalents at end of period	27 083	31 562

Note 24 Non consolidated statement of changes in equity

(In Euros)

					Total
	Issued capital	Share premium	Other reserves	Retained earnings (loss)	
31.12.2021	220 000	918 913	10 000	-360 314	788 599
Annual period profit (loss)	0	0	0	-1 563 653	-1 563 653
Issue of equity	25 636	1 367 732	0	0	1 393 368
31.12.2022	245 636	2 286 645	10 000	-1 923 967	618 314
Governing and material influence ownership interest value of financial position					-10 000
Governing and material influence on the value Of holdings under the e quity method					-4 211
Restated non consolidated equity 31.12.2022					604 103
Restated balance 31.12.2022	245 636	2 286 645	10 000	-1 923 967	618 314
Annual period profit (loss)				-1 243 112	-1 243 112
31.12.2023	245 636	2 286 645	10 000	-3 167 079	-624 798
Governing and material influence ownership interest value of financial position					-115 832
Governing and material influence on the value Of holdings under the e quity method					-47 301
Restated non consolidated equity 31.12.2023					-787 931

Note 25 Continuity of business activity

On 18.11.2023 ELMO Rent AS had to file for reorganization proceedings with the Harju County Court. The court initiated the reorganization process on 06.12.2023. The aim of the reorganization process is to overcome temporary payment difficulties and ensure the Company's sustainability. The reorganization plan was approved by creditors on 20.02.2024 and by the court on 18.06.2024.

The reorganization plan, drawn up and approved according to the reorganization act, includes several key measures to achieve the Company's long-term sustainability. The restructuring of ELMO Rent AS is nearing completion, transforming it into a holding company owning rental and technology business units and investing in other supporting companies in the future.

Technology development and sales

The Company plans to continue technology development and licensing internationally through its subsidiary, focusing on car-sharing and other sectors, including road maintenance, construction machinery, and military logistics.

Elmo Remote OÜ, a subsidiary of ELMO Rent AS, focuses on developing and selling vehicle remote control technology. Recent achievements and cooperation with the Canadian company RSG International (more details at <https://www.elmoremote.com/revolutionizing-road-safety-elmo-licenses-its-technology-to-global-road-safety-leader-rsg-international/>), specializing in road maintenance and safety solutions, have shown great potential. Within the cooperation project, Elmo Remote OÜ is developing remote-controlled crash trucks (TMA) used by RSG International in North American and European road maintenance projects (more details at <https://www.elmoremote.com/tele-driving-breakthrough-canadian-tma-truck-makes-global-debut-in-amsterdam/>).

Additionally, a significant milestone is the Company's accumulated experience, technological advancements, and confidence in validating the technology with the Transport Administration, allowing travel at 42 km/h (twice the previous speed limit). Obtaining this permit is an important step in realizing commercial potential. The goal for 2024 is to achieve a permit for remote control without a safety driver.

Restructuring the rental business

Reducing the vehicle fleet and focusing on long-term rentals has helped reduce rental business losses. Currently, ELMO Rent AS is focusing on finding a buyer or partner for the rental business. Negotiations with potential buyers and partners are ongoing, aiming to find a strategic investor who can effectively develop and bring the rental business to market.

Financial forecast

Management believes that fulfilling the reorganization plan and successfully continuing the activities of Elmo Remote OÜ are achievable. The goal for 2024 is to successfully complete the ongoing capital raising round, enabling the company to move forward with its 2024 goals (at least 10 client contracts). Following the capital raise, liabilities will be reduced, including those of ELMO Rent AS, which will subsequently reduce its obligations to creditors post-reorganization. It is expected that the technology company will reach profitability by 2027.

ELMO Rent AS continues to work intensively to achieve its goals and meet the objectives set out in the reorganization plan. Technology development and sales are key to ensuring the Company's long-term sustainability and satisfying creditor claims.