

ANNUAL REPORT

beginning of financial year: 01.01.2022

end of the financial year: 31.12.2022

business name: HOOVI Rental OÜ

register code: 16020217

street, building, apartment, farm: Laeva 2a

city: Tallinn

county: Harju maakond

postal code: 10111

telephone: +372 51919192

e-mail address: support@hoovi.ee

web address: <https://www.hoovi.ee>

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Management report

HOOVI Rental OÜ is a financial institution whose main activity is to offer financial products to companies registered in Estonia, whose activities comply with the developed rules for issuing loans.

The loan provision by 31.12.2022 is 197 850 eur, that was lower than planned and the loss corresponded to the financial plan. Estimated profit of 2023 is 64 000 eur.

The company is an ongoing business and plans are being made to expand its operations and increase its customer base.

The most important ratios of the company:

	2022/ EUR	2021 / EUR
Net interest income	427 359	140 080
Net fee income	53 396	42 293
Profit/Loss for the Financial Year	-50 190	17 842

The annual accounts

Statement of financial position

(In Euros)

	31.12.2022	31.12.2021	Note
Assets			
Current assets			
Cash and cash equivalents	90 211	13 514	
Receivables and prepayments	1 240 129	162 697	2
Total current assets	1 330 340	176 211	
Non-current assets			
Receivables and prepayments	1 114 434	1 270 846	2
Total non-current assets	1 114 434	1 270 846	
Total assets	2 444 774	1 447 057	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	402 723	0	
Payables and prepayments	374 692	139 025	5
Total current liabilities	777 415	139 025	
Non-current liabilities			
Loan liabilities	1 718 040	1 431 220	4
Total non-current liabilities	1 718 040	1 431 220	
Total liabilities	2 495 455	1 570 245	
Equity			
Issued capital	2 500	2 500	
Retained earnings (loss)	-125 688	-20 833	
Annual period profit (loss)	72 507	-104 855	
Total equity	-50 681	-123 188	
Total liabilities and equity	2 444 774	1 447 057	

Income statement

(In Euros)

	2022	2021	Note
Interest income	662 623	238 867	11
Interest expenses	-235 264	-98 787	12
Net interest income	427 359	140 080	
Service fee income	67 013	45 626	7
Service fee expenses	-13 617	-3 333	9
Net service fee income	53 396	42 293	
Other income	4	14 516	6
Other operating expense	-372 201	-301 744	8
Employee expense	-28 892	0	10
Other expense	-7 159	0	
Profit (loss) before tax	72 507	-104 855	
Annual period profit (loss)	72 507	-104 855	

Notes

Note 1 Accounting policies

General information

The annual accounts of Hoovi Rental OÜ have been prepared in accordance with the Estonian financial reporting standard. Estonian financial reporting standard is a set of public financial reporting requirements based on internationally recognized accounting and reporting principles, the basic requirements of which are established by the Accounting Act of the Republic of Estonia and specified by the Accounting Committee guidelines to be issued.

The company's annual accounts have been prepared in accordance with the standards established for the abbreviated annual accounts of small enterprises requirements. The profit and loss statement has been prepared on the basis of the special scheme of the financial institution in accordance with the Accounting Act.

The financial statements have been prepared in euros.

Error adjustments

Additional item name	31.12.2021	Change	31.12.2021
	172 628	-60 684	111 944
	1 383 610	-112 764	1 270 846
	17 842	-122 697	-104 855
	0	122 697	122 697

Financial assets

Financial assets include money, short-term and long-term loan claims to customers, short-term financial investments, claims against buyers and other claims. Financial assets are initially recognized at their acquisition cost, which is the fair consideration paid or received for the given financial asset value. The original acquisition cost includes all transaction costs directly related to the financial asset. A financial asset is removed from the balance sheet when the company loses the right to the cash flows arising from the financial asset or it transfers the cash flows arising from the asset to a third party, and most of the risks and rewards associated with financial assets. Purchases and sales of financial assets are consistently recorded on the value date, i.e. the day on which the company becomes the owner of the purchased financial asset or loses ownership of the sold financial asset.

Cash and cash equivalents

Deposits in banks are recorded as cash and cash proxies.

Receivables and prepayments

Short- and long-term loan receivables, accruals and receivables from buyers are recorded at adjusted cost. Short-term claims adjusted acquisition cost is generally equal to their nominal value (minus discounts), therefore short-term receivables is reflected in the balance sheet in the amount likely to be received. To calculate the adjusted cost of long-term financial assets the financial asset is initially taken into account at the fair value of the consideration received, taking into account the interest income in the following periods at the internal interest rate method. Discounts on receivables are recorded in the balance sheet under the item Unprobable receivables from customers. Loan receivables are recorded in the net amount in which the provision for unlikely claims has been taken into account. Bad debts are written off the balance sheet. Resulting from a decrease in value discounts are recognized as an expense in the income statement.

Financial liabilities

Financial liabilities are initially taken into account at their acquisition cost, which is the fair consideration paid or received for the given financial liability value. The original acquisition cost includes all transaction costs directly related to the financial liability. Financial liabilities are recorded in the balance sheet at adjusted cost. A financial liability is removed from the balance sheet when it is satisfied, terminated or expired.

Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable.

Revenues are:

1. interest income;
2. service fee income;
3. other business income.

All interest income and interest income from loans are recorded under interest income. Service fee income on the record is reported under financial services related negotiation service, contract fees, guarantee fees and securities transaction fee, received arrears.

Expense recognition

In the reporting period, the revenues earned during the period and the expenses related to earning these revenues are recorded.

The costs are:

1. interest costs;
2. service fee costs;
3. various operating costs;
4. labor costs;
5. other business expenses.

Related parties

The company considers parties to be related if one controls the other or has significant influence over the other's activities to decisions.

Related parties are:

- owners;
- members of the board and council;
- close family members of the above-mentioned persons and their related companies.

Note 2 Receivables and prepayments

(In Euros)

	31.12.2022	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Receivables from related parties	141	141		
Loan receivables	2 229 749	1 115 315	1 114 434	3
Other receivables	55 968	55 968		
Interest receivables	55 968	55 968		
Prepayments	3 337	3 337		
Other paid prepayments	3 337	3 337		
Other transferable claims	34 592	34 592		
Paid guarantees	30 776	30 776		3
Total receivables and prepayments	2 354 563	1 240 129	1 114 434	
	31.12.2021	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	39 484	39 484		
Accounts receivables	39 484	39 484		
Tax prepayments and receivables	-17 066	-17 066		
Loan receivables	1 382 793	111 947	1 270 846	3
Other receivables	12 348	12 348		
Interest receivables	12 348	12 348		
Prepayments	15 984	15 984		
Deferred expenses	14 204	14 204		
Other paid prepayments	1 780	1 780		
Total receivables and prepayments	1 433 543	162 697	1 270 846	

Note 3 Loan receivables

(In Euros)

	31.12.2022	Allocation by remaining maturity		Interest rate	Base currencies	Due date	Note
		Within 12 months	1 - 5 years				
Clients loans	1 519 772	306 452	1 213 320	12-40%	eur	2023-2026	
Requirements for long-term loans in the next period	907 827	907 827		12-40%	eur	2023	
Loan portfolio provisions	-197 850	-98 964	-98 886	8,15%	eur	2023	8
Loan receivables	2 229 749	1 115 315	1 114 434				2
	31.12.2021	Allocation by remaining maturity		Interest rate	Base currencies	Due date	Note
		Within 12 months	1 - 5 years				
Clients loans	1 505 490	121 880	1 383 610	12-40%	eur	2022-2025	
Loan portfolio provisions	-122 697	-9 933	-112 764	8,15%		2022	8
Loan receivables	1 382 793	111 947	1 270 846		eur		2

Discount percentage:

Hoovi calculates the amount of provisions for each financial year based on the loan as of the end of the year. A portfolio-based commission rate equal to the average discount percentage of the entire portfolio for the last financial year is used monthly in the financial statements and company management.

The discount percentage is calculated using the formula: $D=PD \times LGD$

In which PD or probability of default is the probability of default and LGD is loss given default or the amount of credit loss arising from default.

Note 4 Loan commitments

(In Euros)

	31.12.2022	Allocation by remaining maturity			Interest rate	Base currencies	Due date	Note
		Within 12 months	1 - 5 years	Over 5 years				
Current loans								
GetIncome Marketplace	402 723	402 723			10-12%	EUR	2023	
Current loans total	402 723	402 723						
Non-current loans								
Hoovi Group OÜ	1 718 040		1 718 040		13-15%	EUR	2025	13
Non-current loans total	1 718 040		1 718 040					
Loan commitments total	2 120 763	402 723	1 718 040					
	31.12.2021	Allocation by remaining maturity			Interest rate	Base currencies	Due date	Note
		Within 12 months	1 - 5 years	Over 5 years				
Non-current loans								
Hoovi Group OÜ	1 431 220		1 431 220		13%	EUR	2025	13
Non-current loans total	1 431 220		1 431 220					
Loan commitments total	1 431 220		1 431 220					

The GetIncome loan is secured by 40% of Hoov's portfolio of debt claims.

Note 5 Payables and prepayments

(In Euros)

	31.12.2022	Within 12 months
Trade payables	317 361	317 361
Employee payables	5 475	5 475
Tax payables	8 068	8 068
Other payables	43 388	43 388
Interest payables	43 224	43 224
Other accrued expenses	164	164
Prepayments received	400	400
Other received prepayments	400	400
Total payables and prepayments	374 692	374 692
	31.12.2021	Within 12 months
Trade payables	70 529	70 529
Other payables	67 150	67 150
Interest payables	67 150	67 150
Prepayments received	1 346	1 346
Other received prepayments	1 346	1 346
Total payables and prepayments	139 025	139 025

Note 6 Other operating income

(In Euros)

	2022	2021
Lease income	4	14 516
Total other operating income	4	14 516

Note 7 Service fee income

(In Euros)

	2022	2021
Contract Fees	67 013	45 626
Total service fee income	67 013	45 626

Note 8 Miscellaneous operating expenses

(In Euros)

	2022	2021	Note
Miscellaneous office expenses	409	0	
State and local taxes	414	2 505	
Management service	291 908	176 542	13
Brokerage fee	4 317	0	
Loan portfolio provisions	75 153	122 697	3
Total miscellaneous operating expenses	372 201	301 744	

Note 9 Service fee expenses

(In Euros)

	2022	2021
Collection fees	34	633
Background check	255	0
Commission fee	173	0
Portfolio management fee	9 951	0
IT services	3 204	0
Legal costs	0	2 700
Total service fee expenses	13 617	3 333

Note 10 Labor expense

(In Euros)

	2022	2021
Wage and salary expense	21 646	0
Social security taxes	7 246	0
Total labor expense	28 892	0
Average number of employees in full time equivalent units	3	0
Average number of employees by types of employment:		
Person employed under employment contract	3	0

Note 11 Interest income

(In Euros)

	2022	2021
Interest income from loans	613 328	229 398
Fines for delays	49 295	9 469
Total interest income	662 623	238 867

Note 12 Interest expenses

(In Euros)

	2022	2021
Interest expenses from loans	235 264	98 787
Total interest expenses	235 264	98 787

Note 13 Related parties

(In Euros)

Related party balances according to groups

SHORT TERM	31.12.2022	31.12.2021
Payables and prepayments		
Parent company	353 098	136 734
Total payables and prepayments	353 098	136 734

LONG TERM	31.12.2022	31.12.2021
Loan commitments		
Parent company	1 718 039	1 431 220
	1 718 039	1 431 220

LOAN COMMITMENTS	31.12.2020	Loans received	Loans received repayments	31.12.2021	Interest accrued for period
Parent company	59 719	1 372 594	1 093	1 431 220	98 787
Total loan commitments	59 719	1 372 594	1 093	1 431 220	98 787

LOAN COMMITMENTS	31.12.2021	Loans received	Loans received repayments	31.12.2022	Interest accrued for period
Parent company	1 431 220	334 000	47 181	1 718 039	224 892
Total loan commitments	1 431 220	334 000	47 181	1 718 039	224 892

BOUGHT	2022		2021
	Goods	Services	Services
Parent company	351	291 908	176 542
Total bought	351	291 908	176 542

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2022	2021
Remuneration	10 099	0

Note 14 Events after the reporting date

Negative equity will be restored with business activities in 2023, i.e. an increase in profit is expected in 2023.