

ANNUAL REPORT

beginning of financial year: 01.01.2023

end of the financial year: 31.12.2023

business name: Income Company OÜ

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Management report

Income is an investment platform which is fuelling financial inclusion and wealth creation globally. Investors on the platform can invest in loans originated by Income's fintech partners. Through Income, both the retail and the institutional investors can access a new asset class which provides inflation protection and enables wealth creation. At the same time the fintech partners we co-operate with gain access to more flexible funding. The investors, fintechs and Income work together towards bridging credit gaps where they exist and accelerate financial inclusion globally.

Income's mission and value proposition to secured investments in the form of loans is unique on the market. Income is the first platform in Europe to offer this level of security in investments to loans originated globally.

Operations in 2023

Income Company OÜ (the company) was established in 20.07.2020 and the company raised €1 million in pre-seed funding from founders and angel investors to build the product and the team. Another 1.4M was raised during the year after. At launch, the company introduced loans for investment from three different fintech lenders, which grew to four during 2021 and nine during 2022.

The company experienced a shortage of investable loans during 2023 as well and regardless of the focus on increasing loan supply, we still experienced a remarkably bigger demand for the loans that we were able to supply. If by the end of the first financial year the platform had 558 active investors and the total investments were in the sum of 1.2M then by the end of 2022 the numbers had grown to 3007 active investors and 7.0M in active investments and 2023 they were 4181 and 10.8M respectively.

The financial results

Revenue from the service fees paid by the onboarded fintechs for the year 2023 doubled to 433k (2022. 222k) euros. The platform itself is still free for the investors. Income Company is a startup and the financial results are also as expected at the scale-up phase. The loss for 2023 has decreased to 590k from the 995k in 2022, -40.7%. The company is planning to raise additional funding during 2024 to extend its runway and to develop the business further until revenues grow high enough to cover the costs. As of 31.07.2024 Income has MRR of approximately 36k€, active investors are in total of 4231, active investments are in sum of 15.1M and they're all forecasted to grow rapidly.

Future developments & post balance sheet events

For the upcoming 2024 the company seeks to increase the business volumes by onboarding new partners and seeks to ensure a steady supply of investable loans from existing fintech partners. The main driver for the company's revenue is the loans invested, which the company seeks to grow as a priority.

Other notes

The company has no separate principles, targets or activities in place to mitigate risks arising from financial instruments, since their effect on the company's own overall outcome is negligible. Risks related to currencies and their effect on the partners' loan portfolios' collateral are taken into account when calculating the offered refinancing rate.

Company's main business activity started after the beginning of Covid-19 pandemic, so it is difficult to evaluate the effect of it on the company.

Russia began a full military invasion against Ukraine's sovereignty on 24.02.2022. Income Company OÜ evaluates this as a non-corrective post-balance sheet event. As of 31.12.2022 it has not had a direct effect on Income Company OÜ's activities or Estonia as whole and it is also difficult to evaluate how it might in the future. As an indirect effect we can see investors investing more carefully in general, which result in slower growth rate for Income Company.

The annual accounts

Statement of financial position

(In Euros)

	31.12.2023	31.12.2022	Note
Assets			
Current assets			
Cash and cash equivalents	5 004	1 513	2
Receivables and prepayments	124 209	75 170	
Accounts receivable	112 712	65 129	
Tax prepayments and receivables	2 600	0	3
Loan receivables	4 772	6 500	
Other receivables	0	12	
Prepayments	4 125	3 529	
Total current assets	129 213	76 683	
Non-current assets			
Investments in subsidiaries and associates	2 501	2 501	
Shares of subsidiaries	2 501	2 501	4
Property, plant and equipment	762	3 467	5
Intangible assets	477 607	590 827	6
Total non-current assets	480 870	596 795	
Total assets	610 083	673 478	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	26 167	24 052	7
Payables and prepayments	457 386	665 417	
Trade payables	87 580	228 826	
Employee payables	38 577	42 943	
Tax payables	48 225	46 472	3
Other payables	1 004	4 176	
Other received prepayments	282 000	343 000	
Provisions	27 711	15 467	
Other provisions	27 711	15 467	
Total current liabilities	511 264	704 936	
Non-current liabilities			
Provisions	13 375	13 492	
Tax provision	13 375	13 492	
Total non-current liabilities	13 375	13 492	
Total liabilities	524 639	718 428	
Equity			
Issued capital	16 469	11 255	8
Other reserves	2 815 287	2 099 855	
Retained earnings (loss)	-2 156 060	-1 200 554	

Annual period profit (loss)	-590 252	-955 506	
Total equity	85 444	-44 950	
Total liabilities and equity	610 083	673 478	

Income statement

(In Euros)

	2023	2022	Note
Revenue	431 913	222 400	9
Other income	1 965	0	
Raw materials and consumables used	-365 065	-411 866	10
Other operating expense	-212 674	-210 312	11
Employee expense	-306 624	-444 792	12
Depreciation and impairment loss (reversal)	-115 925	-110 258	5,6
Significant impairment of current assets	-24 000	0	
Other expense	0	-385	13
Operating profit (loss)	-590 410	-955 213	
Interest income	158	545	14
Interest expenses	0	-838	15
Profit (loss) before tax	-590 252	-955 506	
Annual period profit (loss)	-590 252	-955 506	

Notes

Note 1 Accounting policies

General information

The financial statements of Income Company OÜ for 2023 have been prepared in accordance with the Estonian Financial Reporting Standard.

The basic requirements of the financial reporting standard are established in the Accounting Act of the Republic of Estonia, which is supplemented by guidelines issued by the Accounting Standards Board. The financial statements have been prepared on the basis of the following basic principles of accounting and reporting principles:

entity, continuity, comprehensibility, materiality, consistency and comparability, objectivity, income and expense adequacy, conservatism, disclosure and substance supremacy.

The functional and presentation currency of Income Company OÜ is the Euro.

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2023	31.12.2022
Bank account	4 944	979
Income marketplace account	60	534
Total cash and cash equivalents	5 004	1 513

Note 3 Tax prepayments and liabilities

(In Euros)

	31.12.2023		31.12.2022
	Tax prepayments	Tax liabilities	Tax liabilities
Corporate income tax		14	0
Value added tax		26 796	16 095
Personal income tax		3 302	3 254
Social tax		9 780	11 181
Contributions to mandatory funded pension		216	276
Unemployment insurance tax		408	404
Interest		0	24
Other tax prepayments and liabilities		7 709	15 237
Prepayment account balance	2 600		
Total tax prepayments and liabilities	2 600	48 225	46 471

The line "Other prepayments of taxes and tax liabilities" is recorded as of 31.12.2021:

- tax debt on salaries calculated but not paid in December 2021, EUR 9,468
- a tax debt of EUR 4 365 on wages paid in Austria

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
202033230Z	Income Id Spv Pte. Ltd	Singapore	Financial activities	100	100
16117827	Income EST SPV OÜ	Estonia	Financial activities	100	100

Shares of subsidiaries, detailed information:			
Name of subsidiary	31.12.2022	31.12.2023	
Income Id Spv Pte. Ltd	1	1	
Income EST SPV OÜ	2 500	2 500	
Total shares of subsidiaries, at end of previous period	2 501	2 501	

Acquired ownership interests:			
Name of subsidiary	Acquired ownership interest %	Acquisition date	Cost of acquired ownership interest
Income Id Spv Pte. Ltd	100	20.10.2020	1
Income EST SPV OÜ	100	09.12.2020	2 500

Note 5 Property, plant and equipment

(In Euros)

		Total
	Computers and computer systems	
31.12.2021		
Carried at cost	8 162	8 162
Accumulated depreciation	-3 074	-3 074
Residual cost	5 088	5 088
Acquisitions and additions	1 477	1 477
Depreciation	-3 098	-3 098
31.12.2022		
Carried at cost	9 639	9 639
Accumulated depreciation	-6 172	-6 172
Residual cost	3 467	3 467
Depreciation	-2 705	-2 705
31.12.2023		
Carried at cost	9 639	9 639
Accumulated depreciation	-8 877	-8 877
Residual cost	762	762

Note 6 Intangible assets

(In Euros)

			Total
	Development expenditures	Computer software	
31.12.2021			
Carried at cost	123 727	556 465	680 192
Accumulated depreciation	-18 427	-38 396	-56 823
Residual cost	105 300	518 069	623 369
Acquisitions and additions	0	74 618	74 618
Depreciation	-18 560	-88 600	-107 160
31.12.2022			
Carried at cost	123 727	631 083	754 810
Accumulated depreciation	-36 987	-126 996	-163 983
Residual cost	86 740	504 087	590 827
Depreciation	-18 560	-94 660	-113 220
31.12.2023			
Carried at cost	123 727	631 083	754 810
Accumulated depreciation	-55 547	-221 656	-277 203
Residual cost	68 180	409 427	477 607

Note 7 Loan commitments

(In Euros)

	31.12.2023	Allocation by remaining maturity			Interest rate	Base currencies	Due date	Note
		Within 12 months	1 - 5 years	Over 5 years				
Current loans								
Current loans total	26 167	26 167						
Loan commitments total	26 167	26 167						
	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								
Current loans total	24 052	24 052						
Loan commitments total	24 052	24 052						

Note 8 Share capital

(In Euros)

	31.12.2023	31.12.2022
Share capital	16 469	11 255

In August 2021, the share capital was increased from EUR 7,500 to EUR 10,000. The share capital was increased with both monetary and non-monetary contributions. A non-monetary contribution to the share capital was made when the shareholders' loans were converted.

A voluntary reserve in the amount of 1,003,711 euros was also formed in August 2021 when the shareholders' loans were converted.

In April 2022, the share capital was increased from EUR 10,000 to EUR 11,255. The share capital was increased with both monetary and non-monetary contributions. A non-monetary contribution to the share capital was made when the shareholders' loans were converted.

A voluntary reserve in the amount of 1,090,406 euros was also formed in March 2022 when the shareholders' loans were converted.

In October 2023, the share capital was increased from 11,255 euros to 16,469 euros. The share capital was increased with a non-monetary contribution. A non-monetary contribution to the share capital was made when the shareholders' loans were converted.

A voluntary reserve in the amount of 337,926 euros was also formed in September 2023 when the shareholders' loans were converted.

The balance sheet line "Other advances received" includes payments received from investors to equity capital. Advances received are converted into equity in the following year.

Note 9 Net sales

(In Euros)

	2023	2022
Net sales by geographical location		
Net sales in European Union		
Finland	29 242	12 000
Latvia	289	5 700
Bulgaria	56 151	18 556
Cyprus	48 103	20 140
Estonia	38 536	13 814
Netherlands	1 000	0
Total net sales in European Union	173 321	70 210
Net sales outside of European Union		
Singapore	201 667	107 833
Brazil	27 000	29 634
Colombia	23 925	9 973
Indonesia	6 000	4 750
Total net sales outside of European Union	258 592	152 190
Total net sales	431 913	222 400
Net sales by operating activities		
Financial services intermediation	418 913	208 150
Rental services	13 000	14 250
Total net sales	431 913	222 400

Note 10 Goods, raw materials and services

(In Euros)

	2023	2022
IT Support and maintenance	105 519	118 542
LO and investor onboarding costs	176 380	197 078
Other services purchased	79 799	90 769
Other	3 367	5 477
Total goods, raw materials and services	365 065	411 866

Note 11 Miscellaneous operating expenses

(In Euros)

	2023	2022
Leases	31 300	31 684
Miscellaneous office expenses	1 475	6 932
Travel expense	5 093	1 350
Provisions related expense	31 212	27 137
Allowance for doubtful receivables	12 333	0
Accounting services	7 073	9 864
Legal services	26 155	17 962
Bank services	68 148	62 835
Advertising	13 765	32 419
Other	16 120	20 129
Total miscellaneous operating expenses	212 674	210 312

Note 12 Labor expense

(In Euros)

	2023	2022
Wage and salary expense	229 872	329 288
Social security taxes	76 246	112 358
Other	506	3 146
Total labor expense	306 624	444 792
Average number of employees in full time equivalent units	6	8
Average number of employees by types of employment:		
Person employed under employment contract	6	8

Note 13 Other operating expenses

(In Euros)

	2023	2022
Loss from exchange rate differences	0	385
Total other operating expenses	0	385

Note 14 Interest income

(In Euros)

	2023	2022
Interest income from loans	158	545
Total Interest income	158	545

Note 15 Interest expenses

(In Euros)

	2023	2022
Interest expense from loans	0	838
Total interest expense	0	838

Note 16 Related parties

(In Euros)

Related party balances according to groups

SHORT TERM	31.12.2023	31.12.2022
Receivables and prepayments		
Subsidiaries	0	3 512
Total receivables and prepayments	0	3 512
Loan commitments		
Subsidiaries	26 167	24 052
Total loan commitments	26 167	24 052
Payables and prepayments		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	21 490	155 711
Total payables and prepayments	21 490	155 711

BOUGHT	2023		2022	
	Services	Non-current assets	Services	Non-current assets
Subsidiaries	3 363	0	3 025	0
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	41 411	0	87 087	48 639
Total bought	44 774	0	90 112	48 639

The accounting entity has not considered significant benefits to executive and senior management.

In 2023, interest expense on related party loans amounted to 0 (838 in 2022) euros.

Discounts in the amount of 36,333 (2022. 0) euros have been made regarding the claims of related parties.