

ANNUAL REPORT

Beginning of the accounting year: 01.01.2022

End of the accounting year: 31.12.2022

Business name: Evergreen Capital OÜ

registry code: 12568964

Street/farm name, Pärnu mnt 160h

building and apartment number:

City: Tallinn

County: Harju County

Postal code: 13418

email address: kristjan@prb.ee

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Management report

Evergreen Capital is a financial institution established in 2013 that issues business loans to legal entities registered in Estonia.

During the financial year, the company earned interest and other income in the amount of 743,481 euros, which is more than in the previous reporting period. The financial year ended with a profit of 205,000 euros.

The ending 2022 year will forever be remembered by the term 'cluster crisis'. The year began in the spirit of the COVID-19 crisis and its aftermath, and towards the end of February, swiftly transitioned into a military wave in the wake of Russia's invasion of Ukraine. This was followed by an energy crisis that disrupted the plans of both individuals and businesses, and in the second half of the year, we had to operate in an environment of a re-established Republic of Estonia, which had one of the highest inflation rates.

Understandably, this was a blow to many households, as well as to the overall business environment. All of Estonia's biggest export partners so far were also affected, and the prospect of an improvement in the global economic climate was cloudy at best.

By operating in such an environment, we are satisfied with the activities and results of Evergreen Capital OÜ on a large scale. A carefully selected client portfolio in previous years was the biggest contribution to achieving an acceptable result.

What happens next? Everyone who answered this question in detail in their company's previous activity report and planned ahead can now reflect and draw appropriate conclusions. Evergreen Capital focuses on identifying and implementing good and relevant general principles in its operations, regardless of what climate we observe from our window. Good clients, suitable loan relations and a flexible approach are the keywords to follow.

Kristjan Tolmats

Member of the Board
Evergreen Capital

Annual accounts

Balance sheet (EUR)

	31.12.2022	31.12.2021	Note No
Assets			
Current assets			
Cash	201,034	114,399	
Receivables and prepayments	907,168	844,669	3;4
Total current assets	1,108,202	959,068	
Fixed assets			
Receivables and prepayments	1,297,532	937,331	4
Tangible fixed assets	0	129	5
Intangible fixed assets	12,630	14,435	6
Total fixed assets	1,310,162	951,895	
Total assets	2,418,364	1,910,963	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	1,008,088	786,877	7
Payables and prepayments	25,688	21,856	2;8
Total current liabilities	1,033,776	808,733	
Non-current liabilities			
Loan liabilities	741,000	599,961	7
Total non-current liabilities	741,000	599,961	
Total liabilities	1,774,776	1,408,694	
Equity			
Share capital at nominal value	2,500	2,500	
Profits brought forward (loss)	437,581	307,652	
Profit for the accounting year (loss)	203,507	192,117	
Total equity	643,588	502,269	
Total liabilities and equity	2,418,364	1,910,963	

Income statement

(EUR)

	2022	2021	Note No
Interest income	564,102	510,308	
Interest expenses	-171,132	-146,723	
Net interest income	392,970	363,585	
Service fee revenue	59,765	54,814	
Net service fee revenue	59,765	54,814	
Other commercial revenue	119,614	113,377	10
Miscellaneous operating expenses	-286,712	-284,979	
Labour costs	-67,375	-42,420	11
Depreciation and impairment of fixed assets	-1,934	-2,116	5;6
Profit (loss) before income tax	216,328	202,261	
Income tax	-12,821	-10,144	
Profit for the accounting year (loss)	203,507	192,117	

Notes to the annual accounts Note 1:

Accounting policies

General information

The annual accounts of Evergreen Capital OÜ for 2022 have been prepared in accordance with the Estonian Financial Reporting Standard. The basic requirements of the Estonian Financial Reporting Standard are established by the Accounting Act of the Republic of Estonia, which is supplemented by the guidelines of the Estonian Accounting Standards Board.

This is the abridged annual report of a small undertaking.

The income statement has been prepared using the Income Statement Format of a financial service provider. The presentation currency of the annual accounts is the euro.

Cash

Cash on hand and current account balances are recognised as cash and cash equivalents.

Foreign currency transactions and financial assets and liabilities denominated in foreign currencies

The functional currency of the company is the euro. Foreign exchange transactions have been recognised on the basis of the exchange rates of the European Central Bank officially valid on the date of the transaction.

Receivables and prepayments

Trade receivables are recognised at restated cost (ie nominal value less any write-downs).

The likelihood of collection of accounts receivables is assessed separately for each buyer and client. Write-downs of receivables are recognised if there is objective proof that the amounts of all receivables will not be received according to the initial contract terms of the receivables. The carrying amount of the receivable is reduced by the write-down amount of the allowance for doubtful receivables and impairment loss is recognised in the income statement as other operating expenses. If a receivable is deemed irrecoverable, both the receivable and its impairment are written down. Recovery of previously written-down doubtful receivables is recorded as a reduction of the cost of doubtful receivables.

Tangible and intangible fixed assets

Tangible fixed assets are recognised in the balance sheet at acquisition cost less accumulated depreciation and write-downs for impairment. Based on the materiality principle, those assets whose acquisition cost exceeds 1,000 euros and with a useful life exceeding 1 year are recognised as non-current assets. Assets with a lower acquisition cost or shorter useful life are recognised as an expense when they are taken into use and are accounted for in the off-balance sheet. In the event that an item of property, plant and equipment consists of distinguishable essential components with different useful lives, these components are registered in the accounting as separate items of assets, and different depreciation rates are assigned to them depending on their useful lives.

The entity uses the straight-line method for depreciation of tangible fixed assets. Due to the specific nature of tangible fixed assets, its useful life may differ from that of a similar group. In this case, it would be considered as a stand-alone asset and the appropriate depreciation period would be determined. The depreciation rates assigned to tangible fixed assets are reviewed whenever circumstances arise that may significantly change the useful life of the fixed asset or group of fixed assets. The effect of changes is recognised within the reporting period and in subsequent periods. When improvements have been made to an tangible fixed asset item that enhance its ability to participate in the generation of future economic benefits, these expenditures are included in the acquisition cost of the fixed asset item. Other expenditures, which tend to preserve the ability of fixed assets to generate economic benefits, are recognised as an expense in the period in which they are incurred.

An intangible asset is recognised in the balance sheet only if: the asset is controlled by the entity; it is probable that the entity will receive economic benefits associated with the asset; and the acquisition cost of the asset can be measured reliably. Intangible fixed assets are initially recorded at the acquisition cost, which consists of the purchase price and expenses directly related to acquisition. The acquisition cost of intangible fixed assets is determined on the same basis as the acquisition cost of tangible fixed assets. Intangible fixed assets are depreciated using the straight-line method.

Minimum cost level of fixed assets 1000

Useful life by fixed asset groups (in years)

Name of the fixed asset group	Useful life
Machinery and equipment	3–5 years

Computer software	10 years
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Financial liabilities

Financial liabilities comprise borrowings, accruals and other short- and long-term borrowings. Financial liabilities are initially recognised at acquisition cost, which is the fair value received for the financial liability. The original cost includes all transaction costs directly attributable to the financial liability. Financial liabilities are generally carried at amortised cost in the balance sheet. Financial liabilities are removed from the balance sheet when they are satisfied, cancelled or expire.

Revenue

Revenue is recognised as the fair value of the consideration receivable or received, taking into account all the write-downs and benefits. Revenue includes interest income, service fee revenue and other commercial revenue.

Interest income includes all interest income and all income of an interest nature from loans. All contract fees are recorded under service fee revenue. Irregular income earned from business activities, including profit from the sale of property, plant and equipment, intangible assets, and investment properties; gain from revaluation of investment property; fines and interest on arrears received; net gain arising on exchange rate changes on trade receivables and trade payables are recognised as other operating expenses.

Taxation

Under the current Income Tax Act, profits distributed as dividends are taxed at a rate of 20/80 of the amount distributed as a net dividend. The income tax on dividends is recognised as an income tax expense in the income statement in the period in which the dividends are declared, regardless of the period for which they are declared or when the dividends are paid.

As of 2018 a change in the law came into force, which allows for a tax rate of 14/86 to be applied to the payment of dividends. A more favourable tax rate can be used for dividend payments of up to the average dividend payment of the previous three financial years which have been taxed at a rate of 20/80.

Related parties

Related parties are the executive and senior management and significant private and legal owners and the companies controlled or significantly influenced by them and their related parties.

Note 2 Advance tax payments and tax arrears

(EUR)

	31.12.2022	31.12.2021
	Tax arrears	Tax arrears
Personal income tax	1,159	742
Social tax	1,305	1,091
Mandatory funded pension	58	45
Unemployment insurance contributions	95	79
Total advance tax payments and tax arrears	2,617	1,957

Note 3 Other receivables

(EUR)

	31.12.2022	Within 12 months
Interest receivables	38,607	38,607
Total other receivables	38,607	38,607
	31.12.2021	Within 12 months
Interest receivables	37,133	37,133
Total other receivables	37,133	37,133

Note 4 Loan receivables

(EUR)

	31.12.2022	Breakdown by residual maturity	
		Within 12 months	Within 1–5 years
Loan receivables	2,618,819	1,321,287	1,297,532
Allowance for doubtful receivables	–452,726	–452,726	
Loan receivables	2,166,093	868,561	1,297,532
	31.12.2021	Breakdown by residual maturity	
		Within 12 months	Within 1–5 years
Loan receivables	2,133,332	1,196,001	937,331
Allowance for doubtful receivables	–388,465	–388,465	
Loan receivables	1,744,867	807,536	937,331

31.12.2022

Loan receivables 868,561 euros, underlying currency euro, interest rate 20–60% p.a., repayment deadline within 12 months. Loan receivables 1,297,532 euros, underlying currency euro, interest rate 20–60% p.a., repayment within 1–5 years.

31.12.2021

Loan receivables 807,536 euros, underlying currency euro, interest rate 20–60% p.a., repayment deadline within 12 months. Loan receivables 937,331 euros, underlying currency euro, interest rate 20–60% p.a., repayment deadline within 1–5 years.

Note 5 Tangible fixed assets

(EUR)

	Total	
	Computers and computer systems	
31.12.2020		
Acquisition cost	1,038	1,038
Accumulated depreciation	-597	-597
Carrying amount	441	441
Depreciation charge	-312	-312
31.12.2021		
Acquisition cost	1,038	1,038
Accumulated depreciation	-909	-909
Carrying amount	129	129
Depreciation charge	-129	-129
31.12.2022		
Acquisition cost	0	0
Accumulated depreciation	0	0
Carrying amount	0	0

Note 6 Intangible fixed assets

(EUR)

		Total
	Computer software	
31.12.2020		
Acquisition cost	18,043	18,043
Accumulated depreciation	-1,804	-1,804
Carrying amount	16,239	16,239
Depreciation charge	-1,804	-1,804
31.12.2021		
Acquisition cost	18,043	18,043
Accumulated depreciation	-3,608	-3,608
Carrying amount	14,435	14,435
Depreciation charge	-1,805	-1,805
31.12.2022		
Acquisition cost	18,043	18,043
Accumulated depreciation	-5,413	-5,413
Carrying amount	12,630	12,630

Note 7 Loan liabilities

(EUR)

	31.12.2022	Breakdown by residual maturity		
		Within 12 months	Within 1–5 years	Over 5 years
Short-term loans				
Loan liabilities	1,008,088	1,008,088		
Total short-term loans	1,008,088	1,008,088		
Long-term loans				
Loan liabilities	741,000		741,000	
Total long-term loans	741,000		741,000	
Total loan liabilities	1,749,088	1,008,088	741,000	
	31.12.2021	Breakdown by residual maturity		
		Within 12 months	Within 1–5 years	Over 5 years
Short-term loans				
Loan liabilities	786,877	786,877		
Total short-term loans	786,877	786,877		
Long-term loans				
Loan liabilities	599,961		599,961	
Total long-term loans	599,961		599,961	
Total loan liabilities	1,386,838	786,877	599,961	

31.12.2022

Loan liabilities 1,008,088 euros, interest rate 12–13.5% p.a., underlying currency euro, maturity deadline in 12 months.

Loan liabilities 741,000 euros, interest rate 11–13.5% p.a., underlying currency euro, maturity deadline in 1–5 years.

31.12.2021

Loan liabilities 786,877 euros, interest rate 11–13.5% p.a., underlying currency euro, maturity deadline in 12 months.

Loan liabilities 599,961 euros, interest rate 11–13.5% p.a., underlying currency euro, maturity deadline in 1–5 years.

Note 8 Payables and advance payments (EUR)

	31.12.2022	Within 12 months	Note No
Trade payables	6,470	6,470	
Payables to contractors	9,553	9,553	
Tax arrears	2,617	2,617	2
Other payables	1,337	1,337	
Other accrued expenses	1,337	1,337	
Received prepayments	5,711	5,711	
Total payables and prepayments	25,688	25,688	

	31.12.2021	Within 12 months	Note No
Trade payables	5,737	5,737	
Payables to contractors	6,520	6,520	
Tax arrears	1,957	1,957	2
Other payables	4,440	4,440	
Interest payable	3,300	3,300	
Other accrued expenses	1,140	1,140	
Received prepayments	3,202	3,202	
Other received prepayments	3,202	3,202	
Total payables and prepayments	21,856	21,856	

Note 9 Contingent liabilities and assets (EUR)

	31.12.2022	31.12.2021
Contingent liabilities		
Possible dividends	486,902	399,815
Income tax liability on possible dividends	155,788	99,954
Total contingent liabilities	642,690	499,769

Note 10 Other commercial revenue (EUR)

	2022	2021
Fines, default interest and compensation	119,614	113,377
Total other commercial revenue	119,614	113,377

Note 11 Labour costs

(EUR)

	2022	2021
Wage costs	50,379	31,739
Social taxes	16,593	10,681
Total labour costs	66,972	42,420
Average number of employees expressed in full-time equivalents	1	1

Note 12 Significant impairment of current assets

(EUR)

	2022	2021
Allowance for doubtful receivables		
Doubtful receivables at the beginning of the period	-388,465	-299,858
Doubtful accounts received	198,397	135,909
Receivables declared as doubtful	-268,754	-234,516
Receivables declared as irrecoverable	6,096	10,000
Doubtful receivables at the end of the period	-452,726	-388,465

Note 13 Related parties

(EUR)

Balances with related parties by type of party

SHORT-TERM	31.12.2022	31.12.2021
Loan liabilities		
Legal owners with qualifying holdings and undertakings under their control or significant influence	169,961	210,039
Total loan liabilities	169,961	210,039
Payables and prepayments		
Legal owners with qualifying holdings and undertakings under their control or significant influence	0	2,722
Total payables and prepayments	0	2,722
LONG-TERM	31.12.2022	31.12.2021
Loan liabilities		
Executive and senior management and private owners with qualifying holdings and undertakings under their control or significant influence	0	71,000

Legal owners with qualifying holdings and undertakings under their control or significant influence	131,000	251,961
Total loan liabilities	131,000	322,961

LOAN LIABILITIES	31.12.2020	Loans received	Received loan repayments	31.12.2021	Interest calculated for the period
Executive and senior management and private owners with qualifying holdings and undertakings under their control or significant influence	0	75,000	4,000	71,000	2,418
Legal owners with qualifying holdings and undertakings under their control or significant influence	597,000	16,000	151,000	462,000	69,518
Total loan liabilities	597,000	91,000	155,000	533,000	71,936

LOAN LIABILITIES	31.12.2021	Loans received	Received loan repayments	31.12.2022	Interest calculated for the period
Executive and senior management and private owners with qualifying holdings and undertakings under their control or significant influence	71,000	60,000	131,000	0	4,489
Legal owners with qualifying holdings and undertakings under their control or significant influence	462,000	82,000	243,039	300,961	48,380
Total loan liabilities	533,000	142,000	374,039	300,961	52,869

PURCHASED	2022		2021	
	Services		Services	
Executive and senior management and private owners with qualifying holdings and undertakings under their control or significant influence		56,800		39,420
Legal owners with qualifying holdings and undertakings under their control or significant influence		4,350		23,850
Total purchased		61,150		63,270

Remuneration and other substantial benefits allocated to executive and senior management		
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	2022	2021
Allocated remuneration	20,099	13,875

31.12.2022

Loans payable 169,961 euros, underlying currency euro, interest rate 12% p.a., repayment deadline within 12 months. Loans payable 131,000 euros, underlying currency euro, interest rate 12% p.a., repayment deadline within 1–5 years.

31.12.2021

Loans payable 210,039 euros, underlying currency euro, interest rate 12% p.a., repayment deadline within 12 months. Loans payable 322,961 euros, underlying currency euro, interest rate 12% p.a., repayment deadline within 1–5 years.

Digital signatures to the annual report

The date of completion of the annual report is: 19.06.2023

The accuracy of the information presented in the annual report of Evergreen Capital OÜ (registry code: 12568964) for the financial year 1 January 2022 to 31 December 2022 has been confirmed electronically by:

Name of signatory	Role of signatory	Time of signature
KRISTJAN TOLMATS	Member of the Management Board	19.06.2023
Resolution:	Approve	

Status of approval of the shareholders' meeting of the report

Approved by the shareholders' meeting

INDEPENDENT SWORN AUDITOR'S REPORT

To the shareholders of Evergreen Capital OÜ

We have reviewed the annual accounts of Evergreen Capital OÜ, which comprise the balance sheet as at 31 December 2022, the income statement for the year ended on that date, a summary of the material accounting policies used in the preparation of the annual accounts and other explanatory notes. The reviewed annual accounts can be found on pages 4 to 14.

Responsibilities of management for financial statement

The management is responsible for the preparation and fair presentation of the annual accounts in accordance with the Estonian Financial Reporting Standards and for such internal control as the management deems necessary to enable the preparation of annual accounts that are free from material misstatement, whether caused by error or fraud

Sworn auditor's responsibilities

Our responsibility is to publish a summary of the annual accounts. The review was carried out in accordance with International Standard on Review Engagements (ISRE) (Estonia) 2400 (Revised) *Review of Historical Financial Statements*. ISRE 2400 (Revised) requires us to state whether anything has come to our attention that causes us to believe that the annual accounts taken as a whole are not prepared, in all material respects, in accordance with the applicable financial reporting framework. Under this standard, we are also obliged to comply with the relevant ethical requirements.

A review of the annual accounts in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The review will include the performance of procedures, which in particular will involve making enquiries of management and others within the entity (as appropriate) and applying analytical procedures, and the evaluation of evidence obtained.

The procedures performed during the review are much less extensive than those performed during the audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Summary

Based on our review, nothing has come to our attention that causes us to believe that the annual accounts do not present fairly, in all material respects, the financial position of Evergreen Capital OÜ as of 31 December 2022 and its performance for the financial year then ended in accordance with Estonian Financial Reporting Standard.

/digitally signed/

Tarmo Rahkama

Sworn auditor No 614

Grant Thornton Baltic OÜ Activity

licence of audit firm No 3

Pärnu mnt 22, Tallinn, Harju county, 10141

19.06.2023

Digital signatures of auditors

Name of signatory	Role of signatory	Time of signature
TARMO RAHKAMA	Sworn auditor	19.06.2023

The auditor's report attached to the annual report of Evergreen Capital OÜ (registry code: 12568964) for the financial year 1 January 2022 to 31 December 2022 has been signed digitally by:

Profit distribution proposal

(EUR)

	31.12.2022
Profits brought forward (loss)	437,581
Profit for the accounting year (loss)	203,507
Total	641,088

Shareholders

Name / Business name	Personal identification code / registry code / date of birth	Residence / Location	Amount and currency of shareholding
Wingrow OÜ	14331446	Mustamäe district, Tallinn, Harju county, Estonia	312 euros (Ordinary ownership)
Leifberg OÜ	11543117	Kesklinna district, Tallinn, Harju county, Estonia	313 euros (Ordinary ownership)
Hydra OÜ	12841934	Kristiine district, Tallinn, Harju county, Estonia	325 euros (Ordinary ownership)
Magnus Igasta	38109234229	Pärnu city, Pärnu city, Pärnu county, Estonia	800 euros (Ordinary ownership)
Kristjan Tolmats	38208266024	Kristiine district, Tallinn, Harju county, Estonia	750 euros (Joint ownership)
Kais Tolmats	48204250365	Kristiine district, Tallinn, Harju county, Estonia	750 euros (Joint ownership)

Means of communication

Type	Details
Email address	kristjan@prb.ee